

1. Executive summary

	HUFm				EURm			
	2019	2018	Change		2019	2018	Change	
	3 months to March				3 months to March			
				%				%
Hungary	10,832	10,798	34	0.3	34.1	34.7	-0.6	-1.7
EU*	49,780	50,679	-899	-1.8	156.8	162.9	-6.1	-3.7
EU 12	35,207	34,288	919	2.7	110.9	110.2	0.7	0.6
Poland	6,672	7,963	-1,291	-16.2	21.0	25.6	-4.6	-18.0
Romania	22,341	19,932	2,409	12.1	70.4	64.1	6.3	9.8
EU 15	14,573	16,391	-1,818	-11.1	45.9	52.7	-6.8	-12.9
CIS	32,153	33,030	-877	-2.7	101.2	106.2	-5.0	-4.7
Russia	20,646	24,019	-3,373	-14.0	65.0	77.2	-12.2	-15.8
Ukraine	2,467	1,960	507	25.9	7.7	6.3	1.4	22.2
Other CIS	9,040	7,051	1,989	28.2	28.5	22.7	5.8	25.6
USA	18,276	6,653	11,623	174.7	57.6	21.4	36.2	169.2
China	3,414	6,201	-2,787	-44.9	10.8	19.9	-9.1	-45.7
Latin America	2,646	2,226	420	18.9	8.3	7.2	1.1	15.3
RoW	4,511	4,358	153	3.5	14.2	14.0	0.2	1.4
Total	121,612	113,945	7,667	6.7	383.0	366.3	16.7	4.6

Note:

* All Member States of the EU, except for Hungary.
Current and historical average exchange rates are shown in Chapter 13 on page 24.

Consolidated sales at HUF 121,612 million, EUR 383.0 million, increased by HUF 7,667 million or 6.7% (by EUR 16.7 million or 4.6%) during the first three months to March 2019 when compared with the first quarter 2018.

The following factors contributed the most to the sales performance achieved:

Total proceeds resulting from **Vraylar**[®] amounted to USD 52.9 million (HUF 14,780 million) including a one-off sales related milestone of USD 25.6* million (HUF 7,154 million). Royalty at an estimated sales figure of USD 27.3 million (HUF 7,626 million) grew by 83.2% year on year. When the cariprazine related milestone income is included, turnover grew by USD 38.0 million or HUF 11.003 million positively impacting quarterly figures. Further details on the milestone income are reported in the Chapter 3.1 on Cariprazine (**Vraylar**[®], **Reagila**[®]) on page 3.

Excluding the impact of the royalty and one-off sales related milestone accounted for in respect of **Vraylar**[®], consolidated turnover in the first quarter 2019 amounted to EUR 336.5 million, EUR 17.7 million below the similarly adjusted figures reported in the base period.

Turnover of our Wholesale and retail segment increased by EUR 7.0 million or 9.3% over the levels recorded in the three months to March 2018. Growth resulted primarily from the Romanian operations of this segment which exceeded base period levels by EUR 6.0 million or 10.0% (RON 31.3 million or 11.1%).

Sales performance in the reported period was impacted negatively by sales declines of **Esmya**[®] amounting to EUR 10.2 million (HUF 3,121 million).

A substantial decline in the turnover of our traditional portfolio occurred in the reporting period linked primarily to reduced manufacturing capacities as a result of the serialization project.

Currency fluctuations had a HUF 2,927 million positive impact on sales levels reported in HUF for the three months to March 2019 caused primarily by a 10.6% appreciation year-on-year of the average USDHUF exchange rate. The latter was, however, partly offset by a 4.3% depreciation of the RUB against HUF. When excluding the exchange rate movements consolidated turnover amounted to HUF 118,685 million for the first quarter 2019. For further details on the evolution of exchange rates please refer to Chapter 13 on page 24.

Note: * All foreign currency amounts shown in the report are recalculated from the HUF based figure using the average exchange rate of a given period. As a particular exchange rate of a certain date may differ from the average exchange rate used for the period which includes that given date, the USD 25.0 million one-off milestone due to Richter by Allergan also differs from the amount presented in this report

Sales performance of high added value products is shown in the following table:

	EURm			
	2019	2018	Change	
	3 months to March			%
Vraylar® royalty	24.0*	12.1	11.9	98.3
Vraylar® milestone	22.5	-	22.5	-
Reagila®	2.1	-	2.1	-
Esmya®	5.9	16.1	-10.2	-63.4
Bemfola®	13.0	12.0	1.0	8.3
Range of oral contraceptives	76.0	70.5	5.5	7.8

Note: * Estimated sales figure.

Gross profit in the first quarter 2019 at HUF 69,947 (EUR 220.3 million) increased by 6.7% in HUF terms and by 4.5% in EUR when compared to the same period of the previous year. The gross margin remained virtually constant at 57.5% during the reported period.

Operating costs amounted to HUF 52,749 million (EUR 166.1 million) and increased by 10.1% in HUF terms and by 7.9% in EUR terms when compared to their levels recorded in the first quarter of the previous year. The balance of Other income and expenses were not impacted by one-off milestone income in the reported period, therefore the level of such expenses exceeded by HUF 2,534 million (EUR 7.9 million) the balance reported for the first quarter 2018. The year-on-year change of Operating profit in the first three months 2019 was negatively impacted by the absence of one-off milestone income in the reporting period. This was partially offset by claw-back related liabilities amounting to HUF 794 million and EUR 2.5 million, almost halved when compared to the base period primarily due to declining sales of **Esmya®**.

Operating margin was 14.1% for the reported period compared with 15.5% reported for the three months to March 2018.

Net financial result for the Group amounted to HUF 5,241 million (EUR 16.5 million) income for the reported period when compared to a HUF 2,398 million (EUR 7.7 million) loss reported for the first quarter 2018.

Profit attributable to owners of the parent at HUF 22,013 million (EUR 69.3 million) was HUF 7,509 million (EUR 22.7 million) above the levels reported in the first quarter 2018.

2. Main financial indicators and exchange rates

	HUFm			EURm		
	2019	2018	Change	2019	2018	Change
	3 months to March			3 months to March		
			%			%
Revenues	121,612	113,945	6.7	383.0	366.3	4.6
Gross profit	69,947	65,575	6.7	220.3	210.8	4.5
Gross margin %	57.5	57.5		57.5	57.5	
Profit from operations	17,198	17,682	-2.7	54.2	56.8	-4.6
Operating margin %	14.1	15.5		14.1	15.5	
Net financial (loss) / income	5,241	-2,398	n.a.	16.5	-7.7	n.a.
Profit before income tax	22,764	15,621	45.7	71.7	50.2	42.8
Profit attributable to owners of the parent	22,013	14,504	51.8	69.3	46.6	48.7
Profit margin attributable to owners of the parent %	18.1	12.7		18.1	12.7	
EBITDA	26,030	26,305	-1.0	82.1	84.6	-3.0
Basic EPS (HUF, EUR)	118	78	51.3	0.37	0.25	48.0
Average exchange rate (EURHUF)*				317.55	311.08	2.1

Note: * Current and historical average exchange rates are shown in Chapter 14 on page 24.

3. Key Specialty Products

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

Vraylar[®] royalty income due to Richter in respect of first quarter 2019 amounted to USD 27.3 million (EUR 24.0 million). This amount contributed materially to the sales levels achieved during the reported period.

In accordance with the terms of the contract between our companies Allergan is due to pay a one-off sales related milestone upon exceeding for the first time USD 500 million worth of net sales realised during any 12 consecutive months. According to IFRS regulations such incomes are to be presented at the top line as turnover proceeds linked to regular operations.

As Richter keeps its books in HUF the above milestone was accounted for at its corresponding HUF value (HUF 7,154 million) and in this quarterly report the latter amount was reconverted into USD for presentation purposes only using this period average exchange rate i.e. USD 25.6 million.

