

## 1. Executive summary

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	12 months to December				12 months to December			
				%				%
Hungary	39,472	36,040	3,432	9.5	123.9	116.6	7.3	6.3
EU*	181,766	190,720	-8,954	-4.7	570.5	616.6	-46.1	-7.5
EU 12**	123,615	121,745	1,870	1.5	388.0	393.6	-5.6	-1.4
Poland	24,204	23,060	1,144	5.0	76.0	74.6	1.4	1.9
Romania	75,343	75,040	303	0.4	236.5	242.6	-6.1	-2.5
EU 15	58,151	68,975	-10,824	-15.7	182.5	223.0	-40.5	-18.2
CIS	133,356	139,689	-6,333	-4.5	418.5	451.7	-33.2	-7.4
Russia	92,404	95,734	-3,330	-3.5	290.0	309.6	-19.6	-6.3
Ukraine	8,380	10,824	-2,444	-22.6	26.3	35.0	-8.7	-24.9
Other CIS	32,572	33,131	-559	-1.7	102.2	107.1	-4.9	-4.6
USA	35,985	27,472	8,513	31.0	113.0	88.8	24.2	27.3
China	26,384	24,004	2,380	9.9	82.8	77.6	5.2	6.7
Latin America	9,207	9,418	-211	-2.2	28.9	30.5	-1.6	-5.2
RoW	19,314	17,013	2,301	13.5	60.6	55.0	5.6	10.2
<b>Total</b>	<b>445,484</b>	<b>444,356</b>	<b>1,128</b>	<b>0.3</b>	<b>1,398.2</b>	<b>1,436.8</b>	<b>-38.6</b>	<b>-2.7</b>

Notes:

\* All Member States of the EU, except for Hungary.  
Current and historical average exchange rates are shown in Chapter 14 on page 25.

Consolidated sales at HUF 445,484 million, EUR 1,398.2 million, remained virtually flat during 2018, (increased by HUF 1,128 million or 0.3%) and decreased by EUR 38.6 million (2.7%) when compared with 2017.

Royalty proceeds resulting from sales of **Vraylar**<sup>®</sup> exceeded base period's levels by EUR 30.8 million or 68.3% (USD 38.7 million, 75.9%) while sales in Hungary increased by EUR 7.3 million or 6.3% (HUF 3,432 million, 9.5%) and in China were EUR 5.2 million (CNY 49.1 million, 8.2%) above the levels recorded in the twelve months to December 2017.

Sales performance in the reported period was impacted negatively by sales declines of **Esmya**<sup>®</sup> amounting to EUR 67.1 million (HUF 20,516 million) and by lower turnover of our Romanian Wholesale and retail segment falling behind base period figures by EUR 9.3 million, 4.1% (RON 24.8 million, or 2.4%) as a result of a loss in revenue experienced at our local wholesale subsidiary, Pharmafarm. Currency fluctuations also had a HUF 4,635 million adverse impact on sales levels reported in HUF for the twelve months to December 2018 caused primarily by a 8.3% depreciation year-on-year of the average RUBHUF exchange rate. The latter was, however, partly offset by a 3.0% depreciation of the HUF against EUR. When excluding the exchange rate movements consolidated turnover amounted to HUF 450.119 million for 2018. For further details on the evolution of exchange rates please refer to Chapter 14 on page 25.

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

	EURm			
	2018	2017	Change	
	12 months to December			%
Vraylar® royalty	75.9	45.1	30.8	68.3
Reagila®	2.8	-	2.8	-
Esmya®	25.9	93.0	-67.1	-72.2
Bemfola®	41.9	34.6	7.3	21.1
Range of oral contraceptives	282.6	292.9	-10.3	-3.5

Gross profit in 2018 at HUF 253,990 (EUR 797.2 million) remained virtually flat (increased by 0.4% in HUF terms) while in EUR terms it declined by 2.6% when compared to the previous year. The gross margin remained at the same level of 57.0% during 2018.

Operating costs, which also include one-off items (accounted for in Other income and expenses) amounted to HUF 210,057 million (EUR 659.3 million) and declined by 9.6% in HUF terms and by 12.2% in EUR terms when compared to their levels recorded in the previous year.

Other income and expenses were significantly impacted negatively in both periods by impairment losses (HUF 24,270 million in 2018 and HUF 48,733 million in 2017) accounted for in respect of Intangible assets and Goodwill related to Esmya.

Operating profit in 2018 was negatively impacted primarily by the above mentioned impairment loss, albeit to a lesser extent than in 2017, being partly offset by one-off items received during 2018 which amounted to HUF 8,429 million, EUR 26.5 million in milestone payments. Claw-back related liabilities amounted to HUF 4,667 million, EUR 13.6 million).

Operating margin reached 9.9% by the end of the reported period.

Net financial result for the Group amounted to HUF 3,402 million (EUR 10.7 million) loss for the reported year when compared to HUF 8,338 million (EUR 27.0 million) loss reported for 2017. For more detailed information on the Net financial result please refer to the table on page 25.

Income and deferred tax reported a negative balance of HUF 5,577 million (EUR 17.5 million) primarily as a result of derecognition of certain deferred tax assets at Parent level. Tax expense at Group level was at HUF 9,620 million (EUR 30.2 million).

Profit attributable to owners of the parent at HUF 31,223 million (EUR 98.0 million) was HUF 22,338 million (EUR 69.2 million) above the levels reported in 2017.

## 2. Main financial indicators and exchange rates

	HUFm			EURm		
	2018	2017	Change	2018	2017	Change
	12 months to December			12 months to December		
			%			%
Total revenues	445,484	444,356	0.3	1,398.2	1,436.8	-2.7
Gross profit	253,990	253,078	0.4	797.2	818.3	-2.6
Gross margin %	57.0	57.0		57.0	57.0	
Profit from operations	43,933	20,711	112.1	137.9	67.0	105.8
Operating margin %	9.9	4.7		9.9	4.7	
Net financial (loss) / income	-3,402	-8,338	-59.2	-10.7	-27.0	-60.4
Profit before income tax	41,583	13,901	199.1	130.5	44.9	190.6
Profit attributable to owners of the parent	31,223	8,885	251.4	98.0	28.8	240.3
Profit margin attributable to owners of the parent %	7.0	2.0		7.0	2.0	
EBITDA	78,878	56,133	40.5	247.6	181.5	36.4
Basic EPS (HUF, EUR)	168	48	250.0	0.53	0.15	253.3
Average exchange rate (EURHUF)*				318.61	309.28	3.0

Note: \* Current and historical average exchange rates are shown in Chapter 14 on page 25.

## 3. Esmya® related extraordinary events

2018	2017
<b>Regulatory measures</b>	
<ul style="list-style-type: none"> <li>February – temporary precautionary measures initiated by PRAC</li> <li>May – final recommendation made by the PRAC</li> <li>June – PRAC opinion endorsed by CHMP</li> <li>July – final decision adopted by EC</li> <li>August – CRL received by Allergan from FDA in respect of NDA filing for ulipristal acetate</li> <li>August / September – Relaunch of Esmya® in the EU</li> </ul>	<ul style="list-style-type: none"> <li>December – PRAC commenced the review of drug induced liver injury potentially related to Esmya®</li> </ul>
<b>Turnover</b>	
HUF 8,241 million	HUF 28,757 million
EUR 25.9 million	EUR 93.0 million
<b>Impairment loss accounted for</b>	
HUF 24,270 million	HUF 48,733 million
EUR 76.2 million	EUR 157.6 million

## 4. Key Specialty Products

### 4.1 Cariprazine (Vraylar<sup>®</sup>, Reagila<sup>®</sup>) – Central Nervous System

Vraylar<sup>®</sup> royalty income due to Richter in respect of 2018 amounted to USD 89.7 million (EUR 75.9 million). This amount contributed materially to the sales levels achieved during the reported period.

In addition, Reagila<sup>®</sup> recorded EUR 2.8 million sales during the reported year.

	Turnover				
	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
USDm / Vraylar <sup>®</sup>	27.3	25.3	21.9	15.2	15.3
EURm / Reagila <sup>®</sup>	1.1	1.2	0.5	0.0	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<sup>®</sup> 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 July 2017 Richter announced that the European Commission (EC) granted marketing authorization valid for all European Union Member States to Reagila<sup>®</sup>.

In 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<sup>®</sup>) for treatment of negative symptoms associated with schizophrenia, in adult patients.

