1. Executive summary

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	3 months to March			%	3 months to March			%
Hungary	10,798	10,746	52	0.5	34.7	34.8	-0.1	-0.3
EU*	50,679	47,071	3,608	7.7	162.9	152.3	10.6	7.0
EU 12	34,288	30,868	3,420	11.1	110.2	99.9	10.3	10.3
Poland	7,963	7,439	524	7.0	25.6	24.1	1.5	6.2
Romania	19,932	17,553	2,379	13.6	64.1	56.8	7.3	12.9
EU 15	16,391	16,203	188	1.2	52.7	52.4	0.3	0.6
CIS	33,030	37,423	-4,393	-11.7	106.2	121.1	-14.9	-12.3
Russia	24,019	26,693	-2,674	-10.0	77.2	86.4	-9.2	-10.6
Ukraine	1,960	2,809	-849	-30.2	6.3	9.1	-2.8	-30.8
Other CIS	7,051	7,921	-870	-11.0	22.7	25.6	-2.9	-11.3
USA	6,653	6,368	285	4.5	21.4	20.6	0.8	3.9
China	6,201	4,687	1,514	32.3	19.9	15.1	4.8	31.8
Latin America	2,226	2,369	-143	-6.0	7.2	7.7	-0.5	-6.5
RoW	4,358	4,011	347	8.7	14.0	13.0	1.0	7.7
Total	113,945	112,675	1,270	1.1	366.3	364.6	1.7	0.5

Notes: * All Member States of the EU, except for Hungary.
Current and historical average exchange rates are shown in Chapter 12 on page 25.

Consolidated sales at HUF 113,945 million, EUR 366.3 million, increased marginally in the first quarter 2018 by HUF 1,270 million (1.1%) and by EUR 1.7 million (0.5%) when compared with the same period 2017.

Sales growth in certain products and markets was offset by weakening exchange rates of the most important invoicing currencies against the EUR. USD weakened on an average 15.4%, and RUB lost 11.7% to the EUR when compared with the first three months to March 2017. For further details on the evolution of exchange rates please refer to Chapter 12 on page 25.

EU12 added EUR 10.3 million to sales revenues, which includes turnover in the Romanian wholesale and retail segment up by EUR 6.4 million year-on-year. Chinese sales grew by EUR 4.8 million, while higher royalty proceeds from Vraylar® (by USD 5.1 million) and growth recorded by Bemfola® (EUR 3.0 million) also added to consolidated top line.

As far as the turnover by product portfolio is concerned, high added value focus products contributed to the sales levels achieved as follows: Esmya® EUR 16.1 million, Vraylar® (royalties) USD 14.9 million (EUR 12.1 million) and Bemfola® EUR 12.0 million while Richter's specialty portfolio, the range of oral contraceptives realised a turnover of EUR 70.5 million. Temporary measures announced by PRAC in early February 2018 resulted in lower sales of Esmya® year-on-year for the reported period. Turnover reported for the above products includes only sales realised within the pharmaceutical segment.

Gross profit in the first quarter 2018 at HUF 65,575 (EUR 210.8 million), grew by 3.9% (3.2% in EUR terms) when compared to the same period of the previous year. Gross margin increased by 150 basis points to 57.5% during the reported period.

Operating cost items, amounting to HUF 47,893 million (EUR 154.0 million) were 3.2% (2.6% in EUR terms) above their base period levels primarily due to higher Research and Development expenses together with increasing Administration and General expenses. Certain one-off milestone receipts positively impacted the operating profit. Operating margin increased by 70 basis points and reached 15.5% by the end of the reported period.

The financial loss on unrealised financial items resulted from the fair value reassessment of Exchangeable bonds accounted for among Other foreign currency denominated items and the revaluation of Trade receivables and trade payables. Realised financial losses were primarily caused by losses incurred on trade payables and receivables. Both losses incurred on reassessed items and on realised trade payables were impacted by the year-on-year depreciation of RUB and USD. For more detailed information on the Net financial result please refer to the table on page 26.

Income and deferred tax reported a negative balance of HUF 374 million (EUR 1.2 million), which in turn resulted in tax payable at Group level of HUF 1,391 million (EUR 4.5 million).

Profit attributable to owners of the parent at HUF 14,504 million (EUR 46.6 million) was 29.8% (in EUR terms 30.3%) below the level reported in the same period 2017.

2. Main financial indicators and exchange rates

	HUFm			EURm		
	2018	**2017****	**Change**	**2018**	**2017****	**Change**
	3 months to March		%	3 months to March		%
Total revenues	113,945	112,675	1.1	366.3	364.6	0.5
Gross profit	65,575	63,117	3.9	210.8	204.2	3.2
Gross margin %	57.5	56.0		57.5	56.0	
Profit from operations	17,682	16,725	5.7	56.8	54.1	5.0
Operating margin %	15.5	14.8		15.5	14.8	
Net financial (loss) / income	-2,398	4,400	n.a.	-7.7	14.2	n.a.
Profit before income tax	15,621	21,695	-28.0	50.2	70.2	-28.5
Profit attributable to owners of the parent	14,504	20,674	-29.8	46.6	66.9	-30.3
Profit margin attributable to owners of the parent %	12.7	18.3		12.7	18.3	
EBITDA	26,305	25,531	3.0	84.6	82.6	2.4
Basic EPS (HUF, EUR)	78	111	-29.7	0.25	0.36	-30.6
Average exchange rate (EURHUF)*				311.08	309.10	0.6

Note: * Current and historical average exchange rates are shown in Chapter 12 on page 25.
** For further information on restated base period figures please see Appendix 3 on page 36.

3. Key Specialty Products

3.1 Cariprazine (Vraylar®, Reagila®) – Central Nervous System

Royalty income due to Richter in respect of first quarter 2018 amounted to USD 14.9 million (EUR 12.1 million). This amount contributed materially to the sales levels achieved during the reported period.

	Turnover				
	2018 Q1*	2017 Q4	2017 Q3	2017 Q2	2017 Q1
USDm	14.9	15.3	14.4	11.5	9.8

* estimated sales figure

Following the marketing approval granted in September 2015 by the Food and Drug Administration to Richter's original compound, cariprazine co-developed with Allergan the product was launched in the USA by Allergan under the brand name Vraylar® in March 2016. The product was authorized for the indications of schizophrenia and bipolar mania with a number of post marketing studies to be performed by the owners of the licence in the coming years. In addition to the authorized indications the developing companies are seeking further therapeutic approvals, by preparing the submission of sNDA for the treatment of bipolar depression and by designing Phase III clinical trials with cariprazine as adjunctive therapy in major depression.

The Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) adopted a positive opinion on the Company's application for cariprazine (Reagila®). Consequently, on 19 July 2017 Richter announced that the European Commission (EC) granted marketing authorization valid for all European Union Member States to Reagila®.

On 22 September 2017 Richter's US partner, Allergan announced that it received a Refusal to File (RTF) letter from the U.S. Food and Drug Administration (FDA) regarding its Supplemental New Drug Application (sNDA) for cariprazine (Vraylar®) for treatment of negative symptoms associated with schizophrenia, in adult patients.

On 18 December 2017 we announced jointly with Allergan positive topline results for a phase III study of cariprazine for the treatment of adults with major depressive episodes associated with bipolar I disorder (bipolar I depression) while on 3 April 2018 the two companies announced positive topline results from the third of three pivotal trials of cariprazine in the same indication.

Application files for the reimbursement of Reagila® on individual European markets have been compiled during the second half of 2017 and the submission procedure is advancing well. Following the end of the reported period Reagila® was launched in April in Germany. The product was also launched in Poland and on certain smaller markets of the EU12 region. In response to demand from psychiatrists the product is available in limited supply at non reimbursed prices on some of the above markets.

3.2 Esmya® – Women's Healthcare

Esmya® reported total sales were EUR 16.1 million in the first quarter 2018, compared to the EUR 20.8 million turnover recorded in the same period of the previous year. The year-on-year decline resulted from the temporary limitation of sales as ruled by PRAC.

	HUFm				EURm			
	2018	**2017**	**Change**		**2018**	**2017**	**Change**	
	3 months to March			%	3 months to March			%
Hungary	212	252	-40	-15.9	0.7	0.8	-0.1	-12.5
EU *	3,983	5,150	-1,167	-22.7	12.8	16.7	-3.9	-23.4
EU 12	403	410	-7	-1.7	1.3	1.4	-0.1	-7.1
EU 15	3,580	4,740	-1,160	-24.5	11.5	15.3	-3.8	-24.8
CIS	178	402	-224	-55.7	0.6	1.3	-0.7	-53.8
Latin America	199	221	-22	-10.0	0.6	0.7	-0.1	-14.3
RoW	422	408	14	3.4	1.4	1.3	0.1	7.7
Total	4,994	6,433	-1,439	-22.4	16.1	20.8	-4.7	-22.6
Average exchange rate (EURHUF)					311.08	309.10	-1.98	0.6

Note: * All Member States of the EU, except for Hungary.