In addition, proceeds from Reagila[®] amounted to EUR 2.1 million during the reported period.

All the figures shown in the following table are actually recorded except for the royalty related to the first quarter 2019 and expressed in USD which is a preliminary figure based on Allergan estimations.

	Turnover (Royalties)				
	2019	2018	2018	2018	2018
	Q1	Q4	Q3	Q2	Q1
USDm / Vraylar [®]	27.3	27.3	25.3	21.9	15.2
EURm / Reagila [®]	2.1	1.1	1.2	0.5	0.0

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.

In December 2017 Richter 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 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.

In September 2018 Allergan announced that the FDA had accepted for review the supplemental New Drug Application (sNDA) for **Vraylar**[®], seeking to expand the indication to include the treatment of bipolar depression in the current product label.

Application files for the reimbursement of **Reagila**[®] on EU15 markets were compiled during the second half of 2017 and the submission procedure is advancing well. **Reagila**[®] had been introduced with reimbursement in the following countries by the end of the first quarter of 2019: in Germany, the UK, Italy, Sweden, Finland, Denmark, Netherlands and Switzerland.

By the end of the reported period **Reagila**[®] had been launched with reimbursement in the following countries of the EU12 region: Hungary, Czech Republic, Slovakia, Bulgaria and Slovenia. The product had been launched without reimbursement in Romania and Poland.

3.2 **Esmya**[®] – Women’s Healthcare

Esmya[®] reported total sales of EUR 5.9 million in the first quarter 2019, compared to the EUR 16.1 million turnover recorded in the base period. The year-on-year decline resulted from the restrictions applied to the **Esmya**[®] label as a conclusion of the PRAC review procedure.

	HUFm				EURm			
	2019	2018	Change		2019	2018	Change	
	3 months to March				3 months to March			
				%				%
Hungary	96	212	-116	-54.7	0.3	0.7	-0.4	-57.1
EU*	1,368	3,983	-2,615	-65.7	4.3	12.8	-8.5	-66.4
EU 12	146	403	-257	-63.8	0.5	1.3	-0.8	-61.5
EU 15	1,222	3,580	-2,358	-65.9	3.8	11.5	-7.7	-67.0
CIS	103	178	-75	-42.1	0.3	0.6	-0.3	-50.0
Latin America	148	199	-51	-25.6	0.5	0.6	-0.1	-16.7
RoW	158	422	-264	-62.6	0.5	1.4	-0.9	-64.3
Total	1,873	4,994	-3,121	-62.5	5.9	16.1	-10.2	-63.4
Average exchange rate (EURHUF)					317.55	311.08	6.47	2.1

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

In 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 30 July 2018 the European Commission decision opened the way for the relaunch of this product with restricted use.

In late August/early September Richter sales team commenced a focused relaunch of **Esmya**[®] on major European markets. Marketing communication was tailored to Healthcare Professionals (HCPs) and patients. Meetings, congresses and webinars were organised in all EU countries informing HCPs about **Esmya**[®] efficacy and safety, and training them to comply with the recent measures implemented by the European Commission.

On 21 August 2018 Allergan received from the U.S. Food and Drug Administration (FDA) a Complete Response Letter in respect of 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. Allergan management met in December with the FDA and discussed the Complete Response Letter in order to determine the possible next steps for the ulipristal acetate NDA. Negotiations in this respect are ongoing.

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. In 2018 Richter acquired the intellectual property rights of Bemfola® for the use in the United States.

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

Sales of Bemfola® recorded in the first quarter 2019 amounted to EUR 13.0 million when compared to a turnover of EUR 12.0 million realised in the base period.

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 (WHC) 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 care, pregnancy care and obstetrics, gynaecological infections, and other gynaecological conditions, such as uterine fibroids. Please refer to Appendix 2 on pages 33-34 for a comprehensive list of major products belonging to this therapeutic field.

4.1 WHC sales by region

	HUFm				EURm			
	2019	2018	Change		2019	2018	Change	
	3 months to March				3 months to March			
				%				%
Hungary	1,370	1,366	4	0.3	4.3	4.4	-0.1	-2.3
EU*	15,890	18,747	-2,857	-15.2	50.0	60.3	-10.3	-17.1
EU 12	4,043	4,282	-239	-5.6	12.7	13.8	-1.1	-8.0
Poland	1,550	1,668	-118	-7.1	4.9	5.4	-0.5	-9.3
Romania	566	571	-5	-0.9	1.8	1.8	0.0	0.0
EU 15	11,847	14,465	-2,618	-18.1	37.3	46.5	-9.2	-19.8
CIS	8,841	7,382	1,459	19.8	27.9	23.7	4.2	17.7
Russia	7,349	6,155	1,194	19.4	23.2	19.8	3.4	17.2
Ukraine	557	492	65	13.2	1.8	1.6	0.2	12.5
Other CIS	934	735	199	27.1	2.9	2.3	0.6	26.1
USA	2,830	2,536	294	11.6	8.9	8.2	0.7	8.5
China	2,355	2,098	257	12.2	7.4	6.7	0.7	10.4
Latin America	1,347	1,023	324	31.7	4.3	3.3	1.0	30.3
RoW	2,569	2,435	134	5.5	8.1	7.8	0.3	3.8
Total	35,202	35,587	-385	-1.1	110.9	114.4	-3.5	-3.1
Average exchange rate (EURHUF)					317.55	311.08	6.47	2.1

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

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

	%	
	2019	2018
	3 months to March	
Hungary	12.8	12.9
EU *	53.0	56.1
EU 12	26.1	25.2
EU 15	81.4	88.2
CIS	30.7	24.2
USA	15.5	38.3
China	68.5	33.7
Latin America	76.8	80.5
RoW	57.0	55.7
Total	36.1	38.3

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

Total sales recorded by Richter's WHC niche franchise at EUR 110.9 million declined by EUR 3.5 million, or 3.1% when compared to the same period of the previous year. Significantly, the EUR 10.2 million lower sales levels achieved by **Esmya**[®] subsequent to the restrictions of the label as announced by the European Commission could not be entirely offset by higher turnover recorded across the CIS region, or the WHC sales increases in Latin America, in the USA and in China. When the loss in sales suffered by **Esmya**[®] during the reported period is excluded, Richter's WHC portfolio grew by EUR 6.7 million or 6.8% when compared to the turnover reported in the first quarter 2018.

Sales arising from the acquired OC portfolio remained flat and amounted to EUR 10.6 million, when compared to the performance achieved in the base period.

Turnover of the WHC portfolio declined in the TOP5 countries of the **EU15** region, notably in France, the UK, Spain, Italy and Germany. As far as the product portfolio is concerned the decline was primarily due to lower sales levels of **Esmya®** but the turnover of the **range of oral contraceptives** also fell behind high figures recorded in the base period.

EU15 Top 5 markets	EURm			
	2019	2018	Change	
	3 months to March			%
Germany	9.3	9.8	-0.5	-5.1
Spain	6.2	7.6	-1.4	-18.4
France	5.5	8.3	-2.8	-33.7
Italy	5.0	5.9	-0.9	-15.3
UK	4.4	6.7	-2.3	-34.3
Total Top 5 Sales	30.4	38.3	-7.9	-20.6
Total EU15 Sales	37.3	46.5	-9.2	-19.8
Total Top 5 / Total EU15 Sales %	81.5	82.4		

Sales in the **UK** at GBP 3.8 million were GBP 2.1 million lower when compared to the figures reported in the first quarter 2018.

WHC sales to the **CIS** in the first quarter 2019 totalled EUR 27.9 million representing an increase of EUR 4.2 million compared to the sales levels achieved in the same period of the previous year. A worsening EURRUB exchange partly offset the good performance achieved in RUB terms although this itself was influenced by certain stockpiling preceding price increases implemented with effect from 1 April 2019.