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 FDA has accepted for review the supplemental New Drug Application (sNDA) for Vraylar<sup>®</sup>, seeking to expand the indication to include the treatment of bipolar depression in the current product label.

Application files for the reimbursement of Reagila<sup>®</sup> on individual European markets were compiled during the second half of 2017 and the submission procedure is advancing well. Reagila<sup>®</sup> was launched in April 2018 in Germany. Subsequently Reagila<sup>®</sup> was introduced in September in UK and in the fourth quarter in the following countries: Finland, Sweden, Denmark, Switzerland, Netherlands.

During the first quarter 2018 Reagila<sup>®</sup> was also launched in Poland and on certain other markets of the EU12 region. In addition the product was included on the reimbursement list and launched subsequently in the fourth quarter 2018 in Hungary. Reagila<sup>®</sup> was launched in Romania during the fourth quarter 2018.

## 4.2 Esmya® – Women’s Healthcare

Esmya® reported total sales of EUR 25.9 million in 2018, compared to the EUR 93.0 million turnover recorded in the previous year. The year-on-year decline resulted from the temporary suspension of Esmya® commercialization and amendments made to the initial label as announced by the European Commission based on previous CHMP opinion.

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	12 months to	December		%	12 months to	December		%
Hungary	415	971	-556	-57.3	1.3	3.1	-1.8	-58.1
EU *	5,313	23,456	-18,143	-77.3	16.7	75.9	-59.2	-78.0
EU 12	616	1,880	-1,264	-67.2	1.9	6.1	-4.2	-68.9
EU 15	4,697	21,576	-16,879	-78.2	14.8	69.8	-55.0	-78.8
CIS	1,015	1,589	-574	-36.1	3.1	5.1	-2.0	-39.2
Latin America	588	1,041	-453	-43.5	1.9	3.4	-1.5	-44.1
RoW	910	1,700	-790	-46.5	2.9	5.5	-2.6	-47.3
<b>Total</b>	<b>8,241</b>	<b>28,757</b>	<b>-20,516</b>	<b>-71.3</b>	<b>25.9</b>	<b>93.0</b>	<b>-67.1</b>	<b>-72.2</b>
Average exchange rate (EURHUF)					318.61	309.28	9.33	3.0

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 a restricted use.

In late August/early September Richter sales team commenced the focused relaunch of Esmya® on the 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 potential next steps for the ulipristal acetate NDA.

## 4.3 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.

On 10 July 2018 Richter acquired the intellectual property rights, relevant studies, related data and documents of Bemfola® for the use in the United States.

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

Sales of Bemfola® recorded during 2018 amounted to EUR 41.9 million (USD 49.5 million) when compared to a turnover of EUR 34.6 million (USD 39.1 million) realised in the previous year.

## 4.4 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 through 2016 and 2018 in most of the EU12 countries and certain EU15 markets. Lenzetto® was included on reimbursement lists on a number of these markets. During the first three quarters 2018 the product was launched on a number of smaller Latin American, European and CIS markets. These introductions continued during the fourth quarter 2018 and during January 2019 on certain smaller European and CIS markets.

Turnover of Lenzetto® during 2018 amounted to EUR 3.8 million.

## 4.5 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, Norway and Iceland in April 2018. In addition the product was also introduced during the third quarter 2018 in Italy and Spain.

Total turnover achieved by this product in 2018 amounted to EUR 3.0 million.

## 5. 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 35-36 for a comprehensive list of major products belonging to this therapeutic field.

## 5.1 WHC sales by region

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	12 months to December				12 months to December			
				%				%
Hungary	4,727	5,057	-330	-6.5	14.8	16.4	-1.6	-9.8
EU *	60,593	71,899	-11,306	-15.7	190.2	232.5	-42.3	-18.2
EU 12	14,965	13,055	1,910	14.6	47.0	42.2	4.8	11.4
Poland	5,365	3,816	1,549	40.6	16.8	12.3	4.5	36.6
Romania	2,097	2,001	96	4.8	6.6	6.5	0.1	1.5
EU 15	45,628	58,844	-13,216	-22.5	143.2	190.3	-47.1	-24.8
CIS	32,535	35,057	-2,522	-7.2	102.1	113.3	-11.2	-9.9
Russia	27,117	28,787	-1,670	-5.8	85.1	93.1	-8.0	-8.6
Ukraine	1,738	2,609	-871	-33.4	5.4	8.4	-3.0	-35.7
Other CIS	3,680	3,661	19	0.5	11.6	11.8	-0.2	-1.7
USA	10,469	11,599	-1,130	-9.7	32.9	37.5	-4.6	-12.3
China	9,095	7,884	1,211	15.4	28.5	25.5	3.0	11.8
Latin America	4,457	4,878	-421	-8.6	14.0	15.7	-1.7	-10.8
RoW	9,382	9,303	79	0.8	29.4	30.1	-0.7	-2.3
<b>Total</b>	<b>131,258</b>	<b>145,677</b>	<b>-14,419</b>	<b>-9.9</b>	<b>411.9</b>	<b>471.0</b>	<b>-59.1</b>	<b>-12.5</b>
Average exchange rate (EURHUF)					318.61	309.28	9.33	3.0

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 follows:

	%	
	2018	2017
	12 months to December	
Hungary	12.2	14.3
EU *	51.9	57.2
EU 12	25.5	23.0
EU 15	78.6	85.3
CIS	26.7	27.1
USA	29.1	42.2
China	34.4	32.9
Latin America	76.9	78.9
RoW	48.5	54.7
<b>Total</b>	<b>36.0</b>	<b>39.9</b>

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

Total sales recorded by Richter's WHC niche franchise at EUR 411.9 million declined by EUR 59.1 million, or 12.5% when compared to the previous year primarily as a consequence of the amendments to the initial label of **Esmya**<sup>®</sup> as announced by the European Commission based on previous CHMP opinion. The decline experienced in the Euro denominated sales levels of WHC products in Russia also impacted negatively the turnover of this franchise. When loss in sales suffered by **Esmya**<sup>®</sup> during the reported year is excluded, Richter's WHC portfolio grew by EUR 8.0 million or 2.1% when compared to the previous year's performance.

Sales arising from the acquired OC portfolio amounted to EUR 43.1 million, having declined by EUR 0.8 million or 1.8% when compared to the performance achieved in the previous year.



Turnover declined in the large countries of the **EU15** region, notably in the UK, Spain, Germany, France and Italy. As far as the product portfolio is concerned higher sales levels of **Bemfola®** could not offset the major decline experienced in the turnover of **Esmya®**.

EU15 Top 5 markets	EURm			
	2018	2017	Change	
	12 months to December			%
Germany	34.8	42.0	-7.2	-17.1
Spain	23.2	30.9	-7.7	-24.9
France	22.4	29.5	-7.1	-24.1
Italy	20.4	25.0	-4.6	-18.4
UK	15.2	31.4	-16.2	-51.6
Total Top 5 Sales	116.0	158.8	-42.8	-27.0
Total EU15 Sales	143.2	190.3	-47.1	-24.8
Total Top 5 / Total EU15 Sales %	81.0	83.4		

In **Germany** negative sentiments surrounding oral contraceptives prevailed during the reported period. Group sales declined by EUR 7.2 million primarily driven by lower sales levels of **Esmya®**.

Sales reported in **Spain** decreased by EUR 7.7 million. Declining **Esmya®** sales were only offset to a certain extent by higher sales levels of a **range of oral contraceptives** and **Bemfola®** during 2018.

Turnover in **France** declined by EUR 7.1 million primarily due to lower turnover of **Esmya®** partly offset by a good performance of **Bemfola®** and a **range of oral contraceptives**.

In **Italy** Richter Group achieved WHC sales of EUR 20.4 million in the reported year, EUR 4.6 million below the levels reported in twelve months to December 2017. A better performance recorded by **Bemfola®** together with improving sales figures of the **range of oral contraceptives** could not offset lower turnover of **Esmya®**.

Sales in the **UK** were GBP 14.2 million (EUR 16.2 million) lower. The significant decline in sales was caused primarily by lower sales levels of **Esmya®**.

WHC sales to the **CIS** in 2018 totalled EUR 102.1 million representing a decline of EUR 11.2 million compared to the sales levels achieved in the previous year. The EUR denominated decline recorded in the CIS region originated primarily in **Russia** as a result of unfavourable exchange rate movements recorded by RUB both against the EUR and the HUF.