On 10 October 2017 Allergan announced that the U.S. Food and Drug Administration (FDA) accepted the New Drug Application (NDA) filing for ulipristal acetate, as an investigational drug for the treatment of abnormal uterine bleeding in women with uterine fibroids.

On 4 December 2017 the European Medicines Agency (EMA) Pharmacovigilance Risk Assessment Committee (PRAC) commenced a review of drug induced liver injury potentially related to Esmya®.

On 9 February 2018 PRAC initiated the implementation of temporary precautionary measures as a part of its review procedure.

The PRAC has recommended regular liver monitoring for women taking Esmya® for uterine fibroids. The PRAC is also recommending that no new patients should be started on Esmya® and no patients who have completed a course of treatment should start another one. Treatments commenced prior to this decision are allowed to be completed. PRAC recommendations are temporary measures to protect patients' health. The final decision depends on the conclusion of the review of Esmya®, which was started in December 2017 and is expected to be completed before end of May 2018.

Richter is determined to work with PRAC and provide the necessary information to allow them to complete a fair assessment in a timely manner. Richter takes patient safety seriously. Richter continues to believe that all the available data for Esmya® support a favourable benefit-risk profile and is committed to providing this unique treatment option to women suffering from uterine fibroids.

3.3 Bemfola® – Women's Healthcare

Focusing on a meaningful extension to our core Women's Healthcare portfolio in June 2016 Richter acquired the global rights (except for the USA) of the innovative biosimilar product Bemfola®, addressing female fertility.

Bemfola®, a recombinant-human Follicle Stimulating Hormone (r-hFSH) was developed by Finox as a biosimilar to Gonal-f®, an established reference product. Bemfola® was the first biosimilar r-hFSH launched in Europe.

Sales of Bemfola® recorded during the three months to March 2018 amounted to EUR 12.0 million (USD 14.7 million) when compared to a turnover of EUR 9.0 million (USD 9.5 million) realised in the base period.

3.4 Lenzetto® – Women's Healthcare

Lenzetto®, the estradiol spray for treating menopause symptoms, licensed in from Acrux, an Australian company, received multiple marketing approvals in European territories during September 2015. The product has been launched during 2016 and 2017 in most of the EU12 countries and certain EU15 markets. Lenzetto® was included on reimbursement lists on a number of these markets.

Turnover of Lenzetto® during the first three months of 2018 amounted to EUR 0.8 million.

3.5 Levosert® – Women's Healthcare

Further extending our Women's Healthcare franchise, a levonorgestrel releasing Intrauterine System (IUS), Levosert® was licensed-in from Allergan in January 2017 for Western and Northern European countries. The product had been earlier launched by Allergan in a number of these countries. Based on an agreement established in 2011 with Uteron Pharma, Richter had also previously marketed Levosert® in many Central and Eastern European countries and thus subsequent to the agreement with Allergan it became a pan european distributor. Levosert® was launched in Denmark and Norway in April 2018.

Total turnover achieved by this product in first quarter 2018 amounted to EUR 0.9 million. The year-on-year growth was primarily due to sales levels realised in Germany and Austria.

4. Women's Healthcare – Core Business

In recognition of the strategic importance to the Company of this therapeutic area a detailed presentation of the Women's Healthcare (WH) franchise is given below. This therapeutic area includes the following product groups and therapeutic indications: oral contraceptives (OC), emergency contraceptives (EC), contraceptive devices (CD); menopausal care, fertility, pregnancy care and obstetrics, gynaecological infections, and other gynaecological conditions, such as uterine fibroids. Please refer to Appendix 2 on pages 34-35 for a comprehensive list of major products belonging to this therapeutic field.

4.1 WH sales by region

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	3 months to March			%	3 months to March			%
Hungary	1,325	1,478	-153	-10.4	4.3	4.8	-0.5	-10.4
EU *	18,512	16,991	1,521	9.0	59.5	55.0	4.5	8.2
EU 12	4,068	3,065	1,003	32.7	13.1	9.9	3.2	32.3
Poland	1,508	853	655	76.8	4.8	2.8	2.0	71.4
Romania	549	502	47	9.4	1.8	1.6	0.2	12.5
EU 15	14,444	13,926	518	3.7	46.4	45.1	1.3	2.9
CIS	7,398	9,065	-1,667	-18.4	23.8	29.3	-5.5	-18.8
Russia	6,155	7,392	-1,237	-16.7	19.8	23.9	-4.1	-17.2
Ukraine	492	870	-378	-43.4	1.6	2.8	-1.2	-42.9
Other CIS	751	803	-52	-6.5	2.4	2.6	-0.2	-7.7
USA	2,536	2,983	-447	-15.0	8.2	9.6	-1.4	-14.6
China	2,098	2,688	-590	-21.9	6.7	8.7	-2.0	-23.0
Latin America	1,023	1,315	-292	-22.2	3.3	4.3	-1.0	-23.3
RoW	2,432	2,506	-74	-3.0	7.8	8.1	-0.3	-3.7
Total	35,324	37,026	-1,702	-4.6	113.6	119.8	-6.2	-5.2
Average exchange rate (EURHUF)					311.08	309.10	-1.98	0.6

Note: * All Member States of the EU, except for Hungary.

The share of total sales arising from Richter's Women's Healthcare portfolio for each reporting region is as folllows:

	%	
	2018	2017
	3 months to March	
Hungary	12.5	13.9
EU *	55.3	53.3
EU 12	23.8	19.6
EU 15	88.1	86.0
CIS	24.3	26.0
USA	38.1	46.8
China	33.8	57.4
Latin America	81.2	75.1
RoW	55.9	62.5
Total	38.0	39.3

Note: * All Member States of the EU, except for Hungary.

Total sales recorded by Richter's WH niche franchise at EUR 113.6 million declined by EUR 6.2 million, or 5.2% when compared to the previous year partly due to a decline experienced in the sales levels of WHC products in Russia and partly as a consequence of the temporary measures implemented by PRAC which impacted sales of Esmya®.

Sales arising from the acquired OC portfolio amounted to EUR 10.6 million, having declined by EUR 0.5 million when compared to the performance achieved in the same period of the previous year.

Turnover within the EU15 region grew primarily in France, Belgium, the UK and Italy. As far as the product portfolio is concerned growth resulted primarily from higher sales levels of Bemfola®. The range of oral contraceptives also contributed to the turnover achieved in this region.

EU15 Top 5 markets	EURm			
	2018	2017	Change	
	3 months to March			%
Germany	9.7	10.7	-1.0	-9.3
France	8.3	7.2	1.1	15.3
Spain	7.6	7.7	-0.1	-1.3
UK	6.7	6.1	0.6	9.8
Italy	5.9	5.6	0.3	5.4
Total Top 5 Sales	38.2	37.3	0.9	2.4
Total EU15 Sales	46.4	45.1	1.3	2.9
Total Top 5 / Total EU15 Sales %	82.3	82.7		

In **Germany,** Richter's contraceptives franchise has been hit by negative media campaigns linked to potential side effects of OCs in general and certain novel APIs, to which Richter has a broader exposure in particular. Group sales declining by EUR 1.0 million were also negatively impacted by parallel imports.

Turnover in **France** increased by EUR 1.1 million due to the good performance of Bemfola® while the declining sales of Esmya® were not material during the first quarter 2018.

Sales reported in **Spain** decreased by EUR 0.1 million with higher levels of Bemfola® sales being slightly more than offset by declining turnover recorded for Esmya® during the three months to March 2018 period.

Sales in the **UK** were GBP 0.6 million (EUR 0.6 million) higher. Bemfola® and a range of oral contraceptives contributed to the higher turnover achieved during the first quarter 2018.

In **Italy** Richter Group achieved Women's Healthcare sales of EUR 5.9 million in the reported period, EUR 0.3 million above the levels reported in the same period 2017. A range of oral contraceptives contributed primarily to the sales growth achieved.

WH sales to the **CIS** in the first three months to March 2018 totalled EUR 23.8 million representing a decline of EUR 5.5 million compared to the sales levels achieved in the same period of the previous year. The decline recorded in the CIS region originated primarily in **Russia**. In RUB terms sales to Russia reached RUB 1,383.2 million, a decline of RUB 113.1 million or 7.6% primarily due to the lower sales performance of a range of oral contraceptives.

WH sales to the **USA** in the first quarter 2018 decreased marginally by USD 0.3 million, 2.9% as higher sales levels of finished form Plan B / Plan B One-Step were more than offset by the decline recorded in the sales of certain steroid APIs.

WH sales in the **ROW** countries reported a EUR 0.3 million decline when compared with the first quarter of the previous year primarily due to lower sales of Bemfola® sales recorded in Israel.