WHC sales to the **USA** in the first quarter 2019 increased slightly (by USD 0.1 million or 0.9%) as higher sales levels of finished form **Plan B / Plan B One-Step** more than offset a decline suffered in the profit sharing proceeds and lower sales of certain steroid APIs.

In **Latin America** WHC sales were EUR 1.0 million or 30.3 % above the levels reported in the three months to March 2018 period primarily due to the higher sales levels achieved by the **range of oral contraceptives** more than offsetting lower sales of **Esmya®**.

WHC sales in the **ROW** countries reported a EUR 0.3 million increase when compared with the three months to March 2018 period primarily due to the higher sales levels achieved by the **range of oral contraceptives** and **Bemfola®**, which more than offset declines experienced in the turnover of **Esmya®**.

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	3 months to March		3 months to March		3 months to March		3 months to March		3 months to March	
Revenues	97,556	92,997	26,107	23,400	1,486	1,294	(3,537)	(3,746)	121,612	113,945
Gross profit	66,998	63,310	2,675	2,096	200	147	74	22	69,947	65,575
Profit from operations	17,028	17,585	31	17	61	40	78	40	17,198	17,682
Share of profit of associates and joint ventures	(183)	(176)	489	553	17	9	2	(49)	325	337
Number of employees at period end	10,870	10,540	1,518	1,485	432	432	-	-	12,820	12,457

6. Pharmaceuticals sales report

Sales in the Pharmaceutical segment in the three months to March 2019 totalled HUF 97,556 million (EUR 307.2 million) representing an increase of 4.9% (2.7% in EUR terms) when compared to the same period last year.

6.1 Pharmaceutical sales by region

	HUFm				EURm			
	2019	2018	Change		2019	2018	Change	
	3 months to March		%		3 months to March		%	
Hungary	10,680	10,631	49	0.5	33.6	34.2	-0.6	-1.8
EU*	29,990	33,449	-3,459	-10.3	94.4	107.5	-13.1	-12.2
EU 12	15,434	17,059	-1,625	-9.5	48.6	54.8	-6.2	-11.3
Poland	6,672	7,963	-1,291	-16.2	21.0	25.6	-4.6	-18.0
Romania	2,568	2,703	-135	-5.0	8.1	8.7	-0.6	-6.9
EU 15	14,556	16,390	-1,834	-11.2	45.8	52.7	-6.9	-13.1
CIS	28,919	30,452	-1,533	-5.0	91.0	97.9	-6.9	-7.0
Russia	20,646	24,019	-3,373	-14.0	65.0	77.2	-12.2	-15.8
Ukraine	2,451	1,946	505	26.0	7.7	6.3	1.4	22.2
Other CIS	5,822	4,487	1,335	29.8	18.3	14.4	3.9	27.1
USA	18,276	6,653	11,623	174.7	57.6	21.4	36.2	169.2
China	3,414	6,201	-2,787	-44.9	10.8	19.9	-9.1	-45.7
Latin America	1,770	1,260	510	40.5	5.6	4.1	1.5	36.6
RoW	4,507	4,351	156	3.6	14.2	14.0	0.2	1.4
Total	97,556	92,997	4,559	4.9	307.2	299.0	8.2	2.7
Average exchange rate (EUR/HUF)					317.55	311.08	6.47	2.1

6.2 Pharmaceutical sales by region in currencies of invoicing

	Currency (million)	2019 3 months to March	2018	Change %
Hungary	HUF	10,680	10,631	0.5
EU*	EUR	94.4	107.5	-12.2
EU 12	EUR	48.6	54.8	-11.3
Poland	PLN	90.3	106.9	-15.6
Romania	RON	38.1	40.4	-5.8
EU 15	EUR	45.8	52.7	-13.1
CIS	EUR	91.0	97.9	-7.0
	USD	103.3	120.4	-14.2
Russia	RUB	4,846.6	5,397.5	-10.2
Ukraine	USD	8.7	7.7	13.0
Other CIS	EUR	18.3	14.4	27.1
	USD	20.8	17.8	16.9
USA	USD	65.3	26.3	148.3
China	CNY	82.1	156.0	-47.4
Latin America	USD	6.3	5.0	26.0
RoW	EUR	14.2	14.0	1.4
	USD	16.1	17.2	-6.4

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

6.3 Sales to Top 10 markets

	HUFm				EURm			
	2019 3 months to March	2018	Change	%	2019 3 months to March	2018	Change	%
Russia	20,646	24,019	-3,373	-14.0	65.0	77.2	-12.2	-15.8
USA	18,276	6,653	11,623	174.7	57.6	21.4	36.2	169.2
Hungary	10,680	10,631	49	0.5	33.6	34.2	-0.6	-1.8
Poland	6,672	7,963	-1,291	-16.2	21.0	25.6	-4.6	-18.0
Germany	3,845	4,097	-252	-6.2	12.1	13.2	-1.1	-8.3
China	3,414	6,201	-2,787	-44.9	10.8	19.9	-9.1	-45.7
Romania	2,568	2,703	-135	-5.0	8.1	8.7	-0.6	-6.9
Ukraine	2,451	1,946	505	26.0	7.7	6.3	1.4	22.2
France	2,188	2,858	-670	-23.4	6.9	9.2	-2.3	-25.0
Spain	2,104	2,468	-364	-14.7	6.6	7.9	-1.3	-16.5
Total Top 10	72,844	69,539	3,305	4.8	229.4	223.6	5.8	2.6
Total Sales	97,556	92,997	4,559	4.9	307.2	299.0	8.2	2.7
Total Top 10 / Total Sales %					74.7	74.8		

6.4 Hungary

Sales in the first quarter 2019 totalled HUF 10,680 million (EUR 33.6 million) in **Hungary**, virtually flat in HUF terms (1.8% decrease in EUR terms) compared to the same period of 2018.

The underlying market experienced a high growth rate of 9.9% and retail sales of Richter products resulted in an increase of 8.1%, according to the latest available IQVIA (successor of IMS) data. The Company is now ranked No. 3 amongst players in the Hungarian pharmaceutical market with a market share of 5.2%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.9%.

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 94.4 million in the first quarter of 2019, EUR 13.1 million (12.2%) lower than the levels recorded in the base period.

In the **EU12** region sales totalled EUR 48.6 million in the first three months of 2019, EUR 6.2 million lower 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 90.3 million (EUR 21.0 million) in the first quarter 2019, a decrease of PLN 16.6 million (EUR 4.6 million) compared to the same period 2018. Increasing competition in the antiviral market segment resulted in a sales decline of our local leading product, **Groprinosin** which impacted adversely our performance in the reported period.

In **Romania** sales in the first quarter 2019 amounted to RON 38.1 million (EUR 8.1 million), a decrease of RON 2.3 million (EUR 0.6 million) when compared with the base period. Sales in the reported period were impacted by the implementation of a revised price list becoming effective from 1 January 2019 and additionally, the Authority introducing a price decrease for original products, which have generic alternatives on the market.

In the **EU15** region sales amounted to EUR 45.8 million in the first quarter 2019, EUR 6.9 million lower than in the base period. This region contributed 49%, to total EU pharmaceutical sales.

Top 5 markets in the EU15 region:

	EURm			
	2019	2018	Change	
	3 months to March			%
Germany	12.1	13.2	-1.1	-8.3
France	6.9	9.2	-2.3	-25.0
Spain	6.6	7.9	-1.3	-16.5
Italy	5.6	6.2	-0.6	-9.7
UK	5.2	7.0	-1.8	-25.7
Total Top 5 Sales	36.4	43.5	-7.1	-16.3
Total EU15 Sales	45.8	52.7	-6.9	-13.1
Total Top 5 / Total EU15 Sales %	79.5	82.5		

Considering that about 80% 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 beginning on page 6.

