

I. Consolidated report

1. Executive summary

Sales in 2016 increased by 6.7% in HUF and by 6.1% in EUR terms when compared to 2015. The EURHUF average exchange rate weakened marginally by 0.6% during 2016 compared with the previous year. Profit from operations decreased by 16.0% in HUF terms (16.5% in EUR terms) as a result of higher sales and marketing expenses, lower milestone income when compared with the level reported in the base period, together with certain one-off expenses. Basic earnings per share totalled HUF 340 (EUR 1.09) per share, an increase of 16.8% (16.0% in EUR terms) compared to the base period being very much influenced by a significant gain in net financial result as described in detail in Chapter 4, on page 6.

2. Main financial indicators and exchange rates

	HUFm			EURm		
	2016	2015**	Change	2016	2015**	Change
	12 months to December			12 months to December		
			%			%
Total revenues	389,690	365,220	6.7	1,251.2	1,179.4	6.1
Gross profit	225,404	220,201	2.4	723.7	711.1	1.8
Gross margin %	57.8	60.4		57.8	60.4	
Profit from operations	56,010	66,682	-16.0	179.8	215.4	-16.5
Operating margin %	14.4	18.3		14.4	18.3	
Net financial income / (loss)	8,658	(8,307)	n.a.	27.8	(26.8)	n.a.
Profit before income tax	66,930	59,877	11.8	214.9	193.4	11.1
Profit attributable to owners of the parent	63,271	53,863	17.5	203.1	173.9	16.8
Profit margin attributable to owners of the parent %	16.2	14.7		16.2	14.7	
EBITDA	90,536	97,931	-7.6	290.6	316.3	-8.1
Basic EPS (HUF, EUR)	340	291	16.8	1.09	0.94	16.0
Average exchange rate (EURHUF)*				311.46	309.67	0.6

Notes: * Current and historical average exchange rates are shown on page 11.
 ** For detailed information please refer to Appendix 3 on page 36.

3. Sales by region

	HUFm				EURm			
	2016	2015	Change		2016	2015	Change	
	12 months to December				12 months to December			
			%				%	
Hungary	35,776	34,976	800	2.3	114.9	112.9	2.0	1.8
EU *	166,167	149,596	16,571	11.1	533.5	483.1	50.4	10.4
Poland	22,220	21,577	643	3.0	71.3	69.7	1.6	2.3
Romania	61,114	51,096	10,018	19.6	196.2	165.0	31.2	18.9
EU 10	23,825	24,150	-325	-1.3	76.5	78.0	-1.5	-1.9
EU 15	59,008	52,773	6,235	11.8	189.5	170.4	19.1	11.2
CIS	121,736	122,058	-322	-0.3	390.9	394.2	-3.3	-0.8
Russia	80,243	79,786	457	0.6	257.6	257.7	-0.1	0.0
Ukraine	9,269	8,293	976	11.8	29.8	26.8	3.0	11.2
Other CIS	32,224	33,979	-1,755	-5.2	103.5	109.7	-6.2	-5.7
USA	18,813	18,103	710	3.9	60.4	58.5	1.9	3.2
China	21,616	16,849	4,767	28.3	69.4	54.4	15.0	27.6
Latin America	9,187	9,057	130	1.4	29.5	29.2	0.3	1.0
RoW	16,395	14,581	1,814	12.4	52.6	47.1	5.5	11.7
Total	389,690	365,220	24,470	6.7	1,251.2	1,179.4	71.8	6.1

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

4. Sales report

Sales amounted to HUF 389,690 million (EUR 1,251.2 million) in 2016, representing a HUF 24,470 million (6.7%) increase. In EUR terms consolidated sales were EUR 71.8 million (6.1%) higher when compared with 2015. A positive performance was recorded in most markets of the Group.

In **Hungary** sales totalled HUF 35,776 million (EUR 114.9 million) in 2016, a HUF 800 million (EUR 2.0 million) increase compared to the levels reported in 2015.

International sales amounted to EUR 1,136.3 million in 2016, EUR 69.8 million or 6.5% above the levels recorded in the previous year. Higher sales performances were achieved in most of the regions of the Group. Sales to the CIS region altogether totalled EUR 390.9 million (US\$ 432.9 million), EUR 3.3 million (0.8%) or US\$ 4.3 million (1.0%) lower when compared to 2015. By the end of 2016 a 12.8% year-on-year devaluation in the average exchange rate of the Rouble against the Euro had occurred in Russia, which was almost entirely offset by an increase in Rouble denominated turnover. In the twelve months to December 2016 the Group reported nearly flat sales (EUR 0.1 million decrease) in Russia when compared to 2015. Sales levels reported in RUB terms increased by RUB 2,175.2 million to RUB 19,151.0 million due to certain price increases implemented in February 2016, higher sales volumes and an improving product mix. Following a two year period of severe decline, Ukrainian sales for 2016 reported an increase of, US\$ 3.3 million (EUR 3.0 million), although from a very low base. An EUR 6.2 million (US\$ 7.1 million) decline characterised turnover in Other CIS republics as a result of currency devaluations and weak market performance recorded in a number of CIS republics. Turnover of the Wholesale and Retail business segment in the CIS region increased by EUR 0.9 million (US\$ 1.0 million) in 2016. The higher turnover of EUR 533.5 million, representing growth of EUR 50.4 million or 10.4%, realised in the EU region resulted primarily from increasing sales levels achieved by the Wholesale and Retail business in Romania. Additionally, sales growth reported in the EU15 region, in Romania and in Poland for the core segment also contributed to higher turnover achieved. The latter two altogether more than offset lower turnover experienced in the EU10 region. The Wholesale and Retail business segment in Romania recorded an increase of RON 155.3 million (EUR 32.6 million) when compared to 2015. Sales recorded in the USA increased by US\$ 2.1 million (by EUR 1.9 million) to US\$ 66.9 million (EUR 60.4 million) when compared to the previous year. Royalty income of US\$ 17.3 million (EUR 15.6 million) related to the full year 2016 sales performance of cariprazine (**Vraylar™**) contributed materially to the sales levels achieved in the USA. Turnover reported in China amounted to EUR 69.4 million in 2016. Sales in Latin American countries at US\$ 32.7 million in the reported year, were marginally US\$ 0.2 million higher when compared to 2015. Sales reported in the Rest of the World region reached EUR 52.6 million in 2016, EUR 5.5 million higher than in the previous year.

5. Costs, expenses, profits

Cost of sales amounted to HUF 164,286 million (EUR 527.5 million) in 2016, an increase of HUF 19,267 million (EUR 59.2 million) when compared to 2015. Amortization of the acquired intangible asset **Esmya** amounted to HUF 2,887 million while amortization of another intangible asset **Bemfola** was HUF 1,010 million in the twelve months to December 2016 period.

Gross margin in 2016 at 57.8% declined from the 60.4% level reported for the previous year. The year-on-year declining Rouble exchange rate against both the Euro and HUF and lower sales levels recorded in Other CIS region, together with the amortization of intangible assets **Esmya** and **Bemfola** impacted negatively on the gross margin. Furthermore, the share of turnover of the lower margin wholesale and retail segment in Romania increased and it also negatively impacted gross margin during the reported period. All the above were only partly offset by royalty income received

from Allergan in respect of **Vraylar™** sales and the increasing turnover recorded in higher than average margin geographies of the Group, namely EU15 and China.

Sales and marketing expenses amounted to HUF 107,213 million (EUR 344.2 million) in 2016, an increase of 9.1% in HUF terms (8.4% in EUR terms) when compared with 2015. Higher marketing costs incurred on the EU15, on the Chinese and on the Latin American markets and the inclusion of Finox into the consolidation, which further increased such costs were only partly offset by a decrease of such expenses in Russia, in Ukraine and in Other CIS region (notably sales force reductions in the latter two countries) together with a further devaluation of the Rouble and some of the currencies of Other CIS region countries on a year-on-year basis. The proportion of S&M expenses to sales was 27.5% in the reported period. Amortisation of the marketing and intellectual property rights of the OC portfolio acquired from Grünenthal in the amount of HUF 4,427 million represented 1.1% of sales achieved in the reported period. After adjustment for this amortization, S&M expenses represented 26.4% of turnover. The relevant base period figure was adjusted in accordance with the practice established in the 2015 Annual Report in order to harmonise the reporting of our Latin American subsidiaries with other trading subsidiaries of the Group. Consequently the Administrative and General expenses of these subsidiaries are presented as sales and marketing expenses.

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 253 million (EUR 0.8 million) in 2016. In accordance with the regulations we expect to offset the tax payable in 2016 on this ground by 90% of the tax liability of the same kind incurred during 2015.

Administrative and general expenses totalled HUF 20,159 million (EUR 64.7 million) in 2016, representing a 6.2% increase in HUF terms (5.5% in EUR terms) when compared with the level recorded in the previous year. These expenses grew due to higher legal assistance and other advisory fees.

Research and development expenses represented 9.0% of sales and after an increase of 0.7% in HUF terms and 0.3% in EUR terms they amounted to HUF 35,081 million or EUR 112.7 million during the reported year. Lower than expected expenses were primarily due to the delay of some of the clinical trials. These expenses include the ongoing clinical trials being carried out in the field of biotechnology together with those managed in co-operation with Allergan (earlier Forest / Actavis). R&D expenses of the Group also include such costs at the operations of GR Polska and GR Romania.