5. Business segment information

The activities of Richter Group are presented in this Report along three operating segments. Those subsidiaries of the Group that are engaged in the core activities of research and development together with manufacturing and sale of pharmaceutical products have been classified as the Pharmaceutical segment. The performance of those distributor and retail subsidiaries that represent the distribution chain in some of our markets and facilitate our products reaching final buyers are presented under the Wholesale and Retail segment. Finally, the Other segment relates to the business of those group members that do not belong to any of the above segments. These companies provide services to group members belonging to the Pharmaceutical segment.

In the following section we present key data by business segments:

HUFm	Pharmaceuticals		Wholesale and retail		Other		Eliminations		Group total	
	2018	2017 Restated*	2018	2017 Restated*	2018	2017	2018	2017 Restated*	2018	2017 Restated*
	3 months to March		3 months to March		3 months to March		3 months to March		3 months to March	
Total revenues	92,997	94,193	23,400	21,149	1,294	1,112	(3,746)	(3,779)	113,945	112,675
Gross profit	63,310	61,657	2,096	1,718	147	144	22	(402)	65,575	63,117
Profit from operations	17,585	17,129	17	(73)	40	26	40	(357)	17,682	16,725
Share of profit of associates and joint ventures	(176)	261	553	511	9	-	(49)	(202)	337	570
Number of employees at period end	10,540	10,195	1,485	1,476	432	423	-	-	12,457	12,094

Note: * For further information on restated base period figures please see Appendix 3 on page 36.

6. Pharmaceuticals sales report

Sales in the Pharmaceutical segment in the first quarter 2018 totalled HUF 92,997 million (EUR 299.0 million), representing a decrease of 1.3% (1.9% in EUR terms) compared to the same period of last year.

6.1 Pharmaceutical sales by region

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	3 months to March			%	3 months to March			%
Hungary	10,631	10,595	36	0.3	34.2	34.3	-0.1	-0.3
EU *	33,449	31,858	1,591	5.0	107.5	103.1	4.4	4.3
EU 12**	17,059	15,662	1,397	8.9	54.8	50.7	4.1	8.1
Poland	7,963	7,439	524	7.0	25.6	24.1	1.5	6.2
Romania	2,703	2,347	356	15.2	8.7	7.6	1.1	14.5
EU 15	16,390	16,196	194	1.2	52.7	52.4	0.3	0.6
CIS	30,452	34,923	-4,471	-12.8	97.9	112.9	-15.0	-13.3
Russia	24,019	26,691	-2,672	-10.0	77.2	86.4	-9.2	-10.6
Ukraine	1,946	2,795	-849	-30.4	6.3	9.0	-2.7	-30.0
Other CIS	4,487	5,437	-950	-17.5	14.4	17.5	-3.1	-17.7
USA	6,653	6,368	285	4.5	21.4	20.6	0.8	3.9
China	6,201	4,687	1,514	32.3	19.9	15.1	4.8	31.8
Latin America	1,260	1,752	-492	-28.1	4.1	5.7	-1.6	-28.1
RoW	4,351	4,010	341	8.5	14.0	13.0	1.0	7.7
Total	92,997	94,193	-1,196	-1.3	299.0	304.7	-5.7	-1.9
Average exchange rate (EURHUF)					311.08	309.10	1.98	0.6

6.2 Pharmaceutical sales by region in currencies of invoicing

	Currency (million units)	2018	2017	Change %
		3 months to March		
Hungary	HUF	10,631	10,595	0.3
EU *	EUR	107.5	103.1	4.3
EU 12	EUR	54.8	50.7	8.1
Poland	PLN	106.9	104.0	2.9
Romania	RON	40.4	34.3	17.7
EU 15	EUR	52.7	52.4	0.6
CIS	EUR	97.9	112.9	-13.3
	USD	120.4	120.3	0.1
Russia	RUB	5,397.5	5,403.1	-0,1
Ukraine	USD	7.7	9.6	-19.8
Other CIS	EUR	14.4	17.5	-17.7
	USD	17.8	18.7	-4.8
USA	USD	26.3	21.9	20.1
China	CNY	156.0	111.3	40.2
Latin America	USD	5.0	6.0	-16.7
RoW	EUR	14.0	13.0	7.7
	USD	17.2	13.8	24.6

Note: * All Member States of the EU, except for Hungary.

6.3 Sales to Top 10 markets

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	3 months to March			%	3 months to March			%
Russia	24,019	26,691	-2,672	-10.0	77.2	86.4	-9.2	-10.6
Hungary	10,631	10,595	36	0.3	34.2	34.3	-0.1	-0.3
Poland	7,963	7,439	524	7.0	25.6	24.1	1.5	6.2
USA	6,653	6,368	285	4.5	21.4	20.6	0.8	3.9
China	6,201	4,687	1,514	32.3	19.9	15.1	4.8	31.8
Germany	4,097	4,505	-408	-9.1	13.2	14.6	-1.4	-9.6
France	2,858	2,457	401	16.3	9.2	7.9	1.3	16.5
Romania	2,703	2,347	356	15.2	8.7	7.6	1.1	14.5
Spain	2,468	2,411	57	2.4	7.9	7.8	0.1	1.3
UK	2,187	2,088	99	4.7	7.0	6.8	0.2	2.9
Total Top 10	69,780	69,588	192	0.3	224.3	225.2	-0.9	-0.4
Total Sales	92,997	94,193	-1,196	-1.3	299.0	304.7	-5.7	-0.4
Total Top 10 / Total Sales %					75.0	73.8		

6.4 Hungary

In **Hungary** sales totalled HUF 10,631 million (EUR 34.2 million) in the first quarter 2018, a virtually flat performance (+0.3% in HUF terms and -0.3% in EUR terms) compared to the same period of 2017.

Based on the latest available market audit (IMS) data for the three months to March 2018 the pharmaceutical market increased by 4.9% year-on-year. Retail sales of Richter products increased by 5.7% compared to 2017 and the Company is now the fifth player on the Hungarian pharmaceutical market with a 5.3% share. When considering only the market for retail prescription drugs, Richter qualifies for second place with a market share of 7.6%.

The Hungarian market has stabilised, albeit at significantly lower levels than a few years ago. In accordance with the regulations extraordinary taxes levied on the pharmaceutical industry and payable in 2018 can be offset by up to 90% of the tax liability depending on the level of R&D expenditures and wage related expenses of staff employed in this field. Given the high amounts directed to this activity Richter has been exempted from the payment of this extraordinary tax from the second quarter of each year.

Marginal changes to the price regulation system did not impact materially the Group's overall performance in the reported period.

6.5 European Union

Sales in the **European Union**, excluding Hungary, amounted to EUR 107.5 million in the first quarter of 2018, EUR 4.4 million (4.3%) higher than the levels recorded in the base period.

In the **EU12** region sales totalled EUR 54.8 million in the first three months of 2018, EUR 4.1 million higher when compared to the base period. This region represented 51% of total EU sales of the Group's pharmaceutical segment.

In **Poland** the Group recorded sales of PLN 106.9 million (EUR 25.6 million) in the first quarter 2018, an increase of PLN 2.9 million (EUR 1.5 million) compared to the same period in 2017. Good performance of a range of oral contraceptives and other WH products more than offset the adverse impacts of both parallel imports and the declining sales of our leading product, Groprinosin.

In **Romania** sales amounted to RON 40.4 million (EUR 8.7 million) in the first quarter 2018, an increase of RON 6.1 million (EUR 1.1 million) when compared with the base period. As a consequence of substantial price decreases implemented by the Government in recent years, a number of original products were withdrawn from the market, which in turn provided sales opportunities for some generic products. The implementation of a revised price list has been repeatedly further delayed and it is now expected to enter into force with effect from 1 September 2018.

In the **EU15** region sales amounted to EUR 52.7 million in the first quarter 2018, EUR 0.3 million higher than in the base period. This region contributed 49% of total EU pharmaceutical sales.

Top 5 markets in the EU15 region:

	EURm			
	2018	**2017**	**Change**	
		3 months to March		%
Germany	13.2	14.6	-1.4	-9.6
France	9.2	7.9	1.3	16.5
Spain	7.9	7.8	0.1	1.3
UK	7.0	6.8	0.2	2.9
Italy	6.2	5.8	0.4	6.9
Total Top 5 Sales	43.5	42.9	0.6	1.4
Total EU15 Sales	52.7	52.4	0.3	0.6
Total Top 5 / Total EU15 Sales %	82.5	81.9		

Considering that more than 85% of turnover originating from this region arises from the Women's Healthcare portfolio a more detailed description of the EU15 markets has been presented in Chapter 4 – Women's Healthcare – Core Business on page 5.