WHC sales to the **USA** in 2018 decreased by USD 3.5 million, (8.3%) as higher sales levels of finished form **Plan B / Plan B One-Step** were more than offset by the decline suffered in the profit sharing proceedings and lower sales of certain steroid APIs.

WHC sales in the **ROW** countries reported a EUR 0.7 million decline when compared with the twelve months to December 2017 primarily due to lower sales of **Esmya®**. **Bemfola®** sales increased by 5.9% during the reported year.



## 6. 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	2018	2017	2018	2017	2018	2017	2018	2017
	12 months to December		12 months to December		12 months to December		12 months to December		12 months to December	
Total revenues	364,731	364,840	88,598	88,461	6,255	5,395	(14,100)	(14,340)	445,484	444,356
Gross profit	245,661	244,245	7,517	8,241	701	647	111	(55)	253,990	253,078
Profit from operations	48,866	18,617	(266)	1,777	350	391	(5,017)	(74)	43,933	20,711
Share of profit of associates and joint ventures	(444)	60	1,429	1,466	35	58	32	(56)	1,052	1,528
Number of employees at period end	10,739	10,488	1,487	1,465	441	416	-	-	12,667	12,369

## 7. Pharmaceuticals sales report

Sales in the Pharmaceutical segment in the twelve months to December 2018 were virtually flat at HUF 364,731 million (declined by 3.0% to EUR 1,144.8 million) when compared to last year.

### 7.1 Pharmaceutical sales by region

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	12 months to December			%	12 months to December			%
Hungary	38,736	35,417	3,319	9.4	121.6	114.5	7.1	6.2
EU *	116,887	125,719	-8,832	-7.0	366.8	406.5	-39.7	-9.8
EU 12**	58,789	56,759	2,030	3.6	184.5	183.5	1.0	0.5
Poland	24,204	23,060	1,144	5.0	76.0	74.6	1.4	1.9
Romania	10,517	10,054	463	4.6	33.0	32.5	0.5	1.5
EU 15	58,098	68,960	-10,862	-15.8	182.3	223.0	-40.7	-18.3
CIS	121,661	129,089	-7,428	-5.8	381.8	417.4	-35.6	-8.5
Russia	92,404	95,732	-3,328	-3.5	290.0	309.5	-19.5	-6.3
Ukraine	8,320	10,769	-2,449	-22.7	26.1	34.8	-8.7	-25.0
Other CIS	20,937	22,588	-1,651	-7.3	65.7	73.1	-7.4	-10.1
USA	35,985	27,472	8,513	31.0	113.0	88.8	24.2	27.3
China	26,384	24,004	2,380	9.9	82.8	77.6	5.2	6.7
Latin America	5,779	6,134	-355	-5.8	18.2	19.9	-1.7	-8.5
RoW	19,299	17,005	2,294	13.5	60.6	55.0	5.6	10.2
Total	364,731	364,840	-109	0.0	1,144.8	1,179.7	-34.9	-3.0
Average exchange rate (EURHUF)					318.61	309.28	9.33	3.0

## 7.2 Pharmaceutical sales by region in currencies of invoicing

	Currency (million units)	2018 12 months to December	2017	Change %
Hungary	HUF	38,736	35,417	9.4
EU *	EUR	366.8	406.5	-9.8
EU 12	EUR	184.5	183.5	0.5
Poland	PLN	323.4	317.5	1.9
Romania	RON	153.6	148.6	3.4
EU 15	EUR	182.3	223.0	-18.3
CIS	EUR	381.8	417.4	-8.5
	USD	451.5	471.6	-4.3
Russia	RUB	21,389.9	20,325.3	5.2
Ukraine	USD	30.9	39.3	-21.4
Other CIS	EUR	65.7	73.1	-10.1
	USD	77.7	82.5	-5.8
USA	USD	133.6	100.4	33.1
China	CNY	646.7	597.6	8.2
Latin America	USD	21.5	22.4	-4.0
RoW	EUR	60.6	55.0	10.2
	USD	71.6	62.1	15.3

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

## 7.3 Sales to Top 10 markets

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	12 months to December			%	12 months to December			%
Russia	92,404	95,732	-3,328	-3.5	290.0	309.5	-19.5	-6.3
Hungary	38,736	35,417	3,319	9.4	121.6	114.5	7.1	6.2
USA	35,985	27,472	8,513	31.0	113.0	88.8	24.2	27.3
China	26,384	24,004	2,380	9.9	82.8	77.6	5.2	6.7
Poland	24,204	23,060	1,144	5.0	76.0	74.6	1.4	1.9
Germany	18,456	18,739	-283	-1.5	57.9	60.6	-2.7	-4.5
Romania	10,517	10,054	463	4.6	33.0	32.5	0.5	1.5
Ukraine	8,320	10,769	-2,449	-22.7	26.1	34.8	-8.7	-25.0
France	8,228	9,854	-1,626	-16.5	25.8	31.9	-6.1	-19.1
Spain	7,967	9,728	-1,761	-18.1	25.0	31.5	-6.5	-20.6
<b>Total Top 10</b>	<b>271,201</b>	<b>264,829</b>	<b>6,372</b>	<b>2.4</b>	<b>851.2</b>	<b>856.3</b>	<b>-5.1</b>	<b>-0.6</b>
<b>Total Sales</b>	<b>364,731</b>	<b>364,840</b>	<b>-109</b>	<b>0.0</b>	<b>1,144.8</b>	<b>1,179.7</b>	<b>-34.9</b>	<b>-3.0</b>
<b>Total Top 10 / Total Sales %</b>					<b>74.4</b>	<b>72.6</b>		

## 7.4 Hungary

Sales during the twelve months to December 2018 totalled HUF 38,736 million (EUR 121.6 million) in **Hungary**, 9.4% higher in HUF terms (6.2% in EUR terms) when compared to 2017. The year-on-year increase was primarily due to regulatory related preshipments.

The underlying market experienced a high growth rate of 8.4% and retail sales of Richter products resulted in an annual increase of 5.3%, according to the latest available IMS data for 2018. The Company is now ranking Nr. 5 among players in the Hungarian pharmaceutical market with a market share of 5.0%. Taking into account the prescription drugs retail market alone, Richter qualifies for second place with a market share of 7.5%.

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.

The Company's original compound, **Reagila**<sup>®</sup> (cariprazine), was introduced to the domestic market in October 2018.

## 7.5 European Union

Sales in the **European Union**, excluding Hungary, amounted to EUR 366.8 million in 2018, EUR 39.7 million (9.8%) lower than the levels recorded in the base year.

In the **EU12** region sales totalled EUR 184.5 million in 2018, EUR 1.0 million higher when compared to the base year. This region represented 50% of total EU sales of the Group's pharmaceutical segment.

In **Poland** the Group recorded sales of PLN 323.4 million (EUR 76.0 million) in the twelve-month period, an increase of PLN 5.9 million (EUR 1.4 million) year-on-year. Good performance of a range of WHC products more than offset the adverse impacts of declining sales of our local leading product, **Groprinosin** which occurred due to a relatively weak flu season.

In **Romania** sales in the 2018 business year amounted to RON 153.6 million (EUR 33.0 million), a RON 5.0 million (EUR 0.5 million) modest increase when compared to 2017. 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 to some generic products. The implementation of a revised price list has been repeatedly delayed and it finally entered into force with effect from 1 January 2019.

In the **EU15** region sales amounted to EUR 182.3 million in 2018, EUR 40.7 million lower than in the base period. The increasing sales of a **range of oral contraceptives** and **Bemfola**<sup>®</sup> could not offset the shortfall of **Esmya**<sup>®</sup> sales, which amounted to EUR 55.0 million during the reported year. When excluding the latter negative impact, turnover in this region increased by 9.3%.

This region contributed 50%, to the total EU pharmaceutical sales.

Top 5 markets in the EU15 region:

	EURm			
	2018	2017	Change	
	12 months to December			%
Germany	57.9	60.6	-2.7	-4.5
France	25.8	31.9	-6.1	-19.1
Spain	25.0	31.5	-6.5	-20.6
Italy	22.0	26.0	-4.0	-15.4
UK	17.1	33.2	-16.1	-48.5
Total Top 5 Sales	147.8	183.2	-35.4	-19.3
Total EU15 Sales	182.3	223.0	-40.7	-18.3
Total Top 5 / Total EU15 Sales %	81.1	82.2		

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.