Other income and other expenses (net) increased to an expense of HUF 6,941 million (EUR 22.3 million) in 2016 when compared to an expense of HUF 1,398 million (EUR 4.5 million) recorded in the previous year. This base period figure included an outstanding amount of milestones received from our partners, mainly related to the USA marketing authorization of cariprazine granted by FDA. Similarly Richter accounted in the third quarter 2016 for a one-off income paid by Recordati as an upfront payment, amounting to HUF 3,112 million (EUR 10 million) as stipulated in the concluded agreement relating to future European sales and marketing of cariprazine.

In addition, further one-off income and expense items also impacted results in the reported period. A one-off income amounting to HUF 3,453 million (EUR 11.1 million) was recorded in connection with the 100% acquisition of the joint venture Gedeon Richter Rxmidas JV Co. Ltd. engaged in the trading of OTC products on the Chinese market. Having applied the accounting standards for business combinations as established by IFRS 3 the 50% stake held prior to the transaction was reassessed at fair value at the time of the acquisition (22 January 2016) including the gains proceeding thereof in the Income Statement.

The product withdrawal of **Lisvy**[®] (for details please refer to chapter 2.4.3.2 Innovative contraception – **Lisvy**[®] on page 27) resulted in a write-off amounting to HUF 2,409 million (EUR 7.7 million) accounted for in respect of intangible assets. An additional HUF 849 million (EUR 2.7 million) impairment loss was accounted for in the third quarter 2016 in respect of inventories, an amount which Richter expects to receive as compensation as notified by Bayer. Further compensation claims remain under negotiation between the Parties.

In the twelve months to December 2016 an expense of HUF 369 million (EUR 1.2 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 we expect to offset the tax payable in 2016 on this ground by 90% of the tax liability of the same kind incurred during 2015.

During the reported period other income and expenses include liabilities amounting to HUF 5,372 million (EUR 17.4 million) in respect of the claw-back regimes effective in Romania, Germany, France, Spain, Portugal, Belgium, Italy, Bulgaria and Latvia.

An impairment loss amounting to HUF 1,679 million (EUR 5.4 million) was recorded in respect of the Goodwill accounted for at the acquisition of Mediplus.

Taking into account that Richter withdrew its application for the marketing authorization in respect of PEG-GCSF an impairment loss totalling HUF 660 million (EUR 2.1 million) was also recorded in respect of these inventories

Profit from operations decreased by 16.0% in HUF terms (16.5% in EUR terms) and amounted to HUF 56,010 million (EUR 179.8 million) in 2016. The decrease resulted primarily from the year-on-year 12.8% EURRUB devaluation and the inclusion of amortization costs of **Bemfola**, higher sales and marketing expenses, write-offs accounted for in respect of **Lisvy**[®] product withdrawal and an impairment loss accounted for in respect of Mediplus goodwill and costs related to Finox integration. The above were only partly offset by royalty income received from Allergan in respect of **Vraylar**[™] sales and a one-off reassessment-related income accounted for among Other expenses together with milestone income received from Recordati and a slowdown in the increase of R&D expenses. The consolidated operating margin decreased to 14.4% during the reported period from the 18.3% reported in 2015.

Net financial result for the Group is analysed in detail in the following table:

	HUFm			EURm		
	2016	2015	Change	2016	2015	Change
	12 months to December			12 months to December		
Unrealised financial items	3,761	(6,568)	10,329	12.1	(21.2)	33.3
Exchange gain/(loss) on trade receivables and trade payables	3,693	(5,984)	9,677	11.9	(19.3)	31.2
(Loss)/gain on foreign currency loans receivable	(148)	1,360	-1,508	(0.5)	4.4	-4.9
Period end foreign exchange translation difference of borrowings	245	243	2	0.8	0.8	0.0
Exchange gain/(loss) on other currency related items	923	(1,625)	2,548	3.0	(5.3)	8.3
Unwinding of discounted value related to contingent-deferred purchase price liabilities	(948)	(573)	-375	(3.0)	(1.9)	-1.1
Result of unrealised forward exchange contracts	(4)	11	-15	(0.1)	0.1	-0.2
Realised financial items	4,897	(1,739)	6,636	15.7	(5.6)	21.3
Gain on forward exchange contracts	-	621	-621	-	2.0	-2.0
Exchange gain/(loss) realised on trade receivables and trade payables	2,672	(2,867)	5,539	8.6	(9.3)	17.9
Foreign exchange difference on conversion of cash	219	(1,062)	1,281	0.7	(3.4)	4.1
Dividend income	1,619	1	1,618	5.2	0.0	5.2
Interest income	2,052	2,641	-589	6.6	8.5	-1.9
Interest expense	(827)	(1,160)	333	(2.7)	(3.7)	1.0
Other financial items	(838)	87	-925	(2.7)	0.3	-3.0
Net financial income/(loss)	8,658	(8,307)	16,965	27.8	(26.8)	54.6

The net financial gain in 2016 totalled HUF 8,658 million (EUR 27.8 million), reflecting an increase of HUF 16,965 million (EUR 54.6 million) when compared to a net financial loss of HUF 8,307 million (EUR 26.8 million) recorded in the base period.

At the end of each reporting period foreign currency related assets and liabilities are routinely reassessed with the change in value being reflected as unrealised financial items. The total impact of such reassessments amounted to a HUF 4,713 million (EUR 15.2 million) gain at 31 December 2016, HUF 10,719 million (EUR 34.6 million) higher when compared with the HUF 6,006 million (EUR 19.4 million) loss reported in the same period of 2015.

A substantial loss accounted for in the base period resulted from exchange translation differences incurred on trade receivables subsequently to the devaluations of Rouble and Kazakh Tenge. Contrary to the above, significant exchange gains have been realised on trade receivables during 2016 as a result of the strengthening (by 23.2%) of the RUBHUF period close year-on-year exchange rate.

The net financial gain reported on the realised financial items in 2016, reflected the impact of exchange gains realised on trade receivables and trade payables amounting to HUF 2,672 million (EUR 8.6 million). This gain incurred primarily as a consequence of the RUBHUF exchange rate which improved in the second part of the reported period when compared to the beginning of 2016. The impact of other key currency exchange rate movements was insignificant. Dividend income contributed HUF 1,619 million (EUR 5.2 million) while net interest income of HUF 1,225 million (EUR 3.9 million) added to the results achieved.

Share of profit of associates and joint ventures amounted to HUF 2,262 million (EUR 7.3 million) in 2016.

Profit before income tax amounted to HUF 66,930 million (EUR 214.9 million) in 2016, an increase of HUF 7,053 million (EUR 21.5 million) compared with 2015.

By virtue of Hungarian Tax Regulations, the base of the **corporate tax** applied at the Parent Company of the Group (incorporated in Hungary) can be reduced by the amount of direct costs incurred on R&D activities and 50% of royalties received. In addition, the Parent Company is also entitled to a tax allowance in respect of the capital expenditure programme carried out at the Debrecen biosimilar manufacturing site. Other members of the Group are subject to customary tax regulations effective in their respective countries of incorporation. During 2016 the Group accounted for HUF 1,699 million (EUR 5.5 million) in respect of income tax and HUF 3,205 million (EUR 10.3 million) deferred tax asset resulting in a combined tax asset of HUF 1,506 million (EUR 4.8 million). An additional amount of HUF 4,203 million (EUR 13.5 million) was accounted for in respect of local business tax and innovation fee.

On 12 December 2016 the Hungarian Parliament enacted a decrease of corporate income tax rate from the previous 19% to 9% with effect from 1 January 2017 which consequently reduced significantly the deferred tax amounts which had already been included in our books in respect of the intangible asset Esmya.

Profit for the period was HUF 64,233 million (EUR 206.2 million), HUF 10,370 million (EUR 32.3 million) higher than the profit for the period realised in 2015.

Profit attributable to owners of the parent increased by HUF 9,408 million (EUR 29.2 million) during the reported period to HUF 63,271 million (EUR 203.1 million). It increased to 16.2% of sales compared with the 14.7% reported in the previous year.

6. Earnings per share

Basic earnings per share totalled HUF 340 per share (EUR 1.09 per share) in the reported period, an increase of 16.8% (16.0% in EUR terms), when compared to HUF 291 per share (EUR 0.94 per share) recorded in 2015.

Diluted earnings per share totalled HUF 340 per share (EUR 1.09 per share) in the reported period, an increase of 16.8% (16.0% in EUR terms), when compared to HUF 291 per share (EUR 0.94 per share) recorded in the base period.

The weighted average number of shares in issue used for the EPS calculation on December 31 2016 was 185,848,216 while at the end of the base period it was 185,286,189.

7. Balance sheet

Total assets and total shareholders' equity and liabilities of the Group amounted to HUF 810,067 million on 31 December 2016, HUF 63,075 million, or 8.4% higher than that reported at 31 December 2015.