6.6 CIS

Sales to the **CIS** in the first quarter 2018 totalled EUR 97.9 million, a decline of EUR 15.0 million (13.3%) compared to the sales levels achieved in the previous year. Declines reported in EUR were driven primarily by weakening exchange rates of USD, RUB and KZT.

Sales in **Russia** totalled RUB 5,397.5 million in the first quarter 2018, a nearly flat performance (RUB 5.6 million or 0.1% below) when compared to the same period of the previous year. A lower (11.7%) year-on-year average exchange rate of the Rouble against the Euro impacted significantly our sales performance in Russia when reported in Euro. Sales levels during the reported period at EUR 77.2 million declined by EUR 9.2 million when compared with the turnover reported in the same period 2017.

The devaluation of RUB resulted in decreasing purchasing power and a worsening liquidity of pharmacy chains.

Sales to **Ukraine** amounted to USD 7.7 million (EUR 6.3 million) in the three months to March 2018, a decline of USD 1.9 million (EUR 2.7 million) compared to the turnover reported for the first quarter 2017. A weaker USD exchange rate against the EUR during the reported period impacted negatively the sales performance when reported in EUR. The lower year-on-year performance was also partly due to certain regulatory related preshipments made during the previous year.

The Ukrainian economy has stabilized to some extent, with purchasing power having slightly increased. The exchange rate of the local currency, UAH, remained in a very narrow range, around the level of 27 to the USD by the end of the first quarter 2018.

Sales in **Other CIS republics** totalled EUR 14.4 million (USD 17.8 million) in the first quarter 2018, representing a decline of EUR 3.1 million (USD 0.9 million) compared to the same period in 2017. Currency depreciations in certain countries have negatively impacted the overall performance of this region.

6.7 USA

Sales in the **USA** totalled USD 26.3 million (EUR 21.4 million) in the first quarter of 2018, an increase of USD 4.4 million (EUR 0.8 million) compared to the same period of 2017. The significant year-on-year growth was mainly due to cariprazine (Vraylar®) royalty income.

With effect from 1 January 2017 the Group reports cariprazine related royalty income based on sales estimations made for the same period by Richter's US partner, Allergan. The royalty income amounted to USD 14.9 million (EUR 12.1 million) in the first quarter of 2018.

6.8 China

Sales to **China** amounted to EUR 19.9 million in the first quarter 2018, an increase of EUR 4.8 million when compared with the base period due to higher sales levels of Cavinton and the emergency contraceptive. The high growth rate recorded was due primarily to the very low base period sales figure achieved on this market.

With effect from 1 January 2018, invoicing currency in China was replaced from EUR to local currency (CNY). Sales in local currency terms totalled CNY 156.0 million.

6.9 Latin America

Sales in **Latin American** countries amounted to USD 5.0 million in the first quarter 2018, a decrease of USD 1.0 million when compared with the base period primarily due to strengthening generic competition and shipment delays.

6.10 Rest of the World

Sales in these countries amounted to EUR 14.0 million (USD 17.2 million) in the first quarter of 2018 resulting primarily from a better performance achieved by core Women's Healthcare products. Turnover increased by EUR 1.0 million (USD 3.4 million) when compared with the same period in 2017.

6.11 Sales of Top 10 Products

	HUFm				EURm			
	2018	**2017**	**Change**		**2018**	**2017**	**Change**	
	3 months to March			%	3 months to March			%
Hormonal contraceptives	21,941	22,917	-976	-4.3	70.5	74.1	-3.6	-4.9
Cavinton	7,533	5,900	1,633	27.7	24.2	19.1	5.1	26.7
Esmya®	4,994	6,433	-1,439	-22.4	16.1	20.8	-4.7	-22.6
Mydeton	4,971	4,940	31	0.6	16.0	16.0	0.0	0.0
Panangin	4,264	5,038	-774	-15.4	13.7	16.3	-2.6	-16.0
Vraylar® / cariprazine	3,779	2,588	1,191	46.0	12.1	8.4	3.7	44.0
Bemfola®	3,722	2,771	951	34.3	12.0	9.0	3.0	33.3
Groprinosin	3,143	2,631	512	19.5	10.1	8.5	1.6	18.8
Verospiron	3,050	3,672	-622	-16.9	9.8	11.9	-2.1	-17.6
Lisopress	2,736	2,915	-179	-6.1	8.8	9.4	-0.6	-6.4
Total Top 10	60,133	59,805	328	0.5	193.3	193.5	-0.2	-0.1
Total Sales	92,997	94,193	-1,196	-1.3	299.0	304.7	-5.7	-1.9
Total Top 10 / Total Sales %					64.6	63.5		

7. Pharmaceuticals – Operating profit and margin

The first line contains the HUF figures, namely reported period (Q1 2018), base period (Q1 2017), change in HUF and change in percent, (left to right) while the second line is the same for indicative EUR figures.

Operating profit

HUF 17,585mn	HUF 17,129mn	+HUF 456mn	+2.7%
EUR 56.6mn	EUR 55.4mn	+EUR 1.2mn	+2.2%

Operating margin

18.9%	18.2%

Operating profit for the Group originated primarily from the Pharmaceuticals segment. Operating margin improved as a result of growth in pharmaceutical gross profit having exceeded the increase in operating costs.

Amortization of acquired assets

Following the acquisitions made in 2010 and 2016 the amortisation of Esmya, the acquired OC portfolio and Bemfola were incurred as cost items in the reported period and amounted to HUF 2,081 million when compared to HUF 2,389 million reported in the base period.

8. Wholesale and retail sales report

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	3 months to March			%	3 months to March			%
Hungary	-	-	-	-	-	-	-	-
EU *	18,766	16,648	2,118	12.7	60.3	53.9	6.4	11.9
EU 12	18,766	16,648	2,118	12.7	60.3	53.9	6.4	11.9
Poland	-	-	-	-	-	-	-	-
Romania	18,766	16,648	2,118	12.7	60.3	53.9	6.4	11.9
EU 15	-	-	-	-	-	-	-	-
CIS	3,591	3,546	45	1.3	11.5	11.5	0.0	0.0
Russia	-	-	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-	-	-
Other CIS	3,591	3,546	45	1.3	11.5	11.5	0.0	0.0
USA	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
Latin America	1,043	955	88	9.2	3.4	3.1	0.3	9.7
RoW	-	-	-	-	-	-	-	-
Total	23,400	21,149	2,251	10.6	75.2	68.5	6.7	9.8
Average exchange rate (EURHUF)					311.08	309.10	1.98	0.6

Note: * All Member States of the EU, except for Hungary.

The principal aim of the Wholesale and Retail companies is to support the sales levels of our products on the Group's selected traditional markets.

Sales amounted to EUR 75.2 million in the three months to March 2018, a EUR 6.7 million increase compared to the base period.

Our Romanian subsidiaries realised 80% of the turnover in the Wholesale and Retail segment (RON 280.7 million), with the remainder primarily being invoiced by our subsidiaries in the CIS region. The sales increase in Romania was RON 37.2 million (15.3%) during the first quarter 2018.

9. Wholesale and retail – Operating profit and margin

The combined amount of operating profit from subsidiaries and the stakeholding proportional amount of income from associates and joint ventures operating in the Wholesale and Retail segment totalled HUF 570 million during the reported period.

The consolidated operating profit of subsidiaries belonging to this segment was HUF 17 million, when compared to an operating loss of HUF 73 million realised in the same period 2017.

10. Consolidated figures

10.1 Sales

Consolidated sales

HUF 113,945mn	HUF 112,675mn	+HUF 1,270mn	+1.1%
EUR 366.3mn	EUR 364.6mn	+EUR 1.7mn	+0.5%

10.2 Costs, expenses, profits

Cost of sales

HUF 48,370mn	HUF 49,558mn	-HUF 1,188mn	-2.4%
EUR 155.5mn	EUR 160.4mn	-EUR 4.9mn	-3.1%

Amortization of acquired assets

Amortization of the acquired intangible asset Esmya amounted to HUF 414 million while amortization of another intangible asset Bemfola was HUF 503 million in the three months to March 2018.

Gross profit

HUF 65,575mn	HUF 63,117mn	+HUF 2,458mn	+3.9%
EUR 210.8mn	EUR 204.2mn	+EUR 6.6mn	+3.2%

Gross margin

57.5%	56.0%

As a result of the impairment accounted for during 2017 in respect of amortization costs, together with a decrease in the amount of sales proportional royalties payable in respect of Esmya® such costs decreased by HUF 0.5 billion (EUR 1.6 million). In addition, cost of goods sold related to Bemfola® also decreased significantly by HUF 0.9 billion (EUR 3 million) as the negative impact of inventories valued at the time of the acquisition had ceased. Royalty income received from Allergan in respect of Vraylar® together with an increase in the share of turnover of the high margin USA and Chinese businesses impacted positively gross margin.