## 7.6 CIS

Sales to the **CIS** in 2018 totalled EUR 381.8 million, a decline of EUR 35.6 million (8.5%) when compared to 2017. Declining sales expressed in EUR were driven primarily by weakening exchange rates of RUB and KZT.

Sales in **Russia** totalled RUB 21,389.9 million in 2018, an increase of RUB 1,064.6 million or 5.2% when compared to the previous year. RUB denominated sales showed an increase during the last quarter of 2018 primarily due to regulatory related preshipments and to wholesaler inventories levelling up after having reached very low levels earlier during the year. A lower (12.3%) average exchange rate of the Rouble against the Euro impacted significantly our sales performance in Russia when reported in Euros. Sales levels during the reported year at EUR 290.0 million declined by EUR 19.5 million or 6.3% when compared with the turnover reported in 2017.

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

Sales to **Ukraine** amounted to USD 30.9 million (EUR 26.1 million) in the twelve months to December 2018, a decline of USD 8.4 million (EUR 8.7 million) compared to the turnover reported for 2017. A 4.6% 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 2017.

The Ukrainian economy has stabilized to some extent, with purchasing power having slightly increased. The average exchange rate of the local currency, UAH, remained within a narrow range, around the level of 27.2 to the USD during 2018.

Sales in **Other CIS republics** totalled EUR 65.7 million (USD 77.7 million) in 2018, representing a decline of EUR 7.4 million (USD 4.8 million) compared to 2017. Currency depreciations in certain countries negatively impacted the overall performance of this region.

## 7.7 USA

Sales in the **USA** totalled USD 133.6 million (EUR 113.0 million) in 2018, an increase of USD 33.2 million (EUR 24.2 million) compared to the the previous year. The significant year-on-year growth was due to cariprazine (**Vraylar**<sup>®</sup>) royalty income, which increased by USD 38.7 million.

Royalty income for the year 2018 based on the figures published by Allergan in respect of cariprazine amounted to USD 89.7 million (EUR 75.9 million) in 2018.

## 7.8 China

Sales to **China** amounted to EUR 82.8 million in 2018, an increase of EUR 5.2 million when compared with the base year due to higher sales levels of **Cavinton** which included certain preshipments and the **emergency contraceptive**.

With effect from 1 January 2018, the invoicing currency in China was replaced from EUR to the local currency (CNY). Sales in local currency terms totalled CNY 646.7 million in comparison with the turnover of CNY 597.6 million reported for the base year.

## 7.9 Latin America

Sales in **Latin American** countries amounted to USD 21.5 million (EUR 18.2 million) in the twelve months to December 2018, a decrease of USD 0.9 million (EUR 1.7 million) when compared with the base year primarily due to lower **Esmya**<sup>®</sup> sales and to strengthening generic competition in the case of emergency contraceptives.

## 7.10 Rest of the World

Sales in these countries amounted to EUR 60.6 million (USD 71.6 million) in 2018. Turnover increased by EUR 5.6 million (USD 9.5 million) when compared with 2017. Vietnam, Switzerland and Australia contributed the most to the sales performance achieved during the reported year.

## 7.11 Sales of Top 10 Products

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	
	12 months to December			%	12 months to December			%
Hormonal contraceptives	90,047	90,576	-529	-0.6	282.6	292.9	-10.3	-3.5
Cavinton	31,791	30,832	959	3.1	99.8	99.7	0.1	0.1
Vraylar® / Reagila® / cariprazine	25,127	13,986	11,141	79.7	78.9	45.2	33.7	74.6
Mydeton	18,913	20,042	-1,129	-5.6	59.4	64.8	-5.4	-8.3
Panangin	15,106	16,799	-1,693	-10.1	47.4	54.3	-6.9	-12.7
Bemfola®	13,348	10,706	2,642	24.7	41.9	34.6	7.3	21.1
Verospiron	12,189	12,925	-736	-5.7	38.3	41.8	-3.5	-8.4
Aflamin	9,931	7,854	2,077	26.4	31.2	25.4	5.8	22.9
Lisopress	9,087	9,557	-470	-4.9	28.5	30.9	-2.4	-7.8
Groprinosin	8,841	8,355	486	5.8	27.7	27.0	0.7	2.6
<b>Total Top 10</b>	<b>234,380</b>	<b>221,632</b>	<b>12,748</b>	<b>5.8</b>	<b>735.7</b>	<b>716.6</b>	<b>19.1</b>	<b>2.7</b>
<b>Total Sales</b>	<b>364,731</b>	<b>364,840</b>	<b>-109</b>	<b>0.0</b>	<b>1,144.8</b>	<b>1,179.7</b>	<b>-34.9</b>	<b>-3.0</b>
<b>Total Top 10 / Total Sales %</b>					<b>64.3</b>	<b>60.7</b>		

## 8. Pharmaceuticals – Operating profit and margin

The first line contains the HUF figures, namely **reported period (M12 2018)**, base period (M12 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 48,866mn	HUF 18,617mn	+HUF 30,249mn	162.5%
EUR 153.4mn	EUR 60.3mn	+EUR 93.1mn	154.4%

### Operating margin

13.4%                      5.1%

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 8,680 million when compared to HUF 9,491 million reported in 2017.

## 9. Wholesale and retail sales report

	HUFm				EURm			
	2018	2017	Change		2018	2017	Change	%
	12 months to December				12 months to December			
				%				%
Hungary	-	-	-	-	-	-	-	-
EU *	69,571	70,438	-867	-1.2	218.4	227.7	-9.3	-4.1
EU 12	69,571	70,438	-867	-1.2	218.4	227.7	-9.3	-4.1
Poland	-	-	-	-	-	-	-	-
Romania	69,571	70,438	-867	-1.2	218.4	227.7	-9.3	-4.1
EU 15	-	-	-	-	-	-	-	-
CIS	14,797	13,992	805	5.8	46.4	45.2	1.2	2.7
Russia	-	-	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-	-	-
Other CIS	14,797	13,992	805	5.8	46.4	45.2	1.2	2.7
USA	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
Latin America	4,230	4,031	199	4.9	13.3	13.1	0.2	1.5
RoW	-	-	-	-	-	-	-	-
<b>Total</b>	<b>88,598</b>	<b>88,461</b>	<b>137</b>	<b>0.2</b>	<b>278.1</b>	<b>286.0</b>	<b>-7.9</b>	<b>-2.8</b>
Average exchange rate (EURHUF)					318.61	309.28	9.33	3.0

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 278.1 million in 2018, a EUR 7.9 million decrease compared to the base period. The decline resulted from the temporary suspension of the license to operate of the Group's Romanian wholesaler subsidiary, Pharmafarm on 21 June 2018. Most of the warehousing facilities of the Romanian wholesaler subsidiary resumed operations by 19 September 2018.

Romanian subsidiaries of the Group (both wholesale and retail) realised around 79% of the turnover in the Wholesale and Retail segment (RON 1,016.1 million), with the remainder primarily being invoiced by our subsidiaries in the CIS region. The sales performance in Romania declined by 2.4% in RON terms during the twelve months to December 2018.

## 10. 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 1,163 million during the reported year.

The consolidated operating loss of subsidiaries belonging to this segment was HUF 266 million, during the reported year compared with a profit of HUF 1,777 million in 2017.



## 11. Consolidated figures

### 11.1 Sales

#### Consolidated sales

HUF 445,484mn	HUF 444,356mn	+HUF 1,128mn	+0.3%
EUR 1,398.2mn	EUR 1,436.8mn	-EUR 38.6mn	-2.7%

### 11.2 Costs, expenses, profits

#### Cost of sales

HUF 191,494mn	HUF 191,278mn	+HUF 216mn	+0.1%
EUR 601.0mn	EUR 618.5mn	-EUR 17.5mn	-2.8%

#### Amortization of acquired assets

Amortization of the acquired intangible asset **Esmya** amounted to HUF 2,166 million while amortization of another intangible asset **Bemfola** was HUF 2,061 million in the twelve months to December 2018.

#### Gross profit

HUF 253,990mn	HUF 253,078mn	+HUF 912mn	+0.4%
EUR 797.2mn	EUR 818.3mn	-EUR 21.1mn	-2.6%

#### Gross margin

57.0%                      57.0%

The significant increase in Royalty income received from Allergan in respect of **Vraylar**<sup>®</sup> and the expanding share in the turnover of the relatively high margin Chinese businesses lifted the gross margin. In addition, gross profitability of **Bemfola**<sup>®</sup> also increased significantly as sales levels increased and the negative impact of inventories valued at the time of the acquisition disappeared. Restricted sales of **Esmya**<sup>®</sup>, weakening average exchange rates of RUB, price erosion experienced on our traditional markets, increasing labour costs in our manufacturing subsidiaries located in the CEE countries, costs of suspending and resuming our Romanian wholesale activities and an increase of costs related to serialization negatively impacted our gross margin.