Non-current assets amounted to HUF 502,420 million on 31 December 2016, 14.5% higher than the levels reported for 31 December 2015. The level of Other intangible assets increased primarily as a result of the acquisition of property rights for Bemfola® partly offset by impairment losses accounted for in respect of the product withdrawal of Lisvy® together with the amortization and the foreign exchange difference at period-end related to the Esmya intangible asset. Property, plant and equipment increased due to the inauguration of the new bottle filling and lyophilisation unit while the change in the methodology of the consolidation referred to in Appendix 3 on page 36 applied to the figures of the previous years also had a positive impact. The amount of Goodwill accounted for increased as a result of the reassessment made in respect of the Chinese acquisition together with the revaluation of the Goodwill accounted for in respect of the acquisitions realised in preceding years and the impairment loss incurred with regard to goodwill of Mediplus. The level of Other financial assets increased as a result of a change in the fair value of Richter's investment in the Russian wholesaler and retail Group, Protek.

Current assets amounted to HUF 307,647 million and remained virtually flat (decreased by HUF 380 million or 0.1%) when compared to the level reported on 31 December 2015. A decrease in the amount of Cash and cash equivalents resulted from the acquisition of Finox Holding and a loan repayment to EIB which amounted to EUR 21 million. Current assets on the contrary increased mainly related to the acquisition of Finox Group which resulted in higher levels of Inventories and Trade receivables. The latter figure also includes an exchange rate impact of Russian trade receivables.

Capital and reserves of the Group increased by 9.9% and amounted to HUF 679,621 million when compared to the balance as at 31 December 2015. Retained earnings increased by HUF 50,803 million and amounted to HUF 612,133 million.

Non-current liabilities of the Group on 31 December 2016 at HUF 43,763 million were HUF 13,109 million lower than the levels as at the end of the previous year. The decline is a result of reclassification as current liabilities, i.e. with payments due within a year of an EUR 25 million loan together with deferred purchase price payments related to our acquisitions in China and in Mexico. The above decrease was partly offset by the advance amount of subvention granted by the Ministry for National Economy to support innovative pharmaceutical research and development activity.

Current liabilities of the Group at HUF 86,683 million on 31 December 2016 were HUF 14,952 million higher than their level reported on 31 December 2015. The increase was a result of higher levels of Other current liabilities and accruals together with increased Trade payables.

8. Capital expenditure

Capital expenditure for the Group including payments for intangible assets totalled HUF 36,096 million in 2016 when compared to HUF 33,302 million reported for 2015.

9. Corporate matters

9.1 Information regarding Richter shares

9.1.1 The number of shares in issue at 31 December 2016 was unchanged compared to 30 September 2016, i.e. 186,374,860 shares.

9.1.2 The number of shares held by the Parent company in Treasury increased during the fourth quarter of 2016.

	Ordinary shares				
	31 December 2016	30 September 2016	30 June 2016	31 March 2016	31 December 2015
Number	181,350	90,988	87,588	108,353	101,371
Book value (HUF '000)	1,068,477	492,763	473,358	587,217	549,820

On 31 December 2016 the Group's subsidiaries held a total of 60,284 ordinary Richter shares compared to a holding of 660,284 reported as of 30 September 2016.

On 15 November 2016 the Company purchased 600,000 common shares from its affiliated company Gedeon Richter Investment Management Limited.

The Company purchased 227,775 treasury shares on the OTC market during the fourth quarter 2016.

In accordance with a repurchase obligation related to employee share bonuses, the Company repurchased 3,402 shares from employees who resigned from the Parent company during the fourth quarter 2016.

Based on a decision of the Board of Directors of Gedeon Richter Plc., 455,356 shares held by the Company in Treasury were granted as bonuses during the fourth quarter of 2016 to qualified employees participating in the bonus share programme as well as to members of staff rendering outstanding performance.

In line with a programme related to employee share bonuses, on 16 December 2016 the Company granted a total of 285,459 shares in respect of 4,342 of its employees for 2016. The above shares in the value of HUF 1,737 million will be deposited at the employees' individual securities accounts at UniCredit Bank Hungary Zrt. until 2 January 2019.

On 2 January 2017, following the expiry of the lock-up period the Company was able to remove all restrictions on 478,725 Richter ordinary shares granted to its employees on 22 December 2014 during the third year of a three-year programme approved by National Tax and Customs Authority (NAV) in respect of years 2012-2014, thereby enabling these shares to be traded.

The total number of Company shares at Group level held in Treasury at 31 December 2016 was 241,634.

9.2 Share ownership structure

The shareholder structure at 31 December 2016 is presented in detail in the following table:

Ownership	Ordinary shares Number	Voting rights %	Share capital %
Domestic ownership	59,832,738	32.15	32.11
State ownership total	47,051,817	25.28	25.25
out of which MNV Zrt.	47,051,668	25.28	25.25
out of which Municipality	149	0.00	0.00
Institutional investors	6,070,053	3.26	3.26
Retail investors	6,710,868	3.61	3.60
International ownership	126,289,476	67.84	67.75
Institutional investors	124,591,828	66.93	66.84
out of which Aberdeen Asset Mgmt. Plc.	18,243,530	9.80	9.79
out of which Harding Loevner LP	9,367,925	5.03	5.03
Retail investors	1,697,648	0.91	0.91
Treasury shares*	241,634	0.00	0.13
Undisclosed ownership	11,012	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.

9.3 Extraordinary announcements

9.3.1 On 14 November 2016 Richter announced that it received a positive opinion from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) recommending that marketing authorization be granted for its biosimilar teriparatide, Terrosa.

On 4 January 2017, following the recommended positive opinion from the Committee for Medicinal Products for Human Use (CHMP), the European Commission (EC) granted approval for Richter's biosimilar teriparatide, [Terrosa](#).

9.3.2 On 5 December 2016, Richter informed its shareholders that Mr William de Gelsey, with effect from 1 January 2017 resigned from his position as Chairman of the Board of Gedeon Richter Plc., whilst leaving unaffected his status as a member of the Board.

The Board of Directors on a meeting held on 5 December 2016 elected its member, Mr Erik Bogsch, Chief Executive Officer, as the Chairman of the Board of Directors, with effect from 1 January 2017.

9.3.3 On 6 December 2016 Richter notified its shareholders that with effect from 1 January 2017, Mr Gábor Orbán, the Company's Director of Corporate Strategy was appointed by the Board of Directors as the Chief Operating Officer.

- 9.3.4** On 19 December 2016 Richter announced that it had withdrawn its Marketing Authorization Application (MAA) from the European Medicines Agency (EMA) for its biosimilar pegfilgrastim.
- 9.3.5** On 17 January 2017 Richter and Allergan announced positive results from Venus II, the second of two pivotal phase III clinical trials evaluating the efficacy and safety of ulipristal acetate in women with abnormal bleeding due to uterine fibroids.
- 9.3.6** On 19 January 2017 Richter announced that it had entered into a distribution and supply agreement with Allergan to commercialize its levonorgestrel releasing Intrauterine System (IUS) in Western Europe and in other European countries under the trademark of Levosert®.

10. Historical exchange rates

10.1 At period end

	31.12.2016	30.09.2016	30.06.2016	31.03.2016	31.12.2015
EURHUF	311.02	309.15	316.16	314.16	313.12
US\$HUF	293.69	276.35	284.29	276.62	286.63
RUBHUF	4.78	4.36	4.43	4.09	3.88
EURRUB	65.07	70.91	71.37	76.81	80.70
EURUS\$	1.06	1.12	1.11	1.14	1.09

10.2 Average

	2016 M12	2016 M9	2016 H1	2016 Q1	2015 M12
EURHUF	311.46	312.23	312.67	311.98	309.67
US\$HUF	281.24	279.64	279.95	283.12	279.16
RUBHUF	4.19	4.09	4.00	3.77	4.70
EURRUB	74.33	76.34	78.17	82.75	65.89
EURUS\$	1.11	1.12	1.12	1.10	1.11

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 Reporting period: January-December 2016

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Balance Sheet

	31 December 2016 Unaudited HUFm	31 December 2015 Restated* HUFm	Change %
ASSETS	810,067	746,992	8.4
Non-current assets	502,420	438,965	14.5
Property, plant and equipment	191,038	177,950	7.4
Goodwill	68,632	64,888	5.8
Other intangible assets	192,273	150,827	27.5
Investments in associates and joint ventures	8,592	7,140	20.3
Other financial assets	31,165	26,414	18.0
Deferred tax assets	5,631	8,063	-30.2
Loans receivable	5,089	3,683	38.2
Current assets	307,647	308,027	-0.1
Inventories	81,559	64,680	26.1
Trade receivables	115,476	92,539	24.8
Other current assets	14,155	13,927	1.6
Investments in securities	20	3,970	-99.5
Current tax assets	570	537	6.1
Cash and cash equivalents	95,867	132,374	-27.6
EQUITY AND LIABILITIES	810,067	746,992	8.4
Capital and reserves	679,621	618,389	9.9
Share capital	18,638	18,638	0.0
Treasury shares	(1,285)	(3,206)	-59.9
Share premium	15,214	15,214	0.0
Capital reserves	3,475	3,475	0.0
Foreign currency translation reserves	18,471	16,478	12.1
Revaluation reserve for available for sale investments	8,959	3,323	169.6
Retained earnings	612,133	561,330	9.1
Non-controlling interest	4,016	3,137	28.0
Non-current liabilities	43,763	56,872	-23.1
Borrowings	28,874	37,188	-22.4
Deferred tax liability	7,906	8,939	-11.6
Other non-current liabilities and accruals	3,516	7,817	-55.0
Provisions	3,467	2,928	18.4
Current liabilities	86,683	71,731	20.8
Borrowings	7,776	6,523	19.2
Trade payables	44,360	38,209	16.1
Current tax liabilities	647	458	41.3
Other current liabilities and accruals	32,677	24,634	32.6
Provisions	1,223	1,907	-35.9

Note: * For detailed information please refer to Appendix 3 on page 36.