6.6 CIS

Sales to the **CIS** in the first quarter 2019 totalled EUR 91.0 million, a decline of EUR 6.9 million (7.0%) when compared to the same period in 2018. Declining sales when expressed in EUR were impacted by weakening exchange rates of both the RUB and KZT.

Sales in **Russia** totalled RUB 4,846.6 million in the first quarter 2019, a decrease of RUB 550.9 million or 10.2% when compared to the same period of the previous year. RUB denominated sales declined primarily as a consequence of regulatory related preshipments. In addition wholesaler inventories which levelled out during the last quarter of 2018 began to decline and reached lower levels by the end of the reported period. A lower (6.6%) average exchange rate of the RUB against the EUR also impacted negatively our sales performance in Russia when reported in EUR. Sales levels during the reported period at EUR 65.0 million declined by EUR 12.2 million or 15.8% when compared with the turnover reported in the same period 2018.

As a result of the ongoing restructuring of the Russian wholesaling market and worsening liquidity at pharmacy chains Richter continues to place special emphasis on conducting a cautious credit policy.

Sales to **Ukraine** amounted to USD 8.7 million (EUR 7.7 million) in the three months to March 2019, an increase of USD 1.0 million (EUR 1.4 million) when compared to the low turnover reported for the same period 2018. An 8.4% stronger USD exchange rate against the EUR during the reported period impacted positively the sales performance when reported in EUR.

Sales in **Other CIS republics** totalled EUR 18.3 million (USD 20.8 million) in the first quarter 2019, representing an increase of EUR 3.9 million (USD 3.0 million) compared to the same period 2018. No further currency depreciations impacted the overall performance of this region during the reported period.

6.7 USA

Sales in the **USA** totalled USD 65.3 million (EUR 57.6 million) in the first quarter 2019, an increase of USD 39.0 million (EUR 36.2 million) compared to the same period of 2018. The significant year-on-year growth was primarily due to the one-off sales related milestone income linked to cariprazine (**Vraylar**[®]) amounting to USD 25.6 million (EUR 22.5 million). In addition to the above, the Group reports in the current quarter royalty income based on sales estimations made for the same period by our partner, Allergan. This amounted to USD 27.3 million (EUR 24.0 million) in the first quarter of 2019.

Higher turnover of **Plan B / Plan B One-Step** also contributed to the sales growth achieved during the reported period.

6.8 China

Sales to **China** amounted to CNY 82.1 million (EUR 10.8 million) in the first quarter 2019, a decrease of CNY 73.9 million (EUR 9.1 million) when compared with the base period. The year on year decrease was primarily due to certain preshipments of **Cavinton** in the base period.

6.9 Latin America

Sales in **Latin American** countries amounted to USD 6.3 million (EUR 5.6 million) in the three months to March 2019, an increase of USD 1.3 million (EUR 1.5 million) when compared with the base period. Increasing sales of a **range of oral contraceptives** and **emergency contraceptives** offset a decline in turnover of **Esmya**[®].

6.10 Rest of the World

Sales in these countries amounted to EUR 14.2 million (USD 16.1 million) in the first quarter 2019. Turnover increased by EUR 0.2 million (decreased by USD 1.1 million) when compared with the same period 2018. Vietnam and Australia contributed the most to the sales performance achieved during the reported period.

6.11 Sales of Top 10 Products

	HUFm				EURm			
	2019	2018	Change		2019	2018	Change	
	3 months to March				3 months to March			
				%				%
Oral contraceptives	24,142	21,941	2,201	10.0	76.0	70.5	5.5	7.8
Vraylar® / Reagila® / cariprazine	15,432	3,779	11,653	308.4	48.6	12.1	36.5	301.7
Cavinton	4,733	7,533	-2,800	-37.2	14.9	24.2	-9.3	-38.4
Mydeton	4,337	4,971	-634	-12.8	13.7	16.0	-2.3	-14.4
Bemfola®	4,127	3,722	405	10.9	13.0	12.0	1.0	8.3
Verospiron	2,783	3,050	-267	-8.8	8.8	9.8	-1.0	-10.2
Panangin	2,753	4,264	-1,511	-35.4	8.7	13.7	-5.0	-36.5
Groprinosin	2,573	3,143	-570	-18.1	8.1	10.1	-2.0	-19.8
Aflamin	2,389	2,350	39	1.7	7.5	7.6	0.1	-1.3
Esmya®	1,873	4,994	-3,121	-62.5	5.9	16.1	-10.2	-63.4
Total Top 10	65,142	59,747	5,395	9.0	205.2	192.1	13.1	6.8
Total Sales	97,556	92,997	4,559	4.9	307.2	299.0	8.2	2.7
Total Top 10 / Total Sales %					66.8	64.2		

7. Pharmaceuticals – Operating profit and margin

The first line contains the HUF figures, namely **reported period (Q1 2019)**, base period (Q1 2018), change in HUF and change in percent, (left to right) while the second line is the same for indicative EUR figures.

Operating profit

HUF 17,028mn	HUF 17,585mn	-HUF 557mn	-3.2%
EUR 53.7mn	EUR 56.6mn	-EUR 2.9mn	-5.1%

Operating margin

17.5%	18.9%
-------	-------

Operating profit for the Group originated primarily from the Pharmaceuticals segment.

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 1,898 million when compared to HUF 2,081 million reported in the first quarter 2018.

8. Wholesale and retail sales report

	HUFm				EURm			
	2019	2018	Change		2019	2018	Change	
	3 months to March				3 months to March			
				%				%
Hungary	-	-	-	-	-	-	-	-
EU*	21,036	18,766	2,270	12.1	66.3	60.3	6.0	10.0
EU 12	21,036	18,766	2,270	12.1	66.3	60.3	6.0	10.0
Poland	-	-	-	-	-	-	-	-
Romania	21,036	18,766	2,270	12.1	66.3	60.3	6.0	10.0
EU 15	-	-	-	-	-	-	-	-
CIS	3,950	3,591	359	10.0	12.4	11.5	0.9	7.8
Russia	-	-	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-	-	-
Other CIS	3,950	3,591	359	10.0	12.4	11.5	0.9	7.8
USA	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
Latin America	1,121	1,043	78	7.5	3.5	3.4	0.1	2.9
RoW	-	-	-	-	-	-	-	-
Total	26,107	23,400	2,707	11.6	82.2	75.2	7.0	9.3
Average exchange rate (EURHUF)					317.55	311.08	6.47	2.1

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 82.2 million in the first quarter 2019, a EUR 7.0 million increase compared to the base period.

Romanian subsidiaries of the Group (both wholesale and retail) realised around 81% of the turnover in the Wholesale and Retail segment (RON 312.0 million), with the remainder primarily being invoiced by our subsidiaries in the CIS region. The sales increase in Romania was RON 31.3 million (11.1%) during the three months to March 2019.

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 520 million during the reported period.

The consolidated operating profit of subsidiaries belonging to this segment was HUF 31 million, during the reported quarter compared with a profit of HUF 17 million in the first three months to March 2018.

10. Consolidated figures

10.1 Sales

Consolidated sales

HUF 121,612mn	HUF 113,945mn	+HUF 7,667mn	+6.7%
EUR 383.0mn	EUR 366.3mn	+EUR 16.7mn	+4.6%

10.2 Costs, expenses, profits

Cost of sales

HUF 51,665mn	HUF 48,370mn	+HUF 3,295mn	+6.8%
EUR 162.7mn	EUR 155.5mn	+EUR 7.2mn	+4.6%

Gross profit

HUF 69,947mn	HUF 65,575mn	+HUF 4,372mn	+6.7%
EUR 220.3mn	EUR 210.8mn	+EUR 9.5mn	+4.5%

Gross profit at HUF 69,947 million grew by HUF 4,372 million or 6.7% in the first quarter 2019.