The volatility in the gross margin throughout the year is mostly the consequence of the disruption in our Romanian wholesaling business. While the absence of low margin turnover pushed the ratio higher in Q2 and Q3 2018, the sharp boost to sales in Q4 2018 led to a sharp reversal.

**Sales and marketing expenses**

HUF 115,477mn	HUF 114,882mn	+HUF 595mn	+0.5%
EUR 362.4mn	EUR 371.4mn	-EUR 9.0mn	-2.4%

Proportion to sales:  
25.9%                      25.9%

Somewhat higher marketing costs related to growing promotion costs incurred on the Chinese market were partly offset by a slight decrease of promotion costs incurred in Russia at weakening RUB exchange rates.

**Amortization of acquired portfolio**

Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal in the amount of HUF 4,388 million represented 1.0% of sales achieved in the reported year. After adjustment for this amortization, S&M expenses represented 24.9% of turnover.

**Registration fee for medical representatives**

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 221 million (EUR 0.7 million) in 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 24,156mn	HUF 23,374mn	+HUF 782mn	+3.3%
EUR 75.8mn	EUR 75.6mn	+EUR 0.2mn	+0.3%

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

**Research and development expenses**

HUF 40,609mn	HUF 39,903mn	+HUF 706mn	+1.8%
EUR 127.5mn	EUR 129.0mn	-EUR 1.5mn	-1.2%

Proportion to sales:  
9.1%                      9.0%

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**

HUF 29,815mn	HUF 54,208mn	-HUF 24,393mn	-45.0%
EUR 93.6mn	EUR 175.3mn	-EUR 81.7mn	-46.6%

### Claw-back

During the reported year Other income and expenses include liabilities amounting to HUF 4,667 million (EUR 13.6 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. Such expenses declined by HUF 2.034 million (EUR 8.2 million) primarily as a result of the sales restrictions applied to **Esmya**<sup>®</sup>.

### One-off items

When executing year-end mandatory impairment tests on Intangible asset and Goodwill the Management considered it prudent to account for an impairment loss amounting to HUF 24.3 billion (EUR 76.2 million) with regard to related **Esmya** items.

Richter accounted for one-off income payments from Recordati, in respect of the amended license agreement subsequent to the European authorization of **Reagila**<sup>®</sup> entering into force, in respect of the gradual launch of **Reagila**<sup>®</sup> in the EU15 region and connected to the successful clinical trial of cariprazine in the indication of bipolar depression and the reception by FDA of the sNDA submitted by Allergan in respect of the label extension of **Vraylar**<sup>®</sup>. These milestones amounted altogether to HUF 8,429 million (EUR 26.5 million).

### 20% tax obligation payable

In 2018 an expense of HUF 431 million (EUR 1.4 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 43,933mn	HUF 20,711mn	+HUF 23,222mn	+112.1%
EUR 137.9mn	EUR 67.0mn	+EUR 70.9mn	+105.8%

The increase was primarily due to a significantly lower amount of **Esmya** related impairment loss accounted for among Other income and expenses for the reported year when compared to 2017 which in turn impacted less on profit from operations in 2018. Sales and gross margins did not change materially during the reported year.

### Consolidated operating margin

9.9%	4.7%
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When adjusting for the balance of Other income and expenses with milestones received and **Esmya** impairment loss accounted for during the reported year, consolidated operating margin was 13.4%.

**Net financial income / (loss)**

(HUF 3,402mn)	(HUF 8,338mn)	+HUF 4,936mn	+59.2%
(EUR 10.7mn)	(EUR 27.0mn)	+EUR 16.3mn	+60.4%

Financial losses on Unrealised financial items resulted from the revaluation of Trade receivables and trade payables. Realised financial gains resulted from Interest income and Foreign exchange gains on conversion of cash, while Exchangeable bonds sold and accounted for among Other foreign currency denominated items resulted in a financial loss. Reassessment gains were a consequence of the period end appreciation of USD and EUR against HUF, while the depreciation of the RUB partly offset the above. For more detailed information on the Net financial result please refer to the table on page 25.

**Share of profit of associates and joint ventures**

HUF 1,052mn	HUF 1,528mn	-HUF 476mn	-31.2%
EUR 3.3mn	EUR 4.9mn	-EUR 1.6mn	-32.7%

**Profit before income tax**

HUF 41,583mn	HUF 13,901mn	+HUF 27,682mn	+199.1%
EUR 130.5mn	EUR 44.9mn	+EUR 85.6mn	+190.6%

**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 5,577mn	(HUF 873mn)	+HUF 6,450mn	-
EUR 17.5mn	(EUR 2.9mn)	+EUR 20.4mn	-

Having examined the tax liability foreseeably due in the next coming years the Management concluded that most of the deferred tax assets accounted for in the previous years at the Parent cannot be realised, therefore these have to be derecognised in accordance with IFRS regulations. Tax allowance linked to intensive R&D activities of the Parent together with increasing proceeds from cariprazine related royalties reached such a level, that most of the above mentioned deferred tax assets cannot be realised as they can be adopted for a related tax carry loss forward within a maximum period of five years. The derecognition of deferred tax assets from the balance sheet of the Parent won't impact the cash flow of the Company, but the amount of deferred tax assets diminishes by HUF 3,177 million (EUR 10.0 million) with Income and deferred tax expense increasing by the same amount.

In 2018 the Group recorded HUF 1,919 million (EUR 6.0 million) in respect of corporate tax expense and HUF 3,658 million (EUR 11.5 million) deferred tax expense resulting in HUF 5,577 million (EUR 17.5 million) tax expense.

### Local business tax and innovation contribution

HUF 4,043mn	HUF 4,704mn	-HUF 661mn	-14.1%
EUR 12.7mn	EUR 15.2mn	-EUR 2.5mn	-16.4%

### Profit for the period

HUF 31,963mn	HUF 10,070mn	+HUF 21,893mn	+217.4%
EUR 100.3mn	EUR 32.6mn	+EUR 67.7mn	+207.7%

### Profit attributable to owners of the parent

HUF 31,223mn	HUF 8,885mn	+HUF 22,338mn	+251.4%
EUR 98.0mn	EUR 28.8mn	+EUR 69.2mn	+240.3%

When adjusted for the impairment loss accounted for the profit attributable to owners of the Parent was HUF 55,493 million (EUR 174.2 million).

### Net income margin attributable to owners of the parent

7.0%	2.0%
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## 11.3 Earnings per share

### Basic earnings per share

HUF 168	HUF 48	+HUF 120	+250.0%
EUR 0.53	EUR 0.15	+EUR 0.38	+253.3%

### Diluted earnings per share

HUF 168	HUF 48	+HUF 120	+250.0%
EUR 0.53	EUR 0.15	+EUR 0.38	+253.3%

The weighted average number of shares in issue used for the EPS calculation on 31 December 2018 was 186,314,104 while at the end of the previous year it was 186,220,952.

## 11.4 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 797,583mn	HUF 760,865mn	+HUF 36,718mn	+4.8%
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**Non-current assets**

HUF 441,186mn	HUF 456,334mn	-HUF 15,148mn	-3.3%
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Lower levels of Other intangible assets resulted from a decline in the fair value of Richter's investment in the Russian wholesaler and retail Group, Protek and the sale of non-current bonds exchangeable into Richter shares and the conversion of non-current other sovereign bonds to current assets. An impairment loss was accounted for in respect of Intangible asset Esmya which resulted in lower amounts of Goodwill and Other intangible assets the latter being partly offset by the acquisition of the combined oral contraceptive developed by Mithra.

The levels of deferred tax assets declined primarily as a result of the derecognition of deferred tax assets accounted for at the Parent.

As stipulated by IFRS the amount of government subsidies which Richter qualifies for and are expected to be received shall be included among Long term receivables. In practice it means that beginning with the reported year this condition is met as soon as the capital expenditure and R&D related subsidy contracts are signed consequently these amounts are accounted for both as Long term receivables and as Non current liabilities.

Higher levels of Property, plant and equipment (installation and putting into operation of manufacturing and packaging production lines) also impacted positively the Non-current assets.