Prepared in accordance with IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
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 Sector: Pharmaceutical
 Reporting period: January-December 2016

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 Investor relations manager: Katalin Ördög

Consolidated statement of changes in equity

HUFm	Share capital	Share premium	Capital reserves	Treasury shares	Foreign currency translation reserves	Retained earnings	Revaluation reserve for available for sale investments	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2015 Restated*	18,638	15,214	3,475	(3,206)	16,478	561,330	3,323	615,252	3,137	618,389
Exchange differences arising on translation of foreign operations and revaluation of net investments	-	-	-	-	-	63,271	-	63,271	962	64,233
Exchange differences arising on translation of associates and joint ventures	-	-	-	-	2,040	(585)	-	1,455	37	1,492
Revaluation for available for sale investments	-	-	-	-	(47)	-	-	(47)	-	(47)
Actuarial gain on retirement defined benefit plans	-	-	-	-	-	60	-	60	-	60
Comprehensive income at 31 December 2016	-	-	-	-	1,993	62,746	5,636	70,375	999	71,374
Net treasury shares transferred and purchased	-	-	-	1,921	-	-	-	1,921	-	1,921
Ordinary share dividend for 2015	-	-	-	-	-	(13,419)	-	(13,419)	-	(13,419)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(139)	(139)
Additional paid in capital to subsidiaries	-	-	-	-	-	-	-	-	19	19
Recognition of share-based payments	-	-	-	-	-	1,476	-	1,476	-	1,476
Balance at 31 December 2016	18,638	15,214	3,475	(1,285)	18,471	612,133	8,959	675,605	4,016	679,621

Note: * For detailed information please refer to Appendix 3 on page 36.

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Income Statement

	For the year ended 31 December		
	2016 Unaudited HUFm	2015 Restated* HUFm	Change %
Total revenues	389,690	365,220	6.7
Cost of sales	(164,286)	(145,019)	13.3
Gross profit	225,404	220,201	2.4
Sales and marketing expenses	(107,213)	(98,310)	9.1
Administration and general expenses	(20,159)	(18,989)	6.2
Research and development expenses	(35,081)	(34,822)	0.7
Other income and other expenses (net)	(6,941)	(1,398)	396.5
Profit from operations	56,010	66,682	-16.0
Finance income	23,943	24,230	-1.2
Finance cost	(15,285)	(32,537)	-53.0
Net financial income/(loss)	8,658	(8,307)	n.a.
Share of profit of associates and joint ventures	2,262	1,502	50.6
Profit before income tax	66,930	59,877	11.8
Income and deferred tax	1,506	(2,164)	n.a.
Local business tax and innovation contribution	(4,203)	(3,850)	9.2
Profit for the period	64,233	53,863	19.3
Profit attributable to:			
Owners of the parent	63,271	53,863	17.5
Non-controlling interest	962	0	n.a.
Statement of comprehensive income			
Profit for the period	64,233	53,863	19.3
Actuarial gain/(loss) on retirement defined benefit plans	60	(22)	n.a.
Items that will not be reclassified to profit or loss	60	(22)	n.a.
Exchange differences arising on translation of foreign operations and revaluation of net investments	1,492	7,179	-79.2
Exchange differences arising on translation of associates and joint ventures	(47)	51	n.a.
Revaluation for available for sale investments	5,636	1,447	289.5
Items that may be subsequently reclassified to profit or loss	7,081	8,677	-18.4
Other comprehensive income	7,141	8,655	-17.5
Total comprehensive income	71,374	62,518	14.2
Attributable to:			
Owners of the parent	70,375	62,404	12.8
Non-controlling interest	999	114	776.3
Earnings per share (EPS)			
	HUF	HUF	%
Basic	340	291	16.8
Diluted	340	291	16.8

Note: * For detailed information please refer to Appendix 3 on page 36.

Prepared in accordance with IAS 34 Interim Financial Reporting.

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Income Statement

	For the year ended 31 December		
	2016 Unaudited EURm	2015 Restated* EURm	Change %
Total revenues	1,251.2	1,179.4	6.1
Cost of sales	(527.5)	(468.3)	12.6
Gross profit	723.7	711.1	1.8
Sales and marketing expenses	(344.2)	(317.5)	8.4
Administration and general expenses	(64.7)	(61.3)	5.5
Research and development expenses	(112.7)	(112.4)	0.3
Other income and other expenses (net)	(22.3)	(4.5)	395.6
Profit from operations	179.8	215.4	-16.5
Finance income	76.9	78.3	-1.8
Finance cost	(49.1)	(105.1)	-53.3
Net financial income/(loss)	27.8	(26.8)	n.a.
Share of profit of associates and joint ventures	7.3	4.8	52.1
Profit before income tax	214.9	193.4	11.1
Income and deferred tax	4.8	(7.1)	n.a.
Local business tax and innovation contribution	(13.5)	(12.4)	8.9
Profit for the period	206.2	173.9	18.6
Profit attributable to:			
Owners of the parent	203.1	173.9	16.8
Non-controlling interest	3.1	0.0	n.a.
Average exchange rate (EURHUF)	311.46	309.67	0.6
Statement of comprehensive income			
Profit for the period	206.2	173.9	18.6
Actuarial gain/(loss) on retirement defined benefit plans	0.2	(0.1)	n.a.
Items that will not be reclassified to profit or loss	0.2	(0.1)	n.a.
Exchange differences arising on translation of foreign operations and revaluation of net investments	4.8	23.2	-79.3
Exchange differences arising on translation of associates and joint ventures	(0.1)	0.2	n.a.
Revaluation for available for sale investments	18.1	4.7	285.1
Items that may be subsequently reclassified to profit or loss	22.8	28.1	-18.9
Other comprehensive income	23.0	28.0	-17.9
Total comprehensive income	229.2	201.9	13.5
Attributable to:			
Owners of the parent	226.0	201.5	12.2
Non-controlling interest	3.2	0.4	700.0
Earnings per share (EPS)			
	EUR	EUR	%
Basic	1.09	0.94	16.0
Diluted	1.09	0.94	16.0

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Income Statement

	October-December 3 months					
	2016	2015	Change	2016	2015	Change
	Restated*			Restated*		
	HUFm	HUFm	%	EURm	EURm	%
Total revenues	105,669	88,668	19.2	341.6	283.9	20.3
Cost of sales	(48,317)	(38,068)	26.9	(156.1)	(122.0)	28.0
Gross profit	57,352	50,600	13.3	185.5	161.9	14.6
Sales and marketing expenses	(26,908)	(22,631)	18.9	(87.0)	(72.4)	20.2
Administration and general expenses	(6,201)	(5,184)	19.6	(20.0)	(16.6)	20.5
Research and development expenses	(8,535)	(5,855)	45.8	(27.7)	(18.6)	48.9
Other income and other expenses (net)	(5,072)	(2,627)	93.1	(16.3)	(8.5)	91.8
Profit from operations	10,636	14,303	-25.6	34.5	45.8	-24.7
Finance income	8,044	3,735	115.4	26.0	11.9	118.5
Finance cost	(2,175)	(7,003)	-68.9	(7.1)	(22.4)	-68.3
Net financial income/(loss)	5,869	(3,268)	n.a.	18.9	(10.5)	n.a.
Share of profit of associates and joint ventures	1,409	228	518.0	4.5	0.7	542.9
Profit before income tax	17,914	11,263	59.1	57.9	36.0	60.8
Income and deferred tax	3,476	(562)	n.a.	11.1	(1.9)	n.a.
Local business tax and innovation contribution	(1,381)	(968)	42.7	(4.4)	(3.1)	41.9
Profit for the period	20,009	9,733	105.6	64.6	31.0	108.4
Profit attributable to:						
Owners of the parent	19,347	9,509	103.5	62.4	30.3	105.9
Non-controlling interest	662	224	195.5	2.2	0.7	214.3
Average exchange rate (EURHUF)				309.74	313.97	-1.3
Earnings per share (EPS)	HUF	HUF	%	EUR	EUR	%
Basic	103	51	102.0	0.33	0.16	106.3
Diluted	103	51	102.0	0.33	0.16	106.3