Gross profit was positively impacted by the amount of the one-off milestone due in respect of USA sales of a **Vraylar**[®] (HUF 7,154 million) together with a significant year on year increase (HUF 3,849 million) in royalties receivable linked to the sales of the same product.

Exchange rate movements prevailing during the reported period have also impacted positively our proceeds when expressed in HUF. The strengthening of the USD resulted in higher HUF proceeds from the USA, Other CIS and Ukraine, which more than offset the lower Russian turnover expressed in HUF inflated by a weakening RUB when compared to the first quarter of the previous year.

The loss in sales incurred by **Esmya**[®] amounting to HUF 3,121 million, together with a decline experienced by some of our traditional products impacted negatively the gross profit.

The serialization project, beyond its high capital expenditure resulted in increasing costs of operation and shrinking production capacities. As a consequence of pressure experienced on the Central and Eastern European labour market wages have also increased considerably ultimately leading to a shrinking gross profit.

Gross profit at group level was also impacted by the higher turnover of the low profitability Wholesale and retail activity, which itself significantly exceeded the sales growth rate achieved by the Pharmaceutical segment.

Gross margin

57.5% 57.5%

Gross margin remained virtually flat during the reported period when compared with to the figure achieved in the first quarter 2018 as a result of the previously detailed contradictory items.

Sales and marketing expenses

HUF 31,722mn	HUF 30,282mn	+HUF 1,440mn	+4.8%
EUR 99.9mn	EUR 97.3mn	+EUR 2.6mn	+2.7%

Proportion to sales:
26.1% 26.6%

The increase of Sales and marketing expenses was primarily due to the exchange rate movements and wage increases incurred in the Central and Eastern European countries.

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 0.9% of sales achieved in the reported period.

Registration fee for medical representatives

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 283 million (EUR 0.9 million) in the first quarter 2019. In accordance with the regulations tax payable in 2019 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 6,421mn	HUF 5,865mn	+HUF 556mn	+9.5%
EUR 20.2mn	EUR 18.9mn	+EUR 1.3mn	+6.9%

These expenses grew primarily due to higher employee costs, together with higher IT related expenses incurred primarily on the serialisation project.

Research and development expenses

HUF 11,701mn	HUF 11,343mn	+HUF 358mn	+3.2%
EUR 36.9mn	EUR 36.5mn	+EUR 0.4mn	+1.1%

Proportion to sales:
9.6% 10.0%

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

Other (income) and other expenses

HUF 2,937mn	HUF 403mn	+HUF 2,534mn	+628.8%
EUR 9.2mn	EUR 1.3mn	+EUR 7.9mn	+607.7%

Claw-back

During the reported period Other income and expenses include liabilities amounting to HUF 794 million (EUR 2.5 million) in respect of the claw-back regimes. Such expenses declined by HUF 763 million (EUR 2.5 million) mostly as a result of the sales restrictions applied to [Esmya®](#).

One-off items

While there were no one-off milestones accounted for as Other income in the reported period, the first quarter 2018 was positively impacted by a EUR 10.0 million (HUF 3,099 million) payment received from Recordati. Consequently the balance of Other income and expenses was negatively impacted during the first three months to March 2019.

20% tax obligation payable

In the first three months to March 2019 an expense of HUF 641 million (EUR 2.0 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 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 17,198mn	HUF 17,682mn	-HUF 484mn	-2.7%
EUR 54.2mn	EUR 56.8mn	-EUR 2.6mn	-4.6%

Profit from slightly declined during the first quarter 2019 when compared with the same period of the previous year. The increase recorded at gross profit level was practically offset by the worsening balance of Other income and expenses.

Operating margin

14.1%	15.5%
-------	-------

Operating margin declined primarily as a result of certain one-off milestone incomes accounted for among Other income during the base period not being repeated during the reported period.

Net financial income / (loss)

HUF 5,241mn	(HUF 2,398mn)	+HUF 7,639mn	n.a.
EUR 16.5mn	(EUR 7.7mn)	+EUR 24.2mn	n.a.

Financial gains on Unrealised financial items during the reported period to March 2019 resulted from the revaluation of Trade receivables and trade payables but the figure for Exchange gain/loss on other currency related items period was negatively impacted in the base period by a further revaluated item, the fair valuation of Exchangeable bonds. Reassessment gains were a consequence of the period end appreciation of RUB and USD against HUF.

Gains reported on Realised items were incurred primarily on exchange gains realised on the settlement of Trade receivables and trade payables.

For more detailed information on the Net financial result please refer to the table on page 24.

Share of profit of associates and joint ventures

HUF 325mn	HUF 337mn	-HUF 12mn	-3.6%
EUR 1.0mn	EUR 1.1mn	-EUR 0.1mn	-9.1%

Profit before income tax

HUF 22,764mn	HUF 15,621mn	+HUF 7,143mn	+45.7%
EUR 71.7mn	EUR 50.2mn	+EUR 21.5mn	+42.8%

Taxation

By virtue of Hungarian Tax Regulations, the base income of the Company 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. Other members of the Group are subject to customary tax regulations effective in their respective countries of incorporation.

Income and deferred tax

HUF 110mn	HUF 374mn	-HUF 264mn	-70.6%
EUR 0.3mn	EUR 1.2mn	-EUR 0.9mn	-75.0%

Tax allowance linked to intensive R&D activities of the Parent together with increasing proceeds from cariprazine related royalties resulted in declining levels of Income and deferred tax due.

In the first quarter 2019 the Group recorded HUF 695 million (EUR 2.2 million) in respect of corporate tax expense and HUF 585 million (EUR 1.9 million) deferred tax income resulting in HUF 110 million (EUR 0.3 million) tax expense.

Local business tax and innovation contribution

HUF 1,022mn	HUF 1,017mn	+HUF 5mn	+0.5%
EUR 3.2mn	EUR 3.3mn	-EUR 0.1mn	-3.0%

Profit for the period

HUF 21,632mn	HUF 14,230mn	+HUF 7,402mn	+52.0%
EUR 68.2mn	EUR 45.7mn	+EUR 22.5mn	+49.2%

Profit attributable to owners of the parent

HUF 22,013mn	HUF 14,504mn	+HUF 7,509mn	+51.8%
EUR 69.3mn	EUR 46.6mn	+EUR 22.7mn	+48.7%

Net income margin attributable to owners of the parent

18.1%	12.7%
-------	-------

10.3 Earnings per share**Basic earnings per share**

HUF 118	HUF 78	+HUF 40	+51.3%
EUR 0.37	EUR 0.25	+EUR 0.12	+48.0%

Diluted earnings per share

HUF 118	HUF 78	+HUF 40	+51.3%
EUR 0.37	EUR 0.25	+EUR 0.12	+48.0%

The weighted average number of shares in issue used for the EPS calculation on 31 March 2019 was 186,155,170 while at the end of the same period of the previous year it was 186,307,180.

10.4 Balance sheet

Changes for all balance sheet items are reported in comparison to 31 December 2018 audited figures.

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

HUF 839,219mn	HUF 797,883mn	+HUF 41,336mn	+5.2%
---------------	---------------	---------------	-------

Non-current assets

HUF 453,058mn	HUF 439,812mn	+HUF 13,246mn	+3.0%
---------------	---------------	---------------	-------

Higher levels of Property, plant and equipment were primarily due to IFRS16 in effect beginning 2019 which qualifies as on-balance assets the 'Right-of-use' of such resources which are being exploited on the base of leasing contracts. At the same time, the obligation of leasing payments is included among the liabilities. The amount of Buildings include the most relevant 'Right-of use' assets of the Group.

Amount of Investment in associates and joint ventures increased primarily as a result of the higher fair value of Richter's investment in the Russian wholesaler and retail Group, Protek.

Current assets

HUF 386,161mn	HUF 358,071mn	+HUF 28,090mn	+7.8%
---------------	---------------	---------------	-------

Higher levels of Inventories and Trade receivables were impacted by an improving RUBHUF exchange rate.