Weakening average exchange rates of both RUB and USD together with price erosion experienced on our traditional markets and an increase of costs related to tightening regulatory measures, as well as the increase of the share of turnover of lower margin Wholesale and Retail segment in Romania negatively impacted gross margin.

Sales and marketing expenses

HUF 30,282mn	HUF 29,821mn	+HUF 461mn	+1.5%
EUR 97.3mn	EUR 96.5mn	+EUR 0.8mn	+0.8%

Proportion to sales:
26.6% 26.5%

Somewhat higher marketing costs were caused by a slight increase in the number of sales and marketing staff in Russia and growing promotion costs incurred on the Chinese and EU15 markets.

Amortization of acquired portfolio

Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal in the amount of HUF 1,082 million represented 1.0% of sales achieved in the reported year. After adjustment for this amortization, S&M expenses represented 25.6% of turnover.

Registration fee for medical representatives

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 222 million (EUR 0.7 million) in the first quarter 2018. In accordance with the regulations tax payable in 2018 on this ground can be offset by 90% of the tax liability depending on the level of R&D expenditures and wage related expenses of the staff employed in this field. Given the high amounts directed to this activity Richter is practically exempted from the payment of this extraordinary tax from the second quarter of each year.

Administrative and general expenses

HUF 5,865mn	HUF 5,170mn	+HUF 695mn	+13.4%
EUR 18.9mn	EUR 16.7mn	+EUR 2.2mn	+13.2%

These expenses grew primarily due to higher employee costs, together with increased insurance, legal assistance and other advisory fees.

Research and development expenses

HUF 11,343mn	HUF 10,219mn	+HUF 1,124mn	+11.0%
EUR 36.5mn	EUR 33.1mn	+EUR 3.4mn	+10.3%

Proportion to sales:
10.0% 9.1%

These expenses include the ongoing clinical trials being carried out in the field of biotechnology together with those managed in co-operation with Allergan. R&D expenses of the Group also include such costs at the operations of GR Polska and GR Romania.

Other income and other expenses (net)

(HUF 403mn)	(HUF 1,182mn)	-HUF 779mn	-65.9%
(EUR 1.3mn)	(EUR 3.8mn)	-EUR 2.5mn	-65.8%

Claw-back

During the reported period Other income and expenses include liabilities amounting to HUF 1,557million (EUR 5.0 million) in respect of the claw-back regimes effective in Romania, Germany, France, Spain, Portugal, Belgium, Italy, Bulgaria, Austria, Poland, Latvia, Slovenia, Croatia and UK.

One-off items

Richter accounted for a one-off income payment from Recordati, amounting to HUF 3,099 million (EUR 10.0 million) following the license agreement amendment subsequent to the European authorization of Reagila® entering into force.

20% tax obligation payable

In the first quarter 2018 an expense of HUF 416 million (EUR 1.3 million) was accounted for in respect of the 20% tax obligation payable with regard to turnover related to reimbursed sales in Hungary. In accordance with the regulations tax payable in 2017 on this ground can be offset by 90% of the tax liability depending on the level of R&D expenditures and wage related expenses of the staff employed in this field. Given the high amounts directed to this activity Richter is practically exempted from the payment of this extraordinary tax from the second quarter of each year.

Profit from operations

HUF 17,682mn	HUF 16,725mn	+HUF 957mn	+5.7%
EUR 56.8mn	EUR 54.1mn	+EUR 2.7mn	+5.0%

The increase resulted from increasing gross margin and an improving balance of Other income and expenses.

Consolidated operating margin

15.5%	14.8%

Net financial (loss) / income

(HUF 2,398mn)	HUF 4,400mn	-HUF 6,798mn	-
(EUR 7.7mn)	EUR 14.2mn	-EUR 21.9mn	-

The financial loss on unrealised financial items resulted from the fair value reassessment of Exchangeable bonds accounted for among Other foreign currency denominated items and the revaluation of Trade receivables and trade payables. Realised financial losses were primarily caused by losses incurred on trade payables and receivables. Both losses incurred on reassessed items and on realised trade payables were impacted by the year-on-year depreciation of RUB and USD. For more detailed information on the Net financial result please refer to the table on page 26.

Share of profit of associates and joint ventures

HUF 337mn	HUF 570mn	-HUF 233mn	-40.9%
EUR 1.1mn	EUR 1.9mn	-EUR 0.8mn	-42.1%

Profit before income tax

HUF 15,621mn	HUF 21,695mn	-HUF 6,074mn	-28.0%
EUR 50.2mn	EUR 70.2mn	-EUR 20.0mn	-28.5%

Taxation

By virtue of Hungarian Tax Regulations, the base income of the Parent Company of the Group (incorporated in Hungary) on which corporate tax is applied may be reduced by the amount of direct costs incurred on R&D activities and 50% of royalties received. In addition, the Parent Company is also entitled to account for a tax loss carry forward in respect of the impairment losses accounted for in 2017. Furthermore a tax allowance is granted to the Company in respect of the capital expenditure programme carried out at the Debrecen biosimilar manufacturing site. Other members of the Group are subject to customary tax regulations effective in their respective countries of incorporation.

Income and deferred tax

HUF 374mn	(HUF 60mn)	+HUF 434mn	-
EUR 1.2mn	(EUR 0.2mn)	+EUR 1.4mn	-

During the first quarter 2018 the Group recorded HUF 582 million (EUR 1.9 million) in respect of corporate tax expense and HUF 208 million (EUR 0.7 million) deferred tax income resulting in HUF 374 million (EUR 1.2 million) tax expense.

Local business tax and innovation contribution

HUF 1,017mn	HUF 944mn	+HUF 73mn	+7.7%
EUR 3.3mn	EUR 3.1mn	+EUR 0.2mn	+6.5%

Profit for the period

HUF 14,230mn	HUF 20,811mn	-HUF 6,581mn	-31.6%
EUR 45.7mn	EUR 67.3mn	-EUR 21.6mn	-32.1%

Profit attributable to owners of the parent

HUF 14,504mn	HUF 20,674mn	-HUF 6,170mn	-29.8%
EUR 46.6mn	EUR 66.9mn	-EUR 20.3mn	-30.3%

Net income margin attributable to owners of the parent

12.7%	18.3%

10.3 Earnings per share

Basic earnings per share

HUF 78	HUF 111	-HUF 33	-29.7%
EUR 0.25	EUR 0.36	-EUR 0.11	-30.6%

Diluted earnings per share

HUF 78	HUF 111	-HUF 33	-29.7%
EUR 0.25	EUR 0.36	-EUR 0.11	-30.6%

The weighted average number of shares in issue used for the EPS calculation on 31 March 2018 was 186,307,180 while at the end of the same period of the previous year it was 186,130,911.

10.4 Balance sheet

Changes for all balance sheet items are reported in comparison to 31 December 2017 audited figures.

Total assets and total shareholders' equity and liabilities of the Group

HUF 776,474mn	HUF 760,865mn	+HUF 15,609mn	+2.1%

Non-current assets

HUF 450,635mn	HUF 456,334mn	-HUF 5,699mn	-1.2%

The amount of Other financial assets decreased as a result of a change in the fair value of Richter's investment in the Russian wholesaler and retail Group, Protek and of the conversion of non-current sovereign bonds to current ones. Amortization and impairment accounted for in respect of Other intangible assets and Property, plant and equipment also contributed to the lower level of Non-current assets.

Current assets

HUF 325,839mn	HUF 304,531mn	+HUF 21,308mn	+7.0%

Cash and cash equivalents increased as a result of positive net cash flow from operating activities of the Group. The increase was partly offset by lower levels of Trade receivables.

Capital and reserves

HUF 678,544mn	HUF 664,019mn	+HUF 14,525mn	+2.2%

Retained earnings increased by HUF 15,868 million and amounted to HUF 618,464 million.

Non-current liabilities

HUF 15,345mn	HUF 15,660mn	-HUF 315mn	-2.0%

Current liabilities

HUF 82,585mn	HUF 81,186mn	+HUF 1,399mn	+1.7%

Current liabilities of the Group increased as a consequence lower levels of Trade payables and an increase in Other current liabilities and accruals.

10.5 Capital expenditure

Capital expenditure for the Group including payments for intangible assets totalled HUF 5,275 million in the first quarter 2018 when compared to HUF 7,845 million reported for the same period of the previous year.

11. Corporate matters

11.1 Information regarding Richter's Boards

With effect from 25 April 2018 Dr Gábor Perjés resigned from his position held in the Board of Directors of Richter.

At the Annual General Meeting on 25 April 2018, the following were appointed to the Board of Directors for a 3 (three) year period until the 2021 AGM

Ms Anett Pandurics
Mr Bálint Szécsényi.