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Cash flow Statement

For the year ended 31 December

	2016 Unaudited HUFm	2015 Restated* HUFm
Operating activities		
Profit attributable to owners of the parent	63,271	53,863
Depreciation and amortisation	32,907	31,248
Non cash items accounted through Total Comprehensive Income	(2,003)	(1,850)
Period end foreign exchange translation difference of borrowings	(245)	(243)
Net interest and dividend income	(2,844)	(1,482)
Income tax recognised through Income Statement	2,697	6,014
Changes in provision for defined benefit plans	(56)	158
Increase on changes of property, plant and equipment and intangible assets	(971)	(830)
Impairment recognised on intangible assets	5,293	3,484
Expense recognised in respect of equity-settled share-based payments	2,885	4,260
Movements in working capital		
(Increase)/decrease in trade and other receivables	(16,686)	2,773
Increase in inventories	(11,759)	(2,770)
Increase in trade payables and other current and non-current liabilities	13,959	7,160
Interest expense	(827)	(1,160)
Income tax paid	(6,072)	(5,578)
Net cash flow from operating activities	79,549	95,047
Investing activities		
Payments for property, plant and equipment	(30,327)	(27,708)
Payments for intangible assets	(5,769)	(5,594)
Proceeds from disposal of property, plant and equipment	404	1,332
Payments to acquire financial assets	(88)	(2,043)
Proceeds on sale or redemption on maturity of financial assets	3,950	18,429
Disbursement of loans	(719)	(836)
Interest income	2,052	2,641
Dividend income	1,619	1
Net cash outflow on acquisition of subsidiaries	(63,823)	(25,322)
Net cash flow to investing activities	(92,701)	(39,100)
Financing activities		
Purchase of treasury shares	(964)	(2,542)
Dividend paid	(13,414)	(6,155)
Repayment of borrowings (-)	(6,813)	(14,628)
Proceeds from borrowings (+)	-	2
Net cash flow to financing activities	(21,191)	(23,323)
Net (decrease)/increase in cash and cash equivalents	(34,343)	32,624
Cash and cash equivalents at beginning of year	132,374	97,940
Effect of foreign exchange rate changes on the balances held in foreign currencies	(2,164)	1,810
Cash and cash equivalents at end of period	95,867	132,374

Note: * For detailed information please refer to Appendix 3 on page 36.
 Prepared in accordance with IAS 34 Interim Financial Reporting.

I. Report by business segment

1. 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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Restated*		Restated*		Restated*		Restated*		Restated*	
	12 months to December		12 months to December		12 months to December		12 months to December		12 months to December	
Total revenues	323,839	308,910	74,464	63,691	4,603	4,602	(13,216)	(11,983)	389,690	365,220
Gross profit	217,147	212,170	7,470	7,776	582	503	205	(248)	225,404	220,201
Profit from operations	56,841	66,148	907	893	165	(98)	(1,903)	(261)	56,010	66,682
Share of profit of associates and joint ventures	(371)	228	2,566	1,308	41	4	26	(38)	2,262	1,502
Number of employees at period end	10,072	9,649	1,481	1,443	344	339	-	-	11,897	11,431

Note: * For detailed information please refer to Appendix 3 on page 36.

2. Pharmaceuticals sales report

Sales in the pharmaceutical segment in 2016 totalled HUF 323,839 million (EUR 1,039.7 million), representing an increase of 4.8% (4.2% in EUR terms) compared to the previous year.

2.1 Pharmaceutical sales by region in currencies of invoicing

As a result of extraordinary movements experienced in the recent past in the exchange rate of certain currencies with a major impact on our key markets it has been decided to present sales dynamics achieved on each of our reporting regions/markets in the respective currencies of invoicing. For those regions in which Richter operates with multiple currencies turnover figures have been provided in the most important currencies.

	Currency (million units)	2016 12 months to December	2015	Change %
Hungary	HUF	34,979	34,038	2.8
EU *	EUR	368.0	346.7	6.1
Poland	PLN	311.4	291.2	6.9
Romania	RON	138.6	127.4	8.8
EU 10	EUR	76.5	78.0	-1.9
EU 15	EUR	189.4	170.3	11.2
CIS	EUR	358.3	361.6	-0.9
	US\$	396.8	401.1	-1.1
Russia	RUB	19,150.4	16,974.7	12.8
Ukraine	US\$	32.8	29.5	11.2
Other CIS	EUR	71.1	77.3	-8.0
	US\$	78.7	85.8	-8.3
USA	US\$	66.9	64.8	3.2
China	EUR	69.4	54.4	27.6
Latin America	US\$	20.7	21.5	-3.7
RoW	EUR	52.6	47.1	11.7
	US\$	58.3	52.2	11.7

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

2.2 Pharmaceutical sales by region

	HUFm				EURm			
	2016	2015	Change		2016	2015	Change	
	12 months to December			%	12 months to December			%
Hungary	34,979	34,038	941	2.8	112.3	109.9	2.4	2.2
EU *	114,631	107,378	7,253	6.8	368.0	346.7	21.3	6.1
Poland	22,220	21,577	643	3.0	71.3	69.7	1.6	2.3
Romania	9,606	8,898	708	8.0	30.8	28.7	2.1	7.3
EU 10	23,825	24,150	-325	-1.3	76.5	78.0	-1.5	-1.9
EU 15	58,980	52,753	6,227	11.8	189.4	170.3	19.1	11.2
CIS	111,598	111,964	-366	-0.3	358.3	361.6	-3.3	-0.9
Russia	80,240	79,781	459	0.6	257.6	257.7	-0.1	0.0
Ukraine	9,216	8,235	981	11.9	29.6	26.6	3.0	11.3
Other CIS	22,142	23,948	-1,806	-7.5	71.1	77.3	-6.2	-8.0
USA	18,813	18,103	710	3.9	60.4	58.5	1.9	3.2
China	21,616	16,849	4,767	28.3	69.4	54.4	15.0	27.6
Latin America	5,819	5,997	-178	-3.0	18.7	19.3	-0.6	-3.1
RoW	16,383	14,581	1,802	12.4	52.6	47.1	5.5	11.7
Total	323,839	308,910	14,929	4.8	1,039.7	997.5	42.2	4.2
Average exchange rate (EURHUF)					311.46	309.67	1.79	0.6

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

A list of products referred to in this report is presented in Appendix 1 on page 33.

2.2.1 Hungary

In **Hungary** sales totalled HUF 34,979 million (EUR 112.3 million) in 2016, a slight increase of 2.8% in HUF terms (2.2% in EUR terms) when compared to 2015. A number of products showed significant sales growth during the reported period, notably **Suprax**, **Esmya®**, **Vidotin Komb** and **Duamild**.

Marginal changes to the price regulation system did not impact materially the Group's overall performance in the reported period. However, a tender system first introduced in 2011 aiming towards semestral price adjustments adversely affected several major Richter brands in Hungary. Price cuts applied with effect from 1 October 2016 are expected to amount to an annual revenue loss of approximately HUF 35 million.

Based on the latest available market audit (IMS) data for the twelve months to December 2016 the pharmaceutical market increased by 3.3% year-on-year. Retail sales of Richter products increased by 5.4% compared to 2015 and the Company is now the third player on the Hungarian pharmaceutical market with a 5.4% share. When considering only the market for retail prescription drugs, Richter qualifies for second place with a market share of 7.4%.

2.2.2 Hungarian regulatory environment

The Hungarian market has stabilised, albeit at significantly lower levels than a few years ago. Extraordinary taxes levied on the industry are reclaimable at a maximum rate of 90% subject to adequate R&D expenditures and employment levels being maintained. Given its high level of such expenses Richter qualifies for this maximum allowance. Furthermore by virtue of the law, the R&D linked allowances may be carried over across calendar years.

The methodology for the tax calculations in respect of healthcare budget overspending was amended with effect from 1 January 2016, which did not result in any additional tax paying obligation in Richter's case.

2.2.3 European Union

Sales in the **European Union**, excluding Hungary, amounted to EUR 368.0 million in 2016, 6.1% higher than the levels recorded in 2015.

In **Poland** the Group recorded sales of PLN 311.4 million (EUR 71.3 million) in 2016, an increase of 6.9% in PLN terms (2.3% in EUR terms) compared to 2015. Due to a strong flu season, sales of our leading product, **Groprinosin** substantially increased during the reported year. Furthermore a number of products recorded good sales growth during 2016, notably **Grofibrat (Grofibrat S)**, **Lisiprol** and **Cavinton**. Nevertheless, sales continued to be adversely impacted by price erosion on some of our generic products and parallel imports of certain other products.

In **Romania** sales amounted to RON 138.6 million (EUR 30.8 million) in 2016, an increase of 8.8% in RON terms (7.3% in EUR terms) when compared to the turnover reported for 2015. Wholesalers in expectation of an announced price decrease had maintained low stock levels during the first half 2015. An improvement in the competitive landscape temporarily resulted in a better sales performance of certain products. Sales of **Lunaldin**, **Cavinton**, **Fasconal** and **Ossica** contributed the most to the sales growth achieved during the reported period.

In the **EU10** region sales totalled EUR 76.5 million in 2016, 1.9% lower when compared to the previous year. This region represented 21% of total EU sales of the Group's pharmaceutical segment.

In the **Czech Republic** turnover in 2016 amounted to CZK 616.1 million (EUR 22.8 million), a decline of 5.4% in CZK terms (4.7% in EUR terms) compared to the sales level achieved in 2015. Turnover of the range of **oral contraceptives**, **Verospiron**, **Lunaldin** and **Mertenil** were the major contributors to the sales levels achieved in the reported period. In **Slovakia** turnover amounted to EUR 18.4 million, 1.5% lower compared to 2015. Sales of **oral contraceptives** **Cavinton**, **Suprax** and **Esmya**[®] contributed the most to the turnover achieved during the reported year. In the **Baltic States** sales amounted to EUR 14.1 million in 2016, EUR 1.4 million lower when compared to 2015. The substantial year-on-year decline was primarily due to the termination in March 2015 of the licensing agreement for **Avonex** and a change implemented in our distribution channel in these countries with effect from 1 January 2016. In **Bulgaria** sales totalled EUR 16.8 million in the reported period, representing a slightly (1,2%) higher performance when compared with turnover achieved in 2015.