Investments in securities declined on maturity of sovereign bonds previously owned by the Parent.

Cash and cash equivalents increased as a result of both the positive net cash flow from operating activities of the Group and the term deposit following consideration of the Investments in securities matured.

Capital and reserves

HUF 713,452mn	HUF 685,745mn	+HUF 27,707mn	+4.0%
---------------	---------------	---------------	-------

Retained earnings increased by HUF 22,463 million and amounted to HUF 648,515 million. A higher translation difference of HUF 3,906 million included in Foreign currency translation reserve also contributed to the above increase.

Non-current liabilities

HUF 29,687mn	HUF 19,987mn	+HUF 9,700mn	+48.5%
--------------	--------------	--------------	--------

Other non-current liabilities and accruals increased mainly due to the impact of IFRS16 mentioned above on Non-current assets, that stipulates the inclusion among non-current liabilities of such long term leasing payment obligations that correspond to the 'Right-of-use' of resources being exploited on the base of leasing contracts.

Current liabilities

HUF 96,080mn	HUF 92,151mn	+HUF 3,929mn	+4.3%
--------------	--------------	--------------	-------

The increase in Other current liabilities and accruals is mainly due to the impact of IFRS16 mentioned above in the section on Non-current assets, that stipulates the inclusion among current liabilities of such short term leasing payment obligations that correspond to the 'Right-of-use' of resources being exploited on the base of leasing contracts. In addition the levels of Trade payables also declined.

10.5 Capital expenditure

Capital expenditure for the Group including payments for intangible assets totalled HUF 5,734 million in the three months to March 2019 when compared to HUF 5,275 million reported for the same period of the previous year.

11. Corporate matters**11.1 Information regarding Richter's Boards**

At the Annual General Meeting held on 24 April 2019

Mr György Bagdy

was appointed to the Board of Directors for a 3 (three) year period until the 2022 AGM.

At the Annual General Meeting the following were reappointed to the Board of Directors for a 3 (three) year period until the 2022 AGM

Mr Csaba Lantos
Dr Gábor Gulácsi.

11.2 Dividends

Dividends approved by the shareholders of Gedeon Richter Plc. at the Annual General Meeting held on 24 April 2019 totalled HUF 18,637 million in respect of 2018. The portion payable in relation to ordinary shares amounted to HUF 100 per share, 100% of the nominal share value. It is the Company's intention to publish an official announcement regarding the dividend payment until 24 May 2019. The starting date for distributing dividend payments is expected to be 27 June 2019.

11.3 Information regarding Richter shares

11.3.1 The number of shares in issue at 31 March 2019 was unchanged compared to 31 December 2018, i.e. 186,374,860 shares.

11.3.2

The number of shares held by the Parent company in Treasury increased during the first quarter of 2019.

	Ordinary shares				
	31 March 2019	31 December 2018	30 September 2018	30 June 2018	31 March 2018
Number	378,550	49,830	76,173	74,834	63,678
Book value (HUF '000)	2,170,810	283,411	397,375	390,549	422,523

In accordance with a repurchase obligation related to employee share bonuses, the Company repurchased 4,280 shares from employees who resigned from the Parent company during the first quarter 2019.

In accordance with the foundation charter and the Incentive Policy I of the Gedeon Richter Plc. Employee Participation Program Organization ("EPP Organization") 326,700 treasury shares were acquired during the first quarter 2019 from the EPP Organization.

In accordance with the foundation charter and the Incentive Policy II of the Gedeon Richter Plc. Employee Participation Program Organization ("EPP Organization") 2,260 treasury shares were transferred during the first quarter 2019 to the EPP Organization.

On 31 March 2019 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 2019 was 384,050.

11.3.3 Share ownership structure

The shareholder structure at 31 March 2019 is presented in detail in the following table:

Ownership	Ordinary shares Number	Voting rights %	Share capital %
Domestic ownership	66,494,229	35.76	35.68
State ownership total	47,051,794	25.30	25.25
out of which MNV Zrt.	47,051,668	25.30	25.25
out of which Municipality	126	0.00	0.00
Institutional investors	8,216,289	4.42	4.41
Retail investors	11,226,146	6.04	6.02
International ownership	119,485,981	64.23	64.10
Institutional investors	119,154,572	64.05	63.92
Retail investors	331,409	0.18	0.18
Treasury shares*	384,050	0.00	0.21
Undisclosed ownership	10,600	0.01	0.01
Share capital	186,374,860	100.00	100.00

Note: * Treasury shares include the combined ownership of the parent company, the EPP Organisation and the 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 12 February 2019 Richter announced that it has entered into a distribution and supply agreement with a wholly owned subsidiary of Allergan to commercialize its levonorgestrel releasing Intrauterine System (IUS) in Latin American countries.

11.4.2 On 27 March 2019 Richter announced that it underwrote convertible notes issued by Prima-Temp for a consideration of USD 5.0 million. The deal complements a previous license agreement linked to an acquisition of a minority stake of USD 5.0 million. Prima-Temp develops a novel ring expected to assist fertility to be marketed under the brand name Ayola.

12. Risk management

Richter is committed to long term value creation for its customers, investors, employees and to society at large. In order to succeed in this endeavour Richter operates a risk management system which abides by the highest international standards and best industry practices. The Management attempts to identify, to understand and to evaluate in due time emerging risks and to initiate such successful corporate responses that ensure both a stable and sustainable operation of the Company and the implementation of its corporate strategy.

Elements of the comprehensive Risk Management model of the Company are as follows:

- the Board of Directors is responsible for the supervision and management of risk management procedures
- Executive Board is directly responsible for the mitigation of strategic risks
- Leaders of corporate functional units are responsible for the mitigation of emerging risks within their scope of activity, however, quality management and regulatory affairs mitigate various cross-functional risks
- Sales related compliance risks are being mitigated through a centralized, separate functional unit
- Financial risks are mitigated by the Financial Directorate alone
- The Audit Department monitors in accordance with an approved annual plan the adequacy of internal risk management procedures and reports at least once a year on the efficiency of the methods in place to the Supervisory Board and the Audit Committee.

Most important risk factors of Richter Group are the following:

- Macroeconomic factors
- Competition and pricing
- Original and biosimilar R&D, manufacturing and sales
- Increasing complexity of Group activities, more diversified markets
- Ensuring qualified workforce
- Health Authority Regulations
- Customers's high quality expectations
- Intellectual property, patents and litigation
- Contracts and liabilities
- Credit and collection
- Capital structure, cash management and financial investments
- Exchange rate volatility.

13. Historical exchange rates

13.1 At period end

	31.03.2019	31.12.2018	30.09.2018	30.06.2018	31.03.2018
EURHUF	320.79	321.51	323.78	328.60	312.55
USDHUF	286.14	280.94	278.76	282.06	253.94
RUBHUF	4.42	4.05	4.25	4.50	4.40
KZTHUF	0.75	0.75	0.77	0.83	0.80
CNYHUF	42.60	40.90	40.49	42.62	40.38
EURRUB	72.58	79.39	76.18	73.02	71.03
EURUSD	1.12	1.14	1.16	1.17	1.23

13.2 Average

	2019 Q1	2018 M12	2018 M9	2018 H1	2018 Q1
EURHUF	317.55	318.61	317.25	314.36	311.08
USDHUF	279.85	269.46	265.37	259.89	253.01
RUBHUF	4.26	4.32	4.34	4.38	4.45
KZTHUF	0.74	0.79	0.79	0.80	0.78
CNYHUF	41.60	40.80	40.76	40.74	39.78
EURRUB	74.54	73.75	73.10	71.77	69.91
EURUSD	1.13	1.18	1.20	1.21	1.23