At the Annual General Meeting the following were reappointed to the Supervisory Board for a 3 (three) year period until the 2021 AGM

Dr Attila Chikán
Prof Dr Jonathán Róbert Bedros,

together with employee representatives

Ms Klára Kovácsné Csikós
Dr Éva Kovácsné Kozsda.

At the Annual General Meeting

Dr Zsolt Harmath

was appointed to the Supervisory Board for a 3 (three) year period until the 2021 AGM.

The Annual General Meeting approved the reelection as members of the Audit Committee for a 3 (three) year period until the 2021 AGM of the following

Dr Attila Chikán
Prof Dr Jonathán Róbert Bedros.

The Annual General Meeting approved the election as member of the Audit Committee for a 3 (three) year period until the 2021 AGM of the Supervisory Board member,

Dr Zsolt Harmath.

11.2 Dividends

Dividends approved by the shareholders of Gedeon Richter Plc. at the Annual General Meeting held on 25 April 2018 totalled HUF 12,673 million in respect of 2017. The portion payable in relation to ordinary shares amounted to HUF 68 per share, 68% of the nominal share value. It is the Company's intention to publish an official announcement regarding the dividend payment before 11 May 2018. The starting date for distributing dividend payments is expected to be 11 June 2018.

11.3 Information regarding Richter shares

11.3.1

The number of shares in issue at 31 March 2018 was unchanged compared to 31 December 2017, i.e. 186,374,860 shares.

11.3.2

The number of shares held by the Parent company in Treasury slightly increased during the first quarter of 2018.

	Ordinary shares				
	31 March 2018	31 December 2017	30 September 2017	30 June 2017	31 March 2017
Number	63,678	60,683	130,650	127,651	185,981
Book value (HUF '000)	422,523	404,353	856,959	841,640	1,098,368

In accordance with a repurchase obligation related to employee share bonuses, the Company repurchased 2,995 shares from employees who resigned from Richter during the first quarter 2018.

Empowered by the Board of Directors on 26 February 2018 the Executive Board approved the Statutes of the Gedeon Richter Plc. Employee Participation Program Organization (Richter EPP Organization) and the incentive policy related thereto in respect of the bonuses that may be granted to certain executives and key employees as part of the Employee Participation Program.

The Richter EPP Organization was registered with effect from 28 March 2018 and was established with the aim of improving performance and strengthening the loyalty of the executives and key employees by linking their remuneration to the company's performance.

As stipulated by the Incentive Policy the Company will transfer twice a year to the Richter EPP Organization Richter ordinary shares as non-cash contribution.

The Company will proceed to make bonus payments on an annual basis linked to key performance indicators while carrying out a complex assessment of employee performance. As part of the first EPP program to be closed by the end of February 2019, participants will be entitled to a maximum of cash equivalent of 300,000 shares.

On 31 March 2018 the Group's subsidiaries held a total of 5,500 ordinary Richter shares.

The total number of Company shares at Group level held in Treasury at 31 March 2018 was 69,178.

11.3.3 Share ownership structure

The shareholder structure at 31 March 2018 is presented in detail in the following table:

Ownership	Ordinary shares Number	Voting rights %	Share capital %
Domestic ownership	63,568,832	34.12	34.11
State ownership total	47,051,794	25.26	25.25
out of which MNV Zrt.	47,051,668	25.26	25.25
out of which Municipality	126	0.00	0.00
Institutional investors	7,813,464	4.19	4.19
Retail investors	8,703,574	4.67	4.67
International ownership	122,708,702	65.86	65.83
Institutional investors	121,484,070	65.20	65.17
out of which Aberdeen Asset Mgmt. Plc.	17,057,500	9.16	9.15
out of which Harding Loevner LP	10,807,000	5.80	5.80
out of which Black Rock, Inc	9,722,000	5.22	5.22
Retail investors	1,224,632	0.66	0.66
Treasury shares*	69,178	0.00	0.04
Undisclosed ownership	28,148	0.02	0.02
Share capital	186,374,860	100.00	100.00

Note: * Treasury shares include the combined ownership of the parent company and subsidiaries.

Data in the above table were compiled based on the share registry amended with information provided by KELER Zrt. as clearing company, global custodians and nominees. Due to the confidential character of linked investor interests certain investment funds may keep a different record of their respective share capital and/or voting rights.

11.4 Extraordinary announcements

11.4.1 On 2 March 2018 Richter announced that the European Medicines Agency (EMA) has accepted Richter's regulatory resubmission for its proposed biosimilar to Amgen's Neulasta® (pegfilgrastim).

11.4.2 On 3 April 2018 Richter and Allergan announced positive topline results from the third of three pivotal Phase III trials of cariprazine in bipolar I depression.

11.4.3 On 16 April 2018 Richter announced that on the basis of its mandate from the Board of Directors of the Company it approved the Statutes of the Richter Gedeon Nyrt. Employee Participation Program Organization (Richter EPP Organization) and the respective incentive policy related to the allocations to be provided within the framework of an Employee Participation Program for certain of its titleholders and key employees.

12. Historical exchange rates

12.1 At period end

	31.03.2018	31.12.2017	30.09.2017	30.06.2017	31.03.2017
EURHUF	312.55	310.14	311.23	308.87	308.70
USDHUF	253.94	258.82	263.75	270.87	288.64
RUBHUF	4.40	4.49	4.56	4.56	5.15
KZTHUF	0.80	0.78	0.77	0.84	0.92
CNYHUF	40.38	39.77	39.69	39.95	42.03
EURRUB	71.03	69.07	68.25	67.73	59.94
EURUSD	1.23	1.20	1.18	1.14	1.07

12.2 Average

	2018 Q1	2017 M12	2017 M9	2017 H1	2017 Q1
EURHUF	311.08	309.28	308.47	309.42	309.10
USDHUF	253.01	273.73	276.96	285.26	290.24
RUBHUF	4.45	4.71	4.78	4.94	4.94
KZTHUF	0.78	0.87	0.89	0.90	0.90
CNYHUF	39.78	40.17	40.26	41.18	42.10
EURRUB	69.91	65.66	64.53	62.64	62.57
EURUSD	1.23	1.13	1.11	1.08	1.06

13. Net financial result for the Group

	HUFm			EURm		
	2018	2017	Change	2018	2017	Change
	3 months to March			3 months to March		
Unrealised financial items	(2,173)	2,516	-4,689	(7.1)	8.1	-15.2
Exchange gain on trade receivables and trade payables	(362)	2,259	-2,621	(1.2)	7.3	-8.5
Loss on foreign currency loans receivable	(30)	(199)	169	(0.1)	(0.6)	0.5
Period end foreign exchange translation difference of borrowings	(45)	251	-296	(0.2)	0.8	-1.0
Exchange (loss)/gain on other currency related items	(1,710)	153	-1,863	(5.5)	0.5	-6.0
Unwinding of discounted value related to contingent-deferred purchase price liabilities	-	-	-	-	-	-
Result of unrealised forward exchange contracts	(26)	52	-78	(0.1)	0.1	-0.2
Realised financial items	(225)	1,884	-2,109	(0.6)	6.2	-6.8
Exchange (loss)/gain realised on trade receivables and trade payables	(345)	611	-956	(1.1)	2.0	-3.1
Foreign exchange difference on conversion of cash	52	40	12	0.2	0.1	0.1
Dividend income	-	-	-	-	-	-
Interest income	266	445	-179	0.9	1.5	-0.6
Interest expense	(4)	(166)	162	0.0	(0.5)	0.5
Other financial items	(194)	954	-1,148	(0.6)	3.1	-3.7
Net financial (loss)/income	(2,398)	4,400	-6,798	(7.7)	14.3	-22.0

Company name: Gedeon Richter Plc.
Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
Sector: Pharmaceutical
Reporting period: January-March 2018

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Investor relations manager: Katalin Ördög

14. Balance Sheet

	31 March 2018 Unaudited HUFm	31 December 2017 Audited HUFm	Change %
ASSETS	776,474	760,865	2.1
Non-current assets	450,635	456,334	-1.2
Property, plant and equipment	195,631	196,990	-0.7
Goodwill	44,908	44,377	1.2
Other intangible assets	153,016	154,958	-1.3
Investments in associates and joint ventures	12,213	11,847	3.1
Other financial assets	31,177	35,482	-12.1
Deferred tax assets	10,603	10,548	0.5
Loans receivable	3,087	2,132	44.8
Current assets	325,839	304,531	7.0
Inventories	87,930	84,474	4.1
Trade receivables	115,844	123,023	-5.8
Other current assets	17,448	20,180	-13.5
Investments in securities	1,583	18	n.a.
Current tax assets	1,317	795	65.7
Cash and cash equivalents	101,717	76,041	33.8
EQUITY AND LIABILITIES	776,474	760,865	2.1
Capital and reserves	678,544	664,019	2.2
Share capital	18,638	18,638	0.0
Treasury shares	(434)	(415)	4.6
Share premium	15,214	15,214	0.0
Capital reserve	3,475	3,475	0.0
Foreign currency translation reserve	10,326	9,855	4.8
Revaluation reserve for available for sale investments	8,472	9,964	-15.0
Retained earnings	618,464	602,596	2.6
Non-controlling interest	4,389	4,692	-6.5
Non-current liabilities	15,345	15,660	-2.0
Borrowings	56	3	n.a.
Deferred tax liability	7,886	8,005	-1.5
Other non-current liabilities and accruals	4,117	4,347	-5.3
Provisions	3,286	3,305	-0.6
Current liabilities	82,585	81,186	1.7
Borrowings	0	-	n.a.
Trade payables	39,467	47,495	-16.9
Current tax liabilities	606	703	-13.8
Other current liabilities and accruals	40,237	30,515	31.9
Provisions	2,275	2,473	-8.0

Prepared in accordance with IAS 34 Interim Financial Reporting.