In the **EU15** region sales amounted to EUR 189.4 million in 2016, 11.2% higher in EUR terms than the previous year. This region contributed 51% of total EU pharmaceutical sales.

In **Germany**, the largest market for the Group in the region, the reported sales of EUR 63.7 million in 2016, was 0.5% lower than in the base period. Robust growth of **Esmya**[®] was more than offset by declining sales of OCs as a consequence to negative media campaigns linked to potential side effects of OCs in general, gestodenes in particular. According to IMS market intelligence the overall OC market has also declined in Germany. Turnover in **Spain** totalled EUR 23.3 million in 2016, exceeding the base period by EUR 6.9 million, mainly due to higher **Esmya**[®] sales. **Bemfola**[®] also contributed to achieved turnover levels. In **France** the Group's turnover amounted to EUR 22.7 million, 8.4% higher than in the base period primarily due to higher sales levels of **Esmya**[®]. Sales in **Italy** amounted to EUR 21.1 million in 2016, representing a 14.6% increase compared with 2015. Sales in the **UK** were GBP 17.7 million (EUR 21.1 million), an increase of 16.1% in GBP terms (decline of 0.1% in EUR terms) when compared to the previous year. Turnover in the **Benelux countries** were EUR 14.7 million, while sales in **Portugal** amounted to EUR 10.1 million, EUR 2.7 million higher than in the base period, mainly due to the good sales performance of the range of **oral contraceptives** and **Esmya**[®].

2.2.4 CIS

Sales to the **CIS** in 2016 totalled EUR 358.3 million, a decline of EUR 3.3 million (0.9%) compared to the sales levels achieved in the previous year. As a result of the adverse FX environment which prevailed across the region lower sales levels were recorded in Other CIS republics while stagnating EUR denominated sales incurred in Russia.

According to the Ministry of Economic Development **Russia's** real GDP is expected to contract by 0.5% year-on-year as of end 2016. Following a depreciation of the Rouble against the Euro prevailing until mid February and peaking at EURRUB 90, the Russian currency strengthened to just below EURRUB 64 by the end of December 2016. In spite of weak performance compared to the previous year, 2016 has seen generally increasing oil prices which closed the year as high as just above 55 US\$/barrel. Improving economic environment hand in hand with a tight monetary policy has successfully brought down inflation to 5.4% by the end of December according to the Russian Statistical Office, StatBureau. A further strengthening Rouble, increasing oil prices and stabilising real wages point towards the possibility of a slowly improving economy in 2017.

Sales to Russia totalled RUB 19,150.4 million in the first twelve months to December 2016 period, RUB 2,175.7 million (12.8%) higher when compared to the previous year. The higher sales achieved resulted from a price increase which was applied during the first quarter 2016 to certain products of our portfolio (which, when projected across the entire range of products, resulted in an average 4% price increase) and higher sales volumes reported. In addition, an improving product mix and a higher share of the Women's Healthcare franchise also contributed to the higher turnover achieved. During 2016 the year-on-year devaluation (12.8%) of the average exchange rate of the Rouble against the Euro impacted adversely our sales performance in Russia. Sales levels during the reported period at EUR 257.6 million remained virtually unchanged (decreased by EUR 0.1 million when compared to the turnover reported in 2015). Good sales performances of **the range of oral contraceptives**, **Mydocalm**, **Verospiron**, **Airtal** and **Groprinosin** contributed the most to the higher RUB turnover achieved in Russia.

Sales to **Ukraine** amounted to US\$ 32.8 million (EUR 29.6 million) in 2016, an increase of US\$ 3.3 million (EUR 3.0 million) compared to the turnover reported for 2015, although from a very low base. A more strict receivables control and voluntary shipment restrictions were implemented by the Company as a reaction to the political turmoil and the deep economic recession which have characterised the country since the beginning of 2014. By the end of the reported period, the local currency, UAH, had devalued against the US\$ by 17.3% year-on-year.

Sales in **Other CIS republics** totalled EUR 71.1 million (US\$ 78.7 million) in 2016, representing a decrease of EUR 6.2 million (US\$ 7.1 million) compared to 2015. Oil and natural gas prices remained below their levels recorded two years ago which combined with currency devaluations in most of the countries have negatively impacted the overall performance of this region. Notwithstanding this economic background, sales growth was achieved when reported in Euro terms in **Moldavia** and in **Kyrgyzstan**, although from a low base. In mid August 2015 the Kazakh Tenge (KZT) was floated which resulted in a more volatile FOREX environment. Sales declines, resulting from deteriorating exchange rates and weaker market performance, prevailed in most of the countries of the region, primarily in **Belarus** and in **Kazakhstan** with the latter experiencing a sharply declining (by 73.3%) EURKZT average exchange rate by the end of December 2016 when compared with the base year.

2.2.5 USA

Sales in the **USA** totalled US\$ 66.9 million (EUR 60.4 million) in the twelve months to December 2016, an increase of 3.2% both in US\$ terms and in EUR terms. Proceeds from our emergency contraceptives contributed substantially to the sales levels achieved in 2016. Revenues resulting from oral contraceptive related profit sharing agreements, nevertheless, declined substantially due to increased generic competition.

Royalty income of US\$ 17.3 million (EUR 15.6 million) related to the full year 2016 sales performance of cariprazine (**Vraylar™**) contributed materially to the sales levels achieved during the reported period.

2.2.6 China

Sales to **China** amounted to EUR 69.4 million in 2016, 27.6% higher than in the base year. Turnover of **Cavinton** and **Escapelle** contributed the most to the sales growth recorded. The sales figure reported for our emergency contraceptive reflects the impact of the full inclusion as of January 2016 into the Group consolidation of the joint venture which distributes this product.

2.2.7 Latin America

Sales in Latin American countries amounted to US\$ 20.7 million in 2016, representing a decline of 3.7% when compared to the previous year. Devaluation of local currencies and a more competitive pricing environment had a negative effect on market developments.

2.2.8 Rest of the World

Sales in these countries amounted to EUR 52.6 million (US\$ 58.3 million) in 2016, an increase of 11.7% in both EUR and US\$ terms when compared to the base period. This significant growth was the combined result of higher **Esmya®** sales primarily to Canada, **Bemfola®** sales first included into the consolidation during the reported year and higher turnover achieved by range of **oral contraceptives** mostly in Vietnam.

2.3 New product launches

In line with the strategic aim of renewing the product portfolio in all markets Richter introduced the following new products either in the fourth quarter 2016 or in the period between the end of the reporting period and the publication of this quarterly report:

Country	Product	Active pharmaceutical ingredient	Therapeutic area
Hungary	Nibix*	imatinib	Oncology, anticancer
	Poltrate Depot*	leuproreline	Urology, Oncolog, anticancer
Estonia	Lenzetto®*	estradiol	Hormone replacement therapy (spray)
Ukraine	Mirvedol	memantine	CNS, Alzheimer's disease

Note: * Licensed-in product

2.4 Women's Healthcare

In recognition of the strategic importance to the Company of this therapeutic area a brief presentation of the Women's Healthcare (WH) franchise is presented below. This therapeutic area includes the following product groups and therapeutic indications: oral contraceptives (OC) and contraceptive patch, emergency contraceptives (EC), contraceptive devices (CD); menopausal care, pregnancy care and obstetrics, gynaecological infections and other gynaecological conditions. Please refer to Appendix 2 on pages 34-33 for a comprehensive list of major products belonging to this therapeutic field.

2.4.1 Women's Healthcare sales by region

	HUFm				EURm			
	2016	2015	Change		2016	2015	Change	
	12 months to December				12 months to December			
				%				%
Hungary	5,064	5,023	41	0.8	16.3	16.2	0.1	0.6
EU *	60,428	56,547	3,881	6.9	194.0	182.6	11.4	6.2
Poland	2,931	3,620	-689	-19.0	9.4	11.7	-2.3	-19.7
Romania	2,220	2,051	169	8.2	7.1	6.6	0.5	7.6
EU 10	7,251	7,499	-248	-3.3	23.3	24.2	-0.9	-3.7
EU 15	48,026	43,377	4,649	10.7	154.2	140.1	14.1	10.1
CIS	27,751	27,236	515	1.9	89.1	88.0	1.1	1.3
Russia	22,326	21,292	1,034	4.9	71.7	68.8	2.9	4.2
Ukraine	1,824	1,876	-52	-2.8	5.9	6.1	-0.2	-3.3
Other CIS	3,601	4,068	-467	-11.5	11.5	13.1	-1.6	-12.2
USA	11,997	14,779	-2,782	-18.8	38.5	47.7	-9.2	-19.3
China	6,569	4,029	2,540	63.0	21.1	13.0	8.1	62.3
Latin America	4,772	4,718	54	1.1	15.3	15.3	0.0	0.0
RoW	8,018	6,047	1,971	32.6	25.8	19.5	6.3	32.3
Total	124,599	118,379	6,220	5.3	400.1	382.3	17.8	4.7
Average exchange rate (EURHUF)					311.46	309.67	1.79	0.6

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

2.4.2 Sales

Women's healthcare sales totalled EUR 400.1 million in 2016, an increase of 4.7% compared to the levels reported in 2015. Total turnover generated from Richter's range of own developed oral contraceptive portfolio amounted to EUR 229.2 million, EUR 13.0 million lower when compared to 2015, primarily due to increasing generic competition experienced in the USA and across Central and Eastern Europe.