14. Net financial result for the Group

	HUFm			EURm		
	2019	2018	Change	2019	2018	Change
	3 months to March			3 months to March		
Unrealised financial items	4,199	(2,173)	6,372	13.2	(7.1)	20.3
Exchange gain/(loss) on trade receivables and trade payables	3,286	(362)	3,648	10.3	(1.2)	11.5
Gain/(loss) on foreign currency loans receivable	377	(30)	407	1.2	(0.1)	1.3
Period-end foreign exchange translation difference of borrowings	-	(45)	45	-	(0.2)	0.2
Exchange gain/(loss) on other currency related items	536	(1,710)	2,246	1.7	(5.5)	7.2
Result of unrealised forward exchange contracts	-	(26)	26	-	(0.1)	0.1
Realised financial items	1,042	(225)	1,267	3.3	(0.6)	3.9
Exchange gain/(loss) realised on trade receivables and trade payables	803	(345)	1,148	2.5	(1.1)	3.6
Foreign exchange difference on conversion of cash	(8)	52	-60	0.0	0.2	-0.2
Interest income	242	266	-24	0.8	0.9	-0.1
Interest expense	-	(4)	4	-	0.0	0.0
Other financial items	5	(194)	199	-	(0.6)	0.6
Net financial income/(loss)	5,241	(2,398)	7,639	16.5	(7.7)	24.2

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-March 2019

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

15. Balance Sheet

	31 March 2019 Unaudited HUFm	31 December 2018 Audited HUFm	Change %
ASSETS	839,219	797,883	5.2
Non-current assets	453,058	439,812	3.0
Property, plant and equipment	225,782	214,880	5.1
Investment property	129	135	-4.4
Goodwill	36,648	35,386	3.6
Other intangible assets	150,446	151,648	-0.8
Investments in associates and joint ventures	12,163	11,755	3.5
Other financial assets	11,264	9,452	19.2
Deferred tax assets	8,181	7,895	3.6
Loans receivable	2,410	2,626	-8.2
Long term receivables	6,035	6,035	0.0
Current assets	386,161	358,071	7.8
Inventories	99,486	92,687	7.3
Contract assets	1,642	1,425	15.2
Trade receivables	136,593	129,006	5.9
Other current assets	16,264	16,187	0.5
Investments in securities	1,431	4,728	-69.7
Current tax asset	1,882	1,017	85.1
Cash and cash equivalents	128,863	113,021	14.0
EQUITY AND LIABILITIES	839,219	797,883	5.2
Capital and reserves	713,452	685,745	4.0
Share capital	18,638	18,638	0.0
Treasury shares	(2,209)	(2,186)	1.1
Share premium	15,214	15,214	0.0
Capital reserves	3,475	3,475	0.0
Foreign currency translation reserves	18,088	14,182	27.5
Revaluation reserves for securities at FVOCI	6,469	4,810	34.5
Retained earnings	648,515	626,052	3.6
Non-controlling interest	5,262	5,560	-5.4
Non-current liabilities	29,687	19,987	48.5
Borrowings	16	2	700.0
Deferred tax liability	7,041	7,176	-1.9
Other non-current liabilities and accruals	19,094	9,255	106.3
Provisions	3,536	3,554	-0.5
Current liabilities	96,080	92,151	4.3
Trade payables	47,208	54,549	-13.5
Contract liabilities	84	85	-1.2
Current tax liabilities	640	438	46.1
Other current liabilities and accruals	45,640	33,664	35.6
Provisions	2,508	3,415	-26.6

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-March 2019

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

16. Consolidated statement of changes in equity

HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Revaluation reserves for securities at FVOCI	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 1 January 2018	18,638	15,214	3,475	(415)	9,855	604,094	9,964	660,825	4,692	665,517
Profit for the period	-	-	-	-	-	14,504	-	14,504	(274)	14,230
Exchange differences arising on translation of foreign operations	-	-	-	-	471	-	-	471	(29)	442
Change in fair value of securities measured at FVOCI	-	-	-	-	-	-	(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	619,011	8,472	674,702	4,389	679,091

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-March 2019

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

HUFm	Share capital	Share premium	Capital reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Revaluation reserves for securities at FVOCI	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2018	18,638	15,214	3,475	(2,186)	14,182	626,052	4,810	680,185	5,560	685,745
Profit for the period	-	-	-	-	-	22,013	-	22,013	(381)	21,632
Exchange differences arising on translation of foreign operations	-	-	-	-	3,887	-	-	3,887	83	3,970
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	19	-	-	19	-	19
Change in fair value of securities measured at FVOCI	-	-	-	-	-	-	1,659	1,659	-	1,659
Comprehensive income at 31 March 2019	-	-	-	-	3,906	22,013	1,659	27,578	(298)	27,280
Net treasury shares transferred and purchased	-	-	-	(23)	-	-	-	(23)	-	(23)
Recognition of share-based payments	-	-	-	-	-	450	-	450	-	450
Balance at 31 March 2019	18,638	15,214	3,475	(2,209)	18,088	648,515	6,469	708,190	5,262	713,452

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-March 2019

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

17. Income Statement – HUF

For the year ended 31 December 2018 Audited HUFm		For the period ended 31 March		
		2019 Unaudited HUFm	2018 Unaudited HUFm	Change %
445,484	Revenues	121,612	113,945	6.7
(191,648)	Cost of sales	(51,665)	(48,370)	6.8
253,836	Gross profit	69,947	65,575	6.7
(115,584)	Sales and marketing expenses	(31,722)	(30,282)	4.8
(24,070)	Administration and general expenses	(6,421)	(5,865)	9.5
(40,545)	Research and development expenses	(11,701)	(11,343)	3.2
(29,004)	Other income and other expenses (net)	(2,937)	(403)	628.8
407	Net impairment losses on financial and contract assets	32	-	n.a.
45,040	Profit from operations	17,198	17,682	-2.7
19,285	Finance income	7,546	3,656	106.4
(21,427)	Finance costs	(2,305)	(6,054)	-61.9
(2,142)	Net financial income/(loss)	5,241	(2,398)	n.a.
1,055	Share of profit of associates and joint ventures	325	337	-3.6
43,953	Profit before income tax	22,764	15,621	45.7
(3,698)	Income and deferred tax	(110)	(374)	-70.6
(4,062)	Local business tax and innovation contribution	(1,022)	(1,017)	0.5
36,193	Profit for the period	21,632	14,230	52.0
35,348	Profit attributable to:			
	Owners of the parent	22,013	14,504	51.8
845	Non-controlling interest	(381)	(274)	39.1
Statement of comprehensive income				
36,193	Profit for the period	21,632	14,230	52.0
(353)	Actuarial loss on retirement defined benefit plans	-	-	n.a.
(5,154)	Change in fair value of securities measured at FVOCI	1,659	(1,492)	n.a.
(5,507)	Items that will not be reclassified to profit or loss (net of tax)	1,659	(1,492)	n.a.
4,609	Exchange differences arising on translation of foreign operations	3,970	442	798.2
(95)	Exchange differences arising on translation of associates and joint ventures	19	-	n.a.
4,514	Items that may be subsequently reclassified to profit or loss (net of tax)	3,989	442	802.5
(993)	Other comprehensive income for the period	5,648	(1,050)	n.a.
35,200	Total comprehensive income for the period	27,280	13,180	107.0
	Attributable to:			
34,168	Owners of the parent	27,578	13,483	104.5
1,032	Non-controlling interest	(298)	(303)	-1.7
	HUF Earnings per share (EPS)	HUF	HUF	HUF
190	Basic	118	78	51.3
190	Diluted	118	78	51.3