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15. Consolidated statement of changes in equity

HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Revaluation reserve for available for sale investments	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2017	18,638	15,214	3,475	(415)	9,855	602,596	9,964	**659,327**	4,692	**664,019**
Restatement due to IFRS9	-	-	-	-	-	951	-	**951**	-	**951**
Restated opening balance	18,638	15,214	3,475	(415)	9,855	603,547	9,964	**660,278**	4,692	**664,970**
Profit for the period	-	-	-	-	-	14,504	-	**14,504**	(274)	**14,230**
Exchange differences arising on translation of foreign operations	-	-	-	-	471	-	-	**471**	(29)	**442**
Revaluation for available for sale investments	-	-	-	-	-	-	(1,492)	**(1,492)**	-	**(1,492)**
Comprehensive income at 31 March 2018	-	-	-	-	471	14,504	(1,492)	**13,483**	(303)	**13,180**
Net treasury shares transferred and purchased	-	-	-	(19)	-	-	-	**(19)**	-	**(19)**
Recognition of share-based payments	-	-	-	-	-	413	-	**413**	-	**413**
Balance at 31 March 2018	18,638	15,214	3,475	(434)	10,326	618,464	8,472	**674,155**	4,389	**678,544**

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16. Income Statement – HUF

For the year ended 31 December 2017 Audited HUFm		For the period ended 31 March 2018 Unaudited HUFm	2017 Restated* HUFm	Change %
444,356	Total revenues	113,945	112,675	1.1
(191,278)	Cost of sales	(48,370)	(49,558)	-2.4
253,078	Gross profit	65,575	63,117	3.9
(114,882)	Sales and marketing expenses	(30,282)	(29,821)	1.5
(23,374)	Administration and general expenses	(5,865)	(5,170)	13.4
(39,903)	Research and development expenses	(11,343)	(10,219)	11.0
(54,208)	Other income and other expenses (net)	(403)	(1,182)	-65.9
20,711	Profit from operations	17,682	16,725	5.7
14,957	Finance income	3,656	7,508	-51.3
(23,295)	Finance cost	(6,054)	(3,108)	94.8
(8,338)	Net financial (loss)/income	(2,398)	4,400	n.a.
1,528	Share of profit of associates and joint ventures	337	570	-40.9
13,901	Profit before income tax	15,621	21,695	-28.0
873	Income and deferred tax	(374)	60	n.a.
(4,704)	Local business tax and innovation contribution	(1,017)	(944)	7.7
10,070	Profit for the period	14,230	20,811	-31.6
	Profit attributable to:			
8,885	Owners of the parent	14,504	20,674	-29.8
1,185	Non-controlling interest	(274)	137	n.a.
	Statement of comprehensive income			
10,070	Profit for the period	14,230	20,811	-31.6
(82)	Actuarial loss on retirement defined benefit plans	-	-	n.a.
(82)	Items that will not be reclassified to profit or loss	-	-	n.a.
(8,890)	Exchange differences arising on translation of foreign operations	442	2,096	-78.9
17	Exchange differences arising on translation of associates and joint ventures	-	45	-100.0
1,139	Revaluation for available for sale investments	(1,492)	770	n.a.
(7,734)	Items that may be subsequently reclassified to profit or loss	(1,050)	2,911	n.a.
(7,816)	Other comprehensive income	(1,050)	2,911	n.a.
2,254	Total comprehensive income	13,180	23,722	-44.4
	Attributable to:			
1,299	Owners of the parent	13,483	23,608	-42.9
955	Non-controlling interest	(303)	114	n.a.
HUF	**Earnings per share (EPS)**	**HUF**	**HUF**	**%**
48	Basic	78	111	-29.7
48	Diluted	78	111	-29.7

Note: * For further information on restated base period figures please see Appendix 3 on page 36.
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17. Income Statement – EUR

For the year ended 31 December 2017 Audited EURm		For the period ended 31 March 2018 Unaudited EURm	2017 Restated* EURm	Change %
1,436.8	Total revenues	366.3	364.6	0.5
(618.5)	Cost of sales	(155.5)	(160.4)	-3.1
818.3	Gross profit	210.8	204.2	3.2
(371.4)	Sales and marketing expenses	(97.3)	(96.5)	0.8
(75.6)	Administration and general expenses	(18.9)	(16.7)	13.2
(129.0)	Research and development expenses	(36.5)	(33.1)	10.3
(175.3)	Other income and other expenses (net)	(1.3)	(3.8)	-65.8
67.0	Profit from operations	56.8	54.1	5.0
48.3	Finance income	11.8	24.3	-51.4
(75.3)	Finance cost	(19.5)	(10.1)	93.1
(27.0)	Net financial (loss)/income	(7.7)	14.2	n.a.
4.9	Share of profit of associates and joint ventures	1.1	1.9	-42.1
44.9	Profit before income tax	50.2	70.2	-28.5
2.9	Income and deferred tax	(1.2)	0.2	n.a.
(15.2)	Local business tax and innovation contribution	(3.3)	(3.1)	6.5
32.6	Profit for the period	45.7	67.3	-32.1
	Profit attributable to:			
28.8	Owners of the parent	46.6	66.9	-30.3
3.8	Non-controlling interest	(0.9)	0.4	n.a.
309.28	Average exchange rate (EURHUF)	311.08	309.10	0.6
	Statement of comprehensive income			
32,6	Profit for the period	45.7	67.3	-32.1
(0,3)	Actuarial loss on retirement defined benefit plans	-	-	n.a.
(0,3)	Items that will not be reclassified to profit or loss	-	-	n.a.
(28,8)	Exchange differences arising on translation of foreign operations	1.4	6.8	-79.4
0,1	Exchange differences arising on translation of associates and joint ventures	-	0.1	-100.0
3,7	Revaluation for available for sale investments	(4.8)	2.5	n.a.
(25,0)	Items that may be subsequently reclassified to profit or loss	(3.4)	9.4	n.a.
(25,3)	Other comprehensive income	(3.4)	9.4	n.a.
7,3	Total comprehensive income	42.3	76.7	-44.8
	Attributable to:			
4,3	Owners of the parent	43.3	76.4	-43.3
3,0	Non-controlling interest	(1.0)	0.3	n.a.
EUR	**Earnings per share (EPS)**	**EUR**	**EUR**	**%**
0,15	Basic	0.25	0.36	-30.6
0,15	Diluted	0.25	0.36	-30.6

Note: * For further information on restated base period figures please see Appendix 3 on page 36.
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18. Cash flow Statement

For the year ended 31 December 2017 Audited HUFm		For the period ended 31 March 2018 Unaudited HUFm	2017 Restated* HUFm
	Operating activities		
13,901	Profit before income tax	15,621	21,695
34,747	Depreciation and amortisation	8,623	8,806
(1,347)	Non cash items accounted through Total Comprehensive Income	1,974	(1,367)
(65)	Period end foreign exchange translation difference of borrowings	45	(251)
(1,248)	Net interest and dividend income	(262)	(279)
(220)	Changes in provision for defined benefit plans	-	(15)
1,141	Decrease/(increase) on changes of property, plant and equipment and intangible assets	(316)	(3)
49,184	Impairment recognised on intangible assets	-	-
-	Impairment on investments	-	-
3,640	Expense recognised in respect of equity-settled share-based payments	375	-
	Movements in working capital		
(12,519)	Decrease/(Increase) in trade and other receivables	15,076	232
(3,228)	Increase in inventories	(3,456)	(1,105)
7,631	Increase in trade payables and other current and non-current liabilities	689	(1,563)
(990)	Interest expense	(4)	(166)
(6,880)	Income tax paid	(2,218)	(2,356)
83,747	Net cash flow from operating activities	36,147	23,628
	Investing activities		
(30,328)	Payments for property, plant and equipment	(4,835)	(7,845)
(9,601)	Payments for intangible assets	(440)	-
957	Proceeds from disposal of property, plant and equipment	221	81
(1,745)	Payments to acquire financial assets	228	(33)
733	Proceeds on sale or redemption on maturity of financial assets	-	732
(666)	Disbursement of loans net	(96)	(126)
1,563	Interest income	266	445
675	Dividend income	-	-
(8,045)	Net cash outflow on acquisition of subsidiaries	-	(7,556)
(46,457)	Net cash flow to investing activities	(4,656)	(14,302)
	Financing activities		
(3,858)	Proceeds from disposal of/(purchase of) treasury shares	19	(30)
(19,756)	Dividend paid	-	-
(36,585)	Repayment of borrowings (-)	-	(2,592)
3	Proceeds from borrowings (+)	-	-
(60,196)	Net cash flow to financing activities	19	(2,622)
(22,906)	Net increase/(decrease) in cash and cash equivalents	31,510	6,704
96,053	Cash and cash equivalents at beginning of year	76,041	96,053
2,894	Effect of foreign exchange rate changes on the balances held in foreign currencies	(5,834)	1,447
76,041	Cash and cash equivalents at end of period	101,717	104,204

Note: * For further information on restated base period figures please see Appendix 3 on page 36.
Prepared in accordance with IAS 34 Interim Financial Reporting.