Sales arising from the OC portfolio acquired in 2010 amounted to EUR 46.7 million, EUR 3.1 million below the base period figure. **Esmya**[®] reported total sales were EUR 69.0 million in 2016, compared to the EUR 49.8 million turnover recorded in the previous year.

2.4.2.1 Hungary

In **Hungary** WH sales totalled HUF 5,064 million (EUR 16.3 million) in 2016, representing an increase of 0.8% (0.6% in EUR terms) when compared to the levels reported in 2015. **Esmya**[®] was launched in Hungary in May 2012 and the product was granted 90% reimbursed status in February 2013, while for the intermittent use in the long term management of uterine fibroids of **Esmya**[®] it was granted in September 2015. Its turnover during the reported period amounted to HUF 906 million (EUR 2.9 million).

2.4.2.2 European Union

Women's Healthcare sales in the **European Union**, excluding Hungary, amounted to EUR 194.0 million in 2016, increasing by EUR 11.4 million (6.2%) when compared to the base period.

Sales of **Esmya**[®], our original product, were EUR 56.0 million during the reported period, EUR 14.4 million (34.5%) above the base period sales levels.

Sales of WH products represented 53% of the turnover in this region during 2016.

WH sales in **Poland** decreased by 15.9% in PLN terms (19.7% in EUR terms) to PLN 41.1 million (EUR 9.4 million) in 2016 as a consequence of high levels of parallel import and an environment of sustained price erosion. Turnover in **Romania** increased by RON 2.7 million (9.1%) and amounted to RON 32.0 million (EUR 7.1 million) during the reported period. In the **EU10** region WH sales totalled EUR 23.3 million in 2016, EUR 0.9 million (3.7%) below the levels recorded in the previous year. With respect to WH sales the EU10 countries altogether represented 12% of the Group's WH sales to the whole EU region.

In the member states of the **EU15** region WH sales amounted to EUR 154.2 million in 2016, showing an increase of EUR 14.1 million (10.1%) when compared to the levels recorded in the previous year. This region contributed 79% of total EU WH sales.

In **Germany** Richter Group reported Women's Healthcare sales of EUR 46.5 million, 7.5% lower than the levels reported in 2015. Due to a negative media campaign related to hormonal contraceptives in general by the end of 2016 the overall market of contraceptives contracted by 6% (measured in cycles) year-on-year. Notwithstanding the above, sales of **Esmya**[®] grew by EUR 3.4 million by the end of 2016 year-on-year.

In **Spain** the Group's turnover arising from WH products amounted to EUR 22.1 million, EUR 7.5 million higher than in the base period. The year-on-year increase was primarily due to higher sales levels of **Esmya**[®] and the good performance of **Bemfola**[®].

In **Italy** Richter Group achieved Women's Healthcare sales of EUR 19.6 million in the reported period, EUR 3.0 million above the levels reported in 2015.

In **France** the Group's turnover arising from WH products amounted to EUR 19.4 million, EUR 1.9 million higher compared to 2015.

In the **UK** the Group realised a WH turnover of GBP 16.2 million (EUR 19.3 million), representing an increase of 19.5% (2.4% in EUR terms) compared to the base period primarily due to higher **Esmya**[®] sales.

In **Portugal** the Group achieved EUR 9.6 million sales of WH products, EUR 3.5 million above the turnover recorded in 2015.

Sales of WH products represented 81% of the turnover in the EU15 region during 2016, a creditable performance by the recently established sales force teams.

2.4.2.3 CIS

WH sales to the **CIS** in 2016 totalled EUR 89.1 million representing an increase of 1.3% from the sales levels achieved in the previous year. In RUB terms sales to **Russia**, within the region, reached RUB 5,328.3 million, showing an increase of RUB 798.2 million or 17.6% due to the positive impact of price increase and higher sales level of a range of **oral contraceptives**. **Esmya**[®] also contributed to the turnover reported.

Turnover of WH products represented 25% of total CIS sales in the reported period.

2.4.2.4 USA

WH sales in the **USA** totalled US\$ 42.6 million (EUR 38.5 million) in 2016, a decrease of US\$ 10.3 million (EUR 9.2 million) when compared to the previous year. Proceeds from our emergency contraceptives contributed substantially to the sales levels achieved in 2016. Revenues resulting from oral contraceptive related profit sharing agreements, nevertheless, declined substantially due to increased generic competition.

Sales of WH products, including the profit sharing related to drospirenone, represented 64% of US sales.

2.4.2.5 China

Sales of WH totalled EUR 21.1 million in 2016, EUR 8.1 million higher than the levels achieved in 2015. The substantial increase was primarily due to the impact of the full inclusion as of January 2016 into the Group consolidation of the joint venture which distributes our emergency contraceptive, **Escapelle**.

2.4.2.6 Latin America

Sales of WH totalled US\$ 17.0 million in 2016, representing a virtually flat performance (increase of US\$ 0.1 million) when compared to 2015. Devaluation of local currencies and a more competitive pricing environment had a negative effect on market developments.

2.4.2.7 Rest of the World

WH sales in these countries amounted to EUR 25.8 million (US\$ 28.5 million) in 2016, an increase of EUR 6.3 million (US\$ 6.8 million) when compared to the previous year. Significant growth was the combined result of higher Esmya sales primarily to Canada, Bemfola sales first included into the consolidation during the reported year and higher turnover achieved by range of oral contraceptives mostly in Vietnam.

2.4.3 Highlights of women's healthcare product portfolio

2.4.3.1 Treatment of uterine myomas – Esmya®

Esmya® reported total sales were EUR 69.0 million in 2016, compared to the EUR 49.8 million turnover recorded in the previous year. The year-on-year increase was realised mostly in the EU15 region.

Following its approval for the long term management of uterine fibroids, Esmya® was granted reimbursed status by the end of September 2016 in the following countries: Germany, Netherlands, Denmark, Sweden, Hungary, Estonia, Slovakia, Austria, Portugal, Slovenia, Spain, UK, Finland, Luxembourg, Ireland and Italy.

Following its launch in the first quarter 2016 in Ecuador, in the second quarter 2016 Esmya® was also launched in Colombia, Iceland, Mexico and Mongolia. Esmya® was granted marketing authorizations in the second quarter 2016 in the Dominican Republic and in Costa Rica while in the third quarter 2016 in Suriname.

2.4.3.2 Innovative contraception – Lisvy®

In line with the strategic aim of widening the product portfolio, Richter licensed-in Lisvy® a gestodene and ethynil estradiol containing transdermal contraceptive patch from Bayer HealthCare.

On 10 October 2016 Richter initiated the voluntary withdrawal of Lisvy®. The step was taken with immediate effect on all markets involved.

The decision followed a notification received from Bayer HealthCare, the licensor and supplier of Lisvy®, according to which certain stability tests carried out under specific conditions resulted in out-of specification results. Consequently Bayer commenced an investigation to determine the root cause of such non-specific responses. In this endeavour Richter closely co-operates with Bayer.

As notified by Bayer, Richter expects to receive HUF 849 million as compensation for impairment losses accounted in the third quarter 2016 in respect of inventories. Further potential compensation remain under negotiation between the Parties.

Total turnover achieved by **Lisvy**[®] prior to its withdrawal amounted to EUR 4.2 million.

2.4.3.3 Innovative contraception – Levosert[®]

Further widening 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 launched by Allergan in a number of these countries. Richter had also marketed **Levosert**[®] based on an agreement established with Uteron Pharma in 2011, in most of the Central and Eastern European countries, thus it became a Pan European distributor subsequent to the deal with Allergan.

Total turnover achieved by this product in 2016 in Central and Eastern Europe amounted to EUR 1.4 million.

2.4.3.4 Treatment of post menopause symptoms – Lenzetto[®]

Lenzetto[®], the estradiol spray for treating menopause symptoms, licensed in from Acrux, an Australian company, also received multiple marketing approvals in European territories during September 2015. By the end of December 2016, **Lenzetto**[®] was launched in the following countries: Poland, Czech Republic, Hungary, Croatia, Latvia, Lithuania, Romania, Slovakia, Germany, Bulgaria and Belgium. Following the closing of the year, **Lenzetto**[®] was also introduced in Estonia.

Turnover of **Lenzetto**[®] during the reported period amounted to EUR 0.7 million.

2.4.3.5 Fertility – Bemfola[®]

Focusing on the meaningful widening of our core Women's Healthcare portfolio Gedeon Richter acquired the global rights (except for the USA) of the innovative biosimilar product **Bemfola**[®], addressing female fertility.

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

Figures of Finox Group have been included into the consolidated accounts of Richter Group in this quarterly report.

Subsequent to the announcement of the acquisition of Finox, new marketing authorizations were granted to **Bemfola**[®] as follows: in October for New Zealand and for Albania, in December for Serbia and in January 2017 for Kosovo.