**Current assets**

HUF 356,397mn	HUF 304,531mn	+HUF 51,866mn	+17.0%
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Cash and cash equivalents increased as a result of both the Government repurchase of the bonds exchangeable into Richter shares and the positive net cash flow from operating activities of the Group. Other sovereign bonds owned became current during the reported year. Higher levels of Inventories and Trade receivables also contributed to the growth.

**Capital and reserves**

HUF 682,898mn	HUF 664,019mn	+HUF 18,879mn	+2.8%
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Retained earnings increased by HUF 18,984 million and amounted to HUF 621,580 million. A higher translation difference of HUF 6,238 million included in Foreign currency translation reserve also contributed to the above increase.

**Non-current liabilities**

HUF 24,772mn	HUF 15,660mn	+HUF 9,112mn	+58.2%
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As stipulated by IFRS the amount of government subsidies that Richter qualifies for and are expected to be received shall be included among Non current liabilities. In practice it means that beginning with the reported year this condition is met as soon as the capital expenditure and R&D related subsidy contracts are signed consequently these amounts are accounted for both as Non current liabilities and as Long term receivables.

## Current liabilities

HUF 89,913mn                      HUF 81,186mn                      +HUF 8,727mn                      +10.7%

The increase resulted from higher amounts of Trade payables and Other current liabilities and accruals.

## 11.5 Capital expenditure

Capital expenditure for the Group including payments for intangible assets totalled HUF 57,409 million in 2018 when compared to HUF 39,929 million reported for the previous year.

## 12. Corporate matters

### 12.1 Information regarding Richter shares

**12.1.1** The number of shares in issue at 31 December 2018 was unchanged compared to 30 September 2018, i.e. 186,374,860 shares.

**12.1.2** The number of shares held by the Parent company in Treasury decreased during the fourth quarter of 2018.

	Ordinary shares				
	31 December 2018	30 September 2018	30 June 2018	31 March 2018	31 December 2017
Number	49,830	76,173	74,834	63,678	60,683
Book value (HUF '000)	283,411	397,375	390,549	422,523	404,353

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

The Company purchased 300,000 treasury shares on the Budapest Stock Exchange and 3,776 shares OTC market during the fourth quarter 2018.

In accordance with a repurchase obligation related to employee share bonuses, the Company repurchased 1,686 shares from employees who resigned from the Parent company during the fourth quarter 2018.

Based on a decision of the Board of Directors of Gedeon Richter Plc., 7,579 shares held by the Company in Treasury were granted as bonuses during the fourth quarter of 2018 to members of staff rendering outstanding performance.

In line with a programme related to employee share bonuses, on 18 December 2018 the Company granted a total of 324,226 shares in respect of 4,346 of its employees. The above shares in the value of HUF 1,764 million will be deposited at the employees' individual securities accounts at UniCredit Bank Hungary Zrt. until 2 January 2021.



On 2 January 2019, following the expiry of the lock-up period the Company was able to remove all restrictions on 285,459 Richter ordinary shares granted to its employees on 16 December 2016, thereby enabling these shares to be traded.

The total number of Company shares at Group level held in Treasury at 31 December 2018 was 55,330.

### 12.1.3 Share ownership structure

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

Ownership	Ordinary shares Number	Voting rights %	Share capital %
Domestic ownership	64,050,195	34.37	34.37
State ownership total	47,051,794	25.25	25.25
out of which MNV Zrt.	47,051,668	25.25	25.25
out of which Municipality	126	0.00	0.00
Institutional investors	7,776,700	4.17	4.17
Retail investors	9,221,701	4.95	4.95
International ownership	122,249,372	65.62	65.59
Institutional investors	121,914,003	65.44	65.41
Retail investors	335,369	0.18	0.18
Treasury shares*	55,330	0.00	0.03
Undisclosed ownership	19,963	0.01	0.01
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.

## 12.2 Extraordinary announcements

- 12.2.1** The Company notified its shareholders that on 2 January 2019 Mr. András Radó, appointed deputy managing director responsible for Production and Logistics, had retired and in the future he would take part in the Company's day-to-day operation as expert advisor. Mr. Gábor Orbán Chief Executive Officer would supervise the area of Production and Logistics until the appointment of the new director.
- 12.2.2** On 1 February 2019 Richter announced that it has withdrawn its Application for a Marketing Authorisation from the European Medicines Agency for Efglatin, its biosimilar pegfilgrastim.
- 12.2.3** On 4 February 2019 Richter and Pantarhei announced that they have entered into a license and supply agreement to commercialise Pantarhei's combined oral contraceptive, containing 30 µg ethinyl estradiol, 150 µg levonorgestrel and 50 mg dehydroepiandrosterone.

- 12.2.4** The Company notified its shareholders that beginning from 5 February 2019 Mr. Lajos Kovács, Technical director would take part in the Company's day-to-day operation as expert advisor. Mr. Gábor Orbán Chief Executive Officer would supervise the area of Technical services until the appointment of the new director.

## 13. Risk management

Richter is committed to long term value creation for its customers, investors, employees and to the 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.

## 14. Historical exchange rates

### 14.1 At period end

	31.12.2018	30.09.2018	30.06.2018	31.03.2018	31.12.2017
EURHUF	321.51	323.78	328.60	312.55	310.14
USDHUF	280.94	278.76	282.06	253.94	258.82
RUBHUF	4.05	4.25	4.50	4.40	4.49
KZTHUF	0.75	0.77	0.83	0.80	0.78
CNYHUF	40.90	40.49	42.62	40.38	39.77
EURRUB	79.39	76.18	73.02	71.03	69.07
EURUSD	1.14	1.16	1.17	1.23	1.20

### 14.2 Average

	2018 M12	2018 M9	2018 H1	2018 Q1	2017 M12
EURHUF	318.61	317.25	314.36	311.08	309.28
USDHUF	269.46	265.37	259.89	253.01	273.73
RUBHUF	4.32	4.34	4.38	4.45	4.71
KZTHUF	0.79	0.79	0.80	0.78	0.87
CNYHUF	40.80	40.76	40.74	39.78	40.17
EURRUB	73.75	73.10	71.77	69.91	65.66
EURUSD	1.18	1.20	1.21	1.23	1.13

## 15. Net financial result for the Group

	HUFm			EURm		
	2018	2017	Change	2018	2017	Change
	12 months to December			12 months to December		
<b>Unrealised financial items</b>	<b>(3,676)</b>	<b>(3,660)</b>	<b>-16</b>	<b>(11.6)</b>	<b>(11.8)</b>	<b>0.2</b>
Exchange (loss)/gain on trade receivables and trade payables	(3,272)	156	-3,428	(10.3)	0.5	-10.8
Loss on foreign currency loans receivable	(282)	(4,276)	3,994	(0.9)	(13.8)	12.9
Period end foreign exchange translation difference of borrowings	-	65	-65	-	0.2	-0.2
Exchange (loss)/gain on other currency related items	(96)	369	-465	(0.3)	1.3	-1.6
Result of unrealised forward exchange contracts	(26)	26	-52	(0.1)	-	-0.1
<b>Realised financial items</b>	<b>274</b>	<b>(4,678)</b>	<b>4,952</b>	<b>0.9</b>	<b>(15.2)</b>	<b>16.1</b>
Exchange gain/(loss) realised on trade receivables and trade payables	250	(5,411)	5,661	0.8	(17.6)	18.4
Foreign exchange difference on conversion of cash	1,300	(966)	2,266	4.1	(3.1)	7.2
Dividend income	15	675	-660	0.0	2.2	-2.2
Interest income	1,746	1,563	183	5.5	5.0	0.5
Interest expense	(2)	(990)	988	0.0	(3.2)	3.2
Other financial items	(3,035)	451	-3,486	(9.5)	1.5	-11.0
<b>Net financial loss</b>	<b>(3,402)</b>	<b>(8,338)</b>	<b>4,936</b>	<b>(10.7)</b>	<b>(27.0)</b>	<b>16.3</b>