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-March 2019

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

18. Income Statement – EUR

For the year ended 31 December		For the period ended 31 March		
		2018 Unaudited EURm	2019 Unaudited EURm	2018 Unaudited EURm
1,398.2	Revenues	383.0	366.3	4.6
(601.5)	Cost of sales	(162.7)	(155.5)	4.6
796.7	Gross profit	220.3	210.8	4.5
(362.8)	Sales and marketing expenses	(99.9)	(97.3)	2.7
(75.5)	Administration and general expenses	(20.2)	(18.9)	6.9
(127.3)	Research and development expenses	(36.9)	(36.5)	1.1
(91.0)	Other income and other expenses (net)	(9.2)	(1.3)	607.7
1.3	Net impairment losses on financial and contract assets	0.1	-	n.a.
141.4	Profit from operations	54.2	56.8	-4.6
60.5	Finance income	23.8	11.8	101.7
(67.3)	Finance costs	(7.3)	(19.5)	-62.6
(6.8)	Net financial income/(loss)	16.5	(7.7)	n.a.
3.3	Share of profit of associates and joint ventures	1.0	1.1	-9.1
137.9	Profit before income tax	71.7	50.2	42.8
(11.6)	Income and deferred tax	(0.3)	(1.2)	-75.0
(12.7)	Local business tax and innovation contribution	(3.2)	(3.3)	-3.0
113.6	Profit for the period	68.2	45.7	49.2
	Profit attributable to:			
110.9	Owners of the parent	69.3	46.6	48.7
2.7	Non-controlling interest	(1.2)	(0.9)	33.3
318.6	Average exchange rate (EURHUF)	317.55	311.08	2.1
	Statement of comprehensive income			
113.6	Profit for the period	68.2	45.7	49.2
(1.1)	Actuarial loss on retirement defined benefit plans	-	-	n.a.
(16.2)	Change in fair value of securities measured at FVOCI	5.2	(4.8)	n.a.
(17.3)	Items that will not be reclassified to profit or loss (net of tax)	5.2	(4.8)	n.a.
14.5	Exchange differences arising on translation of foreign operations	12.5	1.4	792.9
(0.3)	Exchange differences arising on translation of associates and joint ventures	0.1	-	n.a.
14.2	Items that may be subsequently reclassified to profit or loss (net of tax)	12.6	1.4	800.0
(3.1)	Other comprehensive income for the period	17.8	(3.4)	n.a.
110.5	Total comprehensive income for the period	86.0	42.3	103.3
	Attributable to:			
107.3	Owners of the parent	86.8	43.3	100.4
3.2	Non-controlling interest	(0.9)	(1.0)	-10.0
	EUR Earnings per share (EPS)	EUR	EUR	%
0.60	Basic	0.37	0.25	48.0
0.60	Diluted	0.37	0.25	48.0

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
 Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
 Sector: Pharmaceutical
 Reporting period: January-March 2019

Telephone: +36-1-431-5764
 Fax: +36-1-261-2158
 E-mail address: investor.relations@richter.hu
 Investor relations manager: Katalin Ördög

19. Cash flow Statement

For the year ended 31 December	For the period ended 31 March	
2018 Audited HUFm	2019 Unaudited HUFm	2018 Unaudited HUFm
Operating activities		
43,953	22,764	15,621
34,907	8,832	8,623
2,130	(404)	1,974
-	-	45
(1,362)	(242)	(262)
249	(18)	-
312	2,586	(316)
24,680	-	-
1,743	450	375
(5,899)	(5,222)	15,076
(8,772)	(6,799)	(3,456)
15,483	409	689
(2)	-	(4)
(6,178)	(2,381)	(2,218)
101,244	19,975	36,147
Cash flow from investing activities		
(39,073)	(4,087)	(4,835)
(18,982)	(1,647)	(440)
736	32	221
(3,291)	11	228
17,498	3,323	-
(646)	147	(96)
1,349	242	266
15	-	-
(2,881)	-	-
(45,275)	(1,979)	(4,656)
Cash flow from financing activities		
(3,653)	(23)	19
(12,673)	-	-
-	14	-
(16,326)	(9)	19
39,643	17,987	31,510
76,041	113,021	76,041
(2,663)	(2,145)	(5,834)
113,021	128,863	101,717

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 first quarter 2019 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, it presents the major risks and factors of uncertainty and it also 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, 10 May 2019



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 twelve months period ended 31 December 2018 are audited. Financial statements for the three months period ended 31 March 2019 are unaudited. The Company except for the adoption of IFRS 16 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 2019 or in the period between the end of the reporting period and the publication of this quarterly report:

Country	Product	Active ingredient	Therapeutic area
Hungary	Assimil*	agomelatin	Central nervous system, antidepressant
	Bewim	prasugrel	Cardiovascular, platelet aggregation inhibitor
	Papilocare*	natural ingredients	Women's Healthcare, HPV
Poland	Bewim	prasugrel	Cardiovascular, platelet aggregation inhibitor
	Papilocare*	natural ingredients	Women's Healthcare, HPV
Romania	Papilocare*	natural ingredients	Women's Healthcare, HPV
Czech Rep.	Assimil*	agomelatin	Central nervous system, antidepressant
	Reagila®	cariprazine	Central nervous system, antipsychotic
Slovakia	Bewim	prasugrel	Cardiovascular, platelet aggregation inhibitor
	Reagila®	cariprazine	Central nervous system, antipsychotic
Slovenia	Reagila®	cariprazine	Central nervous system, antipsychotic
Bulgaria	Reagila®	cariprazine	Central nervous system, antipsychotic
	Papilocare*	natural ingredients	Women's Healthcare, HPV
Latvia	Papilocare*	natural ingredients	Women's Healthcare, HPV
Germany	Marysa / Shyla*	tibolone	Women's Healthcare, Hormone replacement therapy
France	Fluomizin*	dequalinum chloride	Women's Healthcare, anti-infective, antiseptic
Italy	Ariadne	levonorgestrel + 20 mcg EE	Women's Healthcare, oral contraceptive
Netherlands	Lenzetto®*	estradiol	Women's Healthcare, hormone replacement therapy (spray)
	Sibilla	dienogest+30 mcg EE	Women's Healthcare, oral contraceptive
Kazakhstan	Lenzetto®*	estradiol	Women's Healthcare, hormone replacement therapy (spray)
	Violetta	gestodene+15 mcg EE	Women's Healthcare, oral contraceptive
	Raenom	ivabradin	Cardiovascular, cardiac therapy
Moldova	Reagila®	cariprazine	Central nervous system, antipsychotic
	Lenzetto®*	estradiol	Women's Healthcare, hormone replacement therapy (spray)
Uruguay	Lenzetto®*	estradiol	Women's Healthcare, hormone replacement therapy (spray)
Korean Rep.	Bemfola®	follitropin alfa	Women's Healthcare, Fertility treatment
Kuwait	Bemfola®	follitropin alfa	Women's Healthcare, Fertility treatment
Guatemala	Rosina	drospirenone+30mcg EE	Women's Healthcare, oral contraceptive
Mongolia	Raenom	ivabradin	Cardiovascular, cardiac therapy
Switzerland	Marysa / Shyla*	tibolone	Women's Healthcare, Hormone replacement therapy

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
Silhouette / 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
 EE: Ethinyl estradiol
 CLM: Chlormadinone

DRP: Drospirenone
 GST: Gestodene
 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 / Marysa / Shyla*	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
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 atrophic vaginitis
Other Gynaecological conditions		
Esmya®	ulipristal acetate	Uterine myoma
Levosert®*	levonorgestrel	Menorrhagia
Papilocare*	natural ingredients	Women's Healthcare, HPV
Norcolut	norethisterone	Premenstruation syndrome, mastodynia, dysfunctional uterine bleeding, endometriosis
Bulk Products		Oral contraception

Note: * Licensed-in

Abbreviations used:

LVG: Levonorgestrel
 EE: Ethinyl estradiol
 CLM: Chlormadinone

DRP: Drospirenone
 GST: Gestodene
 DSG: Desogestrel
 BCLM: Biphasic-chlormadinone