Sales of **Bemfola**[®] recorded subsequent to its acquisition, in the second half of 2016 amounted to EUR 10.6 million (US\$ 11.7 million).

2.5 Central Nervous System – cariprazine

As a consequence of the marketing approval granted in September 2015 by the Food and Drug Administration to Richter's original compound, cariprazine co-developed with Allergan (earlier Forest / Actavis) 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, conducting Phase III clinical trials with cariprazine in the treatment of bipolar depression and as adjunctive therapy in major depression.

First sales were generated by **Vraylar™** in the very last days of March 2016. Under the terms of the agreement between Richter and Allergan, Richter sells the active ingredient on a cost plus basis and receives royalties on subsequent product sales. Settlements are to be made within 45 days following the end of each quarter.

Royalty income of US\$ 17.3 million (EUR 15.6 million) related to the full year 2016 sales performance of cariprazine (**Vraylar™**) contributed materially to the sales levels achieved during the reported period.

In March 2016 the European Medicines Agency (EMA) accepted Richter's regulatory submission for cariprazine for the treatment of schizophrenia in adult patients.

In August 2016 Richter and Recordati announced the signing of an exclusive license agreement to commercialize cariprazine in Western Europe, Algeria, Tunisia and Turkey.

3. Pharmaceuticals – Operating profit and margin

Operating profit for the Group originated primarily from the Pharmaceuticals segment. Operating profit for this business segment amounted to HUF 56,841 million in 2016, a decline of 14.1% when compared to 2015. Operating margin decreased to 17.6% from the 21.4% realised in 2015 mainly as a result of a decline experienced at gross profit level, higher sales and marketing expenses and certain one-off expenses which were partly offset by one-off reassessment-related income related to our Chinese stakeholding subsequent to the acquisition announced in January 2016. Following the acquisitions made in 2010 the amortisation of both *Esmya* and the acquired OC portfolio were incurred as cost items in the reported period and amounted to HUF 8,560 million.

4. Wholesale and retail sales report

	HUFm				EURm			
	2016	2015	Change	%	2016	2015	Change	%
	12 months to December				12 months to December			
Hungary	121	133	-12	-9.0	0.4	0.4	0.0	0.0
EU *	56,758	46,353	10,405	22.4	182.3	149.7	32.6	21.8
Poland	-	-	-	-	-	-	-	-
Romania	56,758	46,353	10,405	22.4	182.3	149.7	32.6	21.8
EU 10	-	-	-	-	-	-	-	-
EU 15	-	-	-	-	-	-	-	-
CIS	13,523	13,143	380	2.9	43.4	42.5	0.9	2.1
Russia	-	-	-	-	-	-	-	-
Ukraine	-	-	-	-	-	-	-	-
Other CIS	13,523	13,143	380	2.9	43.4	42.5	0.9	2.1
USA	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
Latin America	4,062	4,062	0	0.0	13.0	13.1	-0.1	-0.8
RoW	-	-	-	-	-	-	-	-
Total	74,464	63,691	10,773	16.9	239.1	205.7	33.4	16.2
Average exchange rate (EURHUF)					311.46	309.67	1.79	0.6

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

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

Sales amounted to EUR 239.1 million in 2016, a 16.2% increase compared to the previous year.

Our Romanian subsidiaries realised 76% of the turnover in the Wholesale and Retail segment (RON 818.9 million), with the remainder primarily being invoiced by our subsidiaries in the CIS region. The sales increase in Romania was 23.4% in RON terms (21.8% in EUR terms) in 2016. A slow reduction in payment delays continued on the Romanian pharma market during the reported period, yet excessive delays continue to prevail in the pharma sector.

5. 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 3,473 million during the reported period.

The consolidated operating profit of subsidiaries belonging to this segment was HUF 907 million, when compared to an operating profit of HUF 893 million realised in 2015.

Disclosures

I, the undersigned declare, that Gedeon Richter Plc. takes full responsibility, that the interim management report published today, which contains the Group's twelve months to December 2016 results is prepared in accordance with the applicable accounting standards and according to the best of our knowledge. The report above provides a true and fair view of the financial position of Gedeon Richter Plc., comprises the subsidiaries included in the consolidation, contains an explanation of material events and transactions that have taken place during the reported year and their impact on the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation.

Budapest, 6 February 2017



Erik Bogesch
Managing Director

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 US\$ amounts have been converted from HUF at average exchange rates for indicative purposes only. Financial statements for the twelve months to December 2015 are audited. Financial statements for the twelve months to December 2016 are unaudited. The Company has adopted the same accounting policies during the preparation of this report as for the preparation of the most recent annual financial report.

Appendix 1

Products and active ingredients

The following products are referred to in this report:

Product	Active pharmaceutical ingredients	Therapeutic area
Aertal* / Aflamil* / Aflamin* / Airtal* / Biofenac*	aceclofenac	Non-steroid anti-inflammatory
Avonex*	interferon beta-1a	Central nervous system, multiple sclerosis
Bemfola®	follitropin alfa	Women's Healthcare, fertility
Cavinton	vinpocetine	CNS, nootropic
Duamild	tamsulosine + finasteride	Urology, benign prostate hypertrophy
Escapelle / Plan B One Step	levonorgestrel	Women's Healthcare, emergency contraception
Esmya®	ulipristal acetate	Women's Healthcare, uterine myoma
Fasconal	acetylsalicylic acid + paracetamol+caffeine + codeine	Analgesic
Grofibrat, Grofibrat S	fenofibrat	Cardiovascular, lipid-lowering
Groprinosin	inosine pranobex	Antiviral
Lenzetto®*	estradiol	Hormone replacement therapy (spray)
Levosert®*	levonorgestrel	Other contraceptive method, IUS
Lisiprol	lisinopril	Cardiovascular, antihypertensive
Lisvy®*	gestodene + EE**	Women's Healthcare, contraceptive patch
Lunaldin* / Dolforin*	fentanyl	Oncology, opioid analgesic
Mertenil	rosuvastatin	Cardiovascular, cholesterol-lowering
Mirvedol	memantine	CNS, Alzheimer's disease
Mydeton / Mydocalm	tolperisone	Muscle relaxant
Nibix*	imatinib	Oncology, anticancer
Ossica	ibandronate	Oncology / Women's Healthcare, Osteoporosis
Poltrate Depot*	leuproreline	Urology, Oncology, anticancer
Suprax*	cefixime	Antibiotic
Vidotin Komb	perindopril + indapamid	Cardiovascular, antihypertensive
Verospiron	spironolactone	Cardiovascular, diuretic
Vraylar™	cariprazine	CNS, antipsychotic

Notes: * Licensed-in
** Ethinyl estradiol

Appendix 2

Women's healthcare products and active ingredients

Brand name	Active ingredients	Product type
Oral contraceptives (OC)		
Volina / Midiana / Aranka / Maitalon 30	DRP+30mcg EE	Fourth generation
Symicia / Daylette / Daylla / Volina Mite / Rezia / Maitalon 20 / Darylia / 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
Rigevidon / Microfemin	LVG+30mcg EE	Second generation
Tri-Regol	LVG+30/40mcg EE	Second generation
Belara / Chariva / Lybella / Balanca / Belarina / Evefem	CLM+30mcg 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 / Plan B One Step	LVG (1x)	
Other contraceptive methods (CM)		
Goldlily / Silverlily	Au+Cu, Ag+Cu	IUD
Levosert®*	levonorgestrel	IUD
Lisvy®*	gestodene + EE	patch

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*	tibolone	Hormone replacement therapy
Estrimax	estradiol	Hormone replacement therapy
Lenzetto®*	estradiol	Hormone replacement therapy (spray)
Ossica	ibandronate	Osteoporosis
Sedron / Ostalon / Siranin / 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	fluconazole	Antifungal
Gyno Femidazol	miconazole nitrate	Antifungal
Gynofort / Gynazol*	butoconazole nitrate	Antifungal (cream)
Klion D	metronidazole+miconazole	Antifungal
Other Gynaecological conditions		
Esmya®	ulipristal acetate	Uterine myoma
Norcolut	norethisterone	Premenstruation syndrome, mastodynia, dysfunctional uterine bleeding, endometriosis
Levosert®*	levonorgestrel	Menorrhagia
Loritan*		Medical pad for the detection of potential leakage of the amniotic liquid
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

Appendix 3

Change in the methodology of consolidation

With effect from 1 January 2017 individual IFRS reporting also became compulsory for Gedeon Richter Plc. Changes implemented to the IT system supporting the transition allowed for a switch in the methodology of elimination of intermediate results used for the consolidation of inventories. Previously employed margin percentages became more precise and the impact on intermediate result of own manufactured inventories could be defined on implementing the above change.

While preparing the individual IFRS report of Gedeon Richter Plc. the impact on amortisation of the difference between the valuation of tangible assets as defined by Hungarian Accounting Regulation and IFRS, respectively, were restated. As a result of this change, asset value reported in the Consolidated financial statement was restated.

In accordance with IAS 8 standard the above restatements were applied to the base period figures. Elimination of the intermediate result impacts the Inventories balance sheet item, the restatement of the asset value impacts the Plant property and equipment as well as Retained earnings, while both changes impact the Profit and loss statement at the Cost of goods sold level.