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## 16. Balance Sheet

	31 December 2018 Unaudited HUFm	31 December 2017 Audited HUFm	Change %
<b>ASSETS</b>	<b>797,583</b>	<b>760,865</b>	<b>4.8</b>
Non-current assets	441,186	456,334	-3.3
Property, plant and equipment	214,505	196,990	8.9
Goodwill	35,436	44,377	-20.1
Other intangible assets	150,552	154,958	-2.8
Investments in associates and joint ventures	11,833	11,847	-0.1
Other financial assets	9,576	35,482	-73.0
Deferred tax assets	7,786	10,548	-26.2
Loans receivable	3,521	2,132	65.2
Long term receivables	7,977	-	n.a.
Current assets	356,397	304,531	17.0
Inventories	92,351	84,474	9.3
Contract assets	1,365	-	n.a.
Trade receivables	129,814	123,023	5.5
Other current assets	13,992	20,180	-30.7
Investments in securities	4,746	18	n.a.
Current tax assets	943	795	18.6
Cash and cash equivalents	113,186	76,041	48.8
<b>EQUITY AND LIABILITIES</b>	<b>797,583</b>	<b>760,865</b>	<b>4.8</b>
Capital and reserves	682,898	664,019	2.8
Share capital	18,638	18,638	0.0
Treasury shares	(2,186)	(415)	426.7
Share premium	15,214	15,214	0.0
Capital reserve	3,475	3,475	0.0
Foreign currency translation reserve	16,093	9,855	63.3
Revaluation reserve for available for sale investments	4,681	9,964	-53.0
Retained earnings	621,580	602,596	3.2
Non-controlling interest	5,403	4,692	15.2
Non-current liabilities	24,772	15,660	58.2
Borrowings	2	3	-33.3
Deferred tax liability	9,001	8,005	12.4
Other non-current liabilities and accruals	12,396	4,347	185.2
Provisions	3,373	3,305	2.1
Current liabilities	89,913	81,186	10.7
Borrowings	-	-	n.a.
Trade payables	52,559	47,495	10.7
Contract liabilities	50	-	n.a.
Current tax liabilities	362	703	-48.5
Other current liabilities and accruals	33,562	30,515	10.0
Provisions	3,380	2,473	36.7

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## 17. 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 2016	18,638	15,214	3,475	(1,285)	18,478	614,657	8,825	678,002	3,871	681,873
Profit for the period	-	-	-	-	-	8,885	-	8,885	1,185	10,070
Exchange differences arising on translation of foreign operations	-	-	-	-	(8,640)	(20)	-	(8,660)	(230)	(8,890)
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	17	-	-	17	-	17
Revaluation for available for sale investments	-	-	-	-	-	-	1,139	1,139	-	1,139
Actuarial loss on defined benefit plans	-	-	-	-	-	(82)	-	(82)	-	(82)
Comprehensive income at 31 December 2017	-	-	-	-	(8,623)	8,783	1,139	1,299	955	2,254
Net treasury shares transferred and purchased	-	-	-	870	-	-	-	870	-	870
Ordinary share dividend for 2016	-	-	-	-	-	(19,756)	-	(19,756)	-	(19,756)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(164)	(164)
Additional paid in capital to subsidiaries	-	-	-	-	-	-	-	-	30	30
Recognition of share-based payments	-	-	-	-	-	(1,088)	-	(1,088)	-	(1,088)
Balance at 31 December 2017	18,638	15,214	3,475	(415)	9,855	602,596	9,964	659,327	4,692	664,019

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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	<b>659,327</b>	4,692	<b>664,019</b>
Restatement due to IFRS9	-	-	-	-	-	451	-	<b>451</b>	-	<b>451</b>
Restatement due to IFRS15	-	-	-	-	-	649	-	<b>649</b>	-	<b>649</b>
Restated opening balance	18,638	15,214	3,475	(415)	9,855	603,696	9,964	<b>660,427</b>	4,692	<b>665,119</b>
Profit for the period	-	-	-	-	-	31,223	-	<b>31,223</b>	740	<b>31,963</b>
Exchange differences arising on translation of foreign operations	-	-	-	-	6,238	-	-	<b>6,238</b>	135	<b>6,373</b>
Revaluation for available for sale investments	-	-	-	-	-	-	(5,283)	<b>(5,283)</b>	-	<b>(5,283)</b>
Comprehensive income at 31 December 2018	-	-	-	-	6,238	31,223	(5,283)	<b>32,178</b>	875	<b>33,053</b>
Net treasury shares transferred and purchased	-	-	-	(1,771)	-	-	-	<b>(1,771)</b>	-	<b>(1,771)</b>
Ordinary share dividend for 2017	-	-	-	-	-	(12,673)	-	<b>(12,673)</b>	-	<b>(12,673)</b>
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(149)	<b>(149)</b>
Acquisition of non-controlling interest	-	-	-	-	-	(225)	-	<b>(225)</b>	(50)	<b>(275)</b>
Actuarial loss on defined benefit plans	-	-	-	-	-	(302)	-	<b>(302)</b>	-	<b>(302)</b>
Additional paid in capital to subsidiaries	-	-	-	-	-	-	-	-	35	<b>35</b>
Recognition of share-based payments	-	-	-	-	-	(139)	-	<b>(139)</b>	-	<b>(139)</b>
Balance at 31 December 2018	18,638	15,214	3,475	(2,186)	16,093	621,580	4,681	<b>677,495</b>	5,403	<b>682,898</b>

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## 18. Income Statement – HUF

	For the period ended 31 December		
	2018	2017	Change
	Unaudited HUFm	Unaudited HUFm	%
Total revenues	445,484	444,356	0.3
Cost of sales	(191,494)	(191,278)	0.1
Gross profit	253,990	253,078	0.4
Sales and marketing expenses	(115,477)	(114,882)	0.5
Administration and general expenses	(24,156)	(23,374)	3.3
Research and development expenses	(40,609)	(39,903)	1.8
Other income and other expenses (net)	(29,815)	(54,208)	-45.0
Profit from operations	43,933	20,711	112.1
Finance income	19,060	14,957	27.4
Finance cost	(22,462)	(23,295)	-3.6
Net financial (loss)/income	(3,402)	(8,338)	-59.2
Share of profit of associates and joint ventures	1,052	1,528	-31.2
Profit before income tax	41,583	13,901	199.1
Income and deferred tax	(5,577)	873	n.a.
Local business tax and innovation contribution	(4,043)	(4,704)	-14.1
Profit for the period	31,963	10,070	217.4
Profit attributable to:			
Owners of the parent	31,223	8,885	251.4
Non-controlling interest	740	1,185	-37.6
<b>Statement of comprehensive income</b>			
Profit for the period	31,963	10,070	217.4
Actuarial loss on retirement defined benefit plans	-	(82)	-100.0
Items that will not be reclassified to profit or loss	-	(82)	-100.0
Exchange differences arising on translation of foreign operations	6,373	(8,890)	n.a.
Exchange differences arising on translation of associates and joint ventures	-	17	-100.0
Revaluation for available for sale investments	(5,283)	1,139	n.a.
Items that may be subsequently reclassified to profit or loss	1,090	(7,734)	n.a.
Other comprehensive income	1,090	(7,816)	n.a.
Total comprehensive income	33,053	2,254	n.a.
Attributable to:			
Owners of the parent	32,178	1,299	n.a.
Non-controlling interest	875	955	-8.4
<b>Earnings per share (EPS)</b>			
	Ft	Ft	%
Basic	168	48	250.0
Diluted	168	48	250.0

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## 19. Income Statement – EUR

	For the period ended 31 December		
	2018 Unaudited EURm	2017 Audited EURm	Change %
Total revenues	1,398.2	1,436.8	-2.7
Cost of sales	(601.0)	(618.5)	-2.8
Gross profit	797.2	818.3	-2.6
Sales and marketing expenses	(362.4)	(371.4)	-2.4
Administration and general expenses	(75.8)	(75.6)	0.3
Research and development expenses	(127.5)	(129.0)	-1.2
Other income and other expenses (net)	(93.6)	(175.3)	-46.6
Profit from operations	137.9	67.0	105.8
Finance income	59.8	48.3	23.8
Finance cost	(70.5)	(75.3)	-6.4
Net financial (loss)/income	(10.7)	(27.0)	-60.4
Share of profit of associates and joint ventures	3.3	4.9	-32.7
Profit before income tax	130.5	44.9	190.6
Income and deferred tax	(17.5)	2.9	n.a.
Local business tax and innovation contribution	(12.7)	(15.2)	-16.4
Profit for the period	100.3	32.6	207.7
Profit attributable to:			
Owners of the parent	98.0	28.8	240.3
Non-controlling interest	2.3	3.8	-39.5
Average exchange rate (EUR/HUF)	318.61	309.28	3.0
<b>Statement of comprehensive income</b>			
Profit for the period	100.3	32.6	207.7
Actuarial loss on retirement defined benefit plans	-	(0.3)	-100.0
Items that will not be reclassified to profit or loss	-	(0.3)	-100.0
Exchange differences arising on translation of foreign operations	20.0	(28.8)	n.a.
Exchange differences arising on translation of associates and joint ventures	-	0.1	-100.0
Revaluation for available for sale investments	(16.6)	3.7	n.a.
Items that may be subsequently reclassified to profit or loss	3.4	(25.0)	n.a.
Other comprehensive income	3.4	(25.3)	n.a.
Total comprehensive income	103.7	7.3	n.a.
Attributable to:			
Owners of the parent	101.0	4.3	n.a.
Non-controlling interest	2.7	3.0	10.0
<b>Earnings per share (EPS)</b>	€	€	%
Basic	0.53	0.15	253.3
Diluted	0.53	0.15	253.3