Disclosures

I, the undersigned declare, that Gedeon Richter Plc. takes full responsibility, that the interim management report published today, which contains the Group's three months to March 2018 results is prepared in accordance with the applicable accounting standards and according to the best of our knowledge. The report above provides a true and fair view of the financial position of Gedeon Richter Plc., comprises the subsidiaries included in the consolidation, contains an explanation of material events and transactions that have taken place during the reported year and their impact on the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation.

Budapest, 8 May 2018

Gábor Orbán
Chief Executive Officer

The financial statements in this report cover the activities of Gedeon Richter Group ('The Group' or 'Richter Group') and Gedeon Richter Plc. ('The Company' or 'Richter'). These interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial reporting. EUR and USD amounts have been converted from HUF at average exchange rates for indicative purposes only. Financial statements for the three months to March 2018 and three months to March 2017 are unaudited. Financial statements for the twelve months period ended 31 December 2017 are audited. The Company except for the adoption of IFRS 9 regulation has followed the same accounting policies during the preparation of this report as for the preparation of the most recent annual financial report.

Appendix 1

New product launches

Richter introduced the following new products either in the first quarter 2018 or in the period between the end of the reporting period and the publication of this quarterly report:

Country	Product	Active ingredient	Therapeutic area
Bulgaria	Gynositol (Cyclebalance)	inozitol	Women's Healthcare, nutritional supplement
Dominica	Escapelle	LVG (1x)	Women's Healthcare, emergency contraceptive
Ecuador	Cyclofemina	medroxiprogesterone + estradiol	Women's Healthcare, contraceptice injection
Estonia	Reagila®	cariprazine	Central nervous system, antipsychotic
Iraq	Norcolut	norethisterone	Women's Healthcare, premenstruation syndrome, mastodynia, dysfunctional uterine bleeding, endometriosis
	Rigevidon	LVG + 30 mcg EE	Women's Healthcare, oral contraceptice
Colombia	Azalia	DSG	Women's Healthcare, oral contraceptice
Kosovo	Bemfola®	follitropin alfa	Women's Healthcare, fertility
Poland	Fluomizin*	dequalinium-chloride	Women's Healthcare, anti-infective, antiseptic
	Gynoflor*	estriol+lactobacillus	Women's Healthcare, restoration of vaginal flora and atrophic vaginitis
	Reagila®	cariprazine	Central nervous system, antipsychotic
Luxemburg	Azalia	DSG	Women's Healthcare, oral contraceptice
Peru	Curiosin	zinc hyaluronate	Dermatology, anti-acne
	Rosina	DRP + 30 mcg EE	Women's Healthcare, oral contraceptice
Suriname	Curiosin	zinc hyaluronate	Dermatology, anti-acne
Switzerland	Levosert®	levonorgestrel	Women's Healthcare, other contraceptive method, IUS
Slovenia	Azalia	DSG	Women's Healthcare, oral contraceptice
Uzbekistan	Lenzetto®*	estradiol	Women's Healthcare, hormone replacement therapy (spray)

Note: * Licensed-in product

Appendix 2

Women's healthcare products and active ingredients

Brand name	Active ingredients	Product type
Oral contraceptives (OC)		
Volina / Midiana / Aranka / Maitalon 30 / Rosina	DRP+30mcg EE	Fourth generation
Symicia / Daylette / Volina Mite / Rezia / Jolian Maitalon 20 / Darylia / Daylla / Dimia / Liladros / Arankelle	DRP+20mcg EE	Fourth generation
Regulon / Desorelle / Desmin 30	DSG+30mcg EE	Third generation
Novynette / Desmin 20 / Femina	DSG+20mcg EE	Third generation
Azalia / Lactinette	DSG	Third generation
Lindynette 20 / Karissa	GST+20mcg EE	Third generation
Lindynette 30	GST+30mcg EE	Third generation
Milligest / Tristin / Perlean	GST+30/40mcg EE	Third generation
Violetta / Varianta	GST+15mcg EE	Third generation
Kleodina	LVG+30mcg EE	Second generation
Rigevidon / Microfemin	LVG+30mcg EE	Second generation
Tri-Regol	LVG+30/40mcg EE	Second generation
Belara / Chariva / Lybella / Balanca	CLM+30mcg EE	
Belarina / Evafem	CLM+20mcg EE	
Neo-Eunomin	BCLM+50mcg EE	
Eve 20	norethisterone+20mcg EE	First generation
Siluette / Mistral / Mistra / Sibilla	dienogest+30 mcg EE	Fourth generation
Emergency contraceptives (EC)		
Postinor / Rigesoft / Levonelle-2 / Plan B	LVG (2x)	
Escapelle / Levonelle One-Step / Postinor-1 Plan B One-Step / Evitta	LVG (1x)	
Other contraceptive devices (CD)		
Goldlily / Silverlily	Au+Cu, Ag+Cu	IUD
Levosert®*	levonorgestrel	IUD

Continued on the following page

Note: * Licensed-in

Abbreviations used:

LVG:	Levonorgestrel	DRP:	Drospirenone
EE:	Ethinyl estradiol	GST:	Gestodene
CLM:	Chlormadinone	DSG:	Desogestrel
		BCLM:	Biphasic-chlormadinone

Continued from previous page:

Brand name	Active ingredients	Product type
Menopausal care		
Tulita / Minivel	norethisterone+estradiol	Hormone replacement therapy
Triaklim	norethisterone+estradiol	Hormone replacement therapy
Pausogest	norethisterone+estradiol	Hormone replacement therapy
Goldar*	tibolone	Hormone replacement therapy
Estrimax	estradiol	Hormone replacement therapy
Lenzetto®*	estradiol	Hormone replacement therapy (spray)
Ossica	ibandronate	Osteoporosis
Sedron / Ostalon / Beenos	alendronate	Osteoporosis
Calci-Sedron-D / Ostalon Calci D	alendronate+Ca, vitamine D	Osteoporosis
Pregnancy care and Obstetrics		
Gravida*	vitamins	Pregnancy care
Oxytocin	oxytocine	Labour induction (injection)
Bromocriptin	bromocriptin mesilate	Prolactin inhibitor
Loritan*		Medical pad for the detection of potential leakage of the amniotic liquid
Fertility		
Bemfola®	follitropin alfa	Fertility treatment
Gynaecological infections		
Mycosyst / Mycosyst Gyno / Flucon	fluconazole	Antifungal
Gyno Femidazol	miconazole nitrate	Antifungal
Gynofort / Gynazol*	butoconazole nitrate	Antifungal (cream)
Klion D	metronidazole+miconazole	Antifungal
Fluomizin*	dequalinium chloride	Anti-infective, antispetic
Gynoflor*	estriol+lactobacillus	Restoration of vaginal flora and atrophi vaginitis
Other Gynaecological conditions		
Esmya®	ulipristal acetate	Uterine myoma
Levosert®*	levonorgestrel	Menorrhagia
Norcolut	norethisterone	Premenstruation syndrome, mastodynia, dysfunctional uterine bleeding, endometriosis
Bulk Products		Oral contraception

Note: * Licensed-in

Abbreviations used:

LVG:	Levonorgestrel	DRP:	Drospirenone
EE:	Ethinyl estradiol	GST:	Gestodene
CLM:	Chlormadinone	DSG:	Desogestrel
		BCLM:	Biphasic-chlormadinon

Appendix 3

The review and the amendment of the methodology used in the elimination of intra-group profit on sale of inventories related to changes in IFRS reporting was completed during the first half 2017, subsequently the data relative to the first quarter 2017 differ from those previously published.