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## 20. Income Statement

	October-December 3 months					
	2018	2017	Change	2018	2017	Change
	HUFm	HUFm	%	EURm	EURm	%
Total revenues	121,609	110,203	10.3	377.3	353.6	6.7
Cost of sales	(56,864)	(48,685)	16.8	(176.6)	(156.3)	13.0
Gross profit	64,745	61,518	5.2	200.7	197.3	1.7
Sales and marketing expenses	(27,448)	(27,685)	-0.9	(84.9)	(88.7)	-4.3
Administration and general expenses	(5,676)	(6,329)	-10.3	(17.5)	(20.4)	-14.2
Research and development expenses	(9,780)	(10,747)	-9.0	(30.3)	(34.5)	-12.2
Other income and other expenses (net)	(29,443)	(49,712)	-40.8	(92.5)	(160.7)	-42.4
Profit from operations	(7,602)	(32,955)	-76.9	(24.5)	(107.0)	-77.1
Finance income	2,278	3,395	-32.9	6.9	10.8	-36.1
Finance cost	(7,249)	(4,323)	67.7	(22.4)	(13.8)	62.3
Net financial loss	(4,971)	(928)	435.7	(15.5)	(3.0)	416.7
Share of profit/(loss) of associates and joint ventures	253	211	19.9	0.8	0.7	14.3
Profit before income tax	(12,320)	(33,672)	-63.4	(39.2)	(109.3)	-64.1
Income and deferred tax	(2,946)	(469)	528.1	(9.2)	(1.5)	513.3
Local business tax and innovation contribution	(782)	(1,347)	-41.9	(2.4)	(4.3)	-44.2
Profit for the period	(16,048)	(35,488)	-54.8	(50.8)	(115.1)	-55.9
Profit attributable to:						
Owners of the parent	(16,429)	(35,713)	-54.0	(52.0)	(115.8)	-55.1
Non-controlling interest	381	225	69.3	1.2	0.7	71.4
Average exchange rate (EUR/HUF)				315.91	308.32	2.5
<b>Earnings per share (EPS)</b>	<b>Ft</b>	<b>Ft</b>	<b>%</b>	<b>€</b>	<b>€</b>	<b>%</b>
Basic	(88)	(192)	-54.2	(0.28)	(0.62)	-54.8
Diluted	(88)	(192)	-54.2	(0.28)	(0.62)	-54.8

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

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## 21. Cash flow Statement

For the year ended  
 31 December

	<b>2018</b> <b>Unaudited</b> <b>HUFm</b>	<b>2017</b> <b>Audited</b> <b>HUFm</b>
<b>Operating activities</b>		
Profit before income tax	41,583	13,901
Depreciation and amortisation	34,945	34,747
Non cash items accounted through Total Comprehensive Income	2,625	(1,347)
Period end foreign exchange translation difference of borrowings	-	(65)
Net interest and dividend income	(1,759)	(1,248)
Changes in provision for defined benefit plans	68	(220)
(Increase)/ decrease on changes of property, plant and equipment and intangible assets	112	1,141
Impairment recognised on intangible assets	24,950	49,184
Expense recognised in respect of equity-settled share-based payments	1,743	3,640
Movements in working capital		
Decrease/(Increase) in trade and other receivables	(6,811)	(12,519)
Increase in inventories	(9,242)	(3,228)
Increase in trade payables and other current and non-current liabilities	16,348	7,631
Interest expense	(2)	(990)
Income tax paid	(6,054)	(6,880)
<b>Net cash flow from operating activities</b>	<b>98,506</b>	<b>83,747</b>
<b>Investing activities</b>		
Payments for property, plant and equipment	(38,833)	(30,328)
Payments for intangible assets	(18,576)	(9,601)
Proceeds from disposal of property, plant and equipment	736	957
Payments to acquire financial assets	(3,412)	(1,745)
Proceeds on sale or redemption on maturity of financial assets	17,498	733
Disbursement of loans net	(1,813)	(666)
Interest income	1,746	1,563
Dividend income	15	675
Net cash outflow on acquisition of subsidiaries	-	(8,045)
<b>Net cash flow to investing activities</b>	<b>(42,639)</b>	<b>(46,457)</b>
<b>Financing activities</b>		
Proceeds from (purchase of)/ disposal of treasury shares	(3,653)	(3,858)
Dividend paid	(12,673)	(19,756)
Repayment of borrowings (-)	-	(36,585)
Proceeds from borrowings (+)	-	3
<b>Net cash flow to financing activities</b>	<b>(16,326)</b>	<b>(60,196)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(39,541)</b>	<b>(22,906)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>76,041</b>	<b>96,053</b>
Effect of foreign exchange rate changes on the balances held in foreign currencies	(2,396)	2,894
<b>Cash and cash equivalents at end of period</b>	<b>113,186</b>	<b>76,041</b>

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 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, 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, 7 February 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 unaudited. Financial statements for the twelve months period ended 31 December 2017 are audited. The Company except for the adoption of IFRS 15 and 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 during 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
Guatemala	Azalia	desogestrel	Women's Healthcare, oral contraceptive
Hungary	Reagila®	cariprazine	Central nervous system, antipsychotic
Moldova	Epistat	fenspiride	Respiratory, anti-inflammatory
Italy	Reagila®	cariprazine	Central nervous system, antipsychotic
Vietnam	Beatil®	amlodipine+perindopril	Cardiovascular
Malaysia	Belara®	chlormadinone + ee	Women's Healthcare, oral contraceptive
United Arab Em.	Bemfola®	follitropin alfa	Women's Healthcare, fertility
Romania	Reagila®	cariprazine	Central nervous system, antipsychotic
Switzerland	Reagila®	cariprazine	Central nervous system, antipsychotic
Australia	Escapelle®	levonorgestrel	Women's Healthcare, emergency contraceptive
Dominican Rep.	Esmya®	ulipristal acetate	Women's Healthcare, uterine myoma
Montenegro	Lenzetto®*	estradiol	Women's Healthcare, HRT spray
Spain	Levosert®	levonorgestrel	Women's Healthcare, IUD

Note: \* Licensed-in product

## Appendix 2

### Women's healthcare products and active ingredients

Brand name	Active ingredients	Product type
<b>Oral contraceptives (OC)</b>		
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
<b>Emergency contraceptives (EC)</b>		
Postinor / Rigesoft / Levonelle-2 / Plan B	LVG (2x)	
Escapelle / Levonelle One-Step / Postinor-1 Plan B One-Step / Evitta	LVG (1x)	
<b>Other contraceptive devices (CD)</b>		
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:

<b>Brand name</b>	<b>Active ingredients</b>	<b>Product type</b>
<b>Menopausal care</b>		
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
<b>Pregnancy care and Obstetrics</b>		
Gravida*	vitamins	Pregnancy care
Oxytocin	oxytocine	Labour induction (injection)
Bromocriptin	bromocriptin mesilate	Prolactin inhibitor
<b>Fertility</b>		
Bemfola®	follitropin alfa	Fertility treatment
<b>Gynaecological infections</b>		
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, antiseptic
Gynoflor*	estriol+lactobacillus	Restoration of vaginal flora and atrophie vaginitis
<b>Other Gynaecological conditions</b>		
Esmya®	ulipristal acetate	Uterine myoma
Levosert®*	levonorgestrel	Menorrhagia
Norcolut	norethisterone	Premenstruation syndrome, mastodynia, dysfunctional uterine bleeding, endometriosis
<b>Bulk Products</b>		Oral contraception

Note: \* Licensed-in

Abbreviations used:

LVG: Levonorgestrel  
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