



**AGGREGATED PRELIMINARY FINANCIAL STATEMENTS
AT DECEMBER 31st 2017**

**IN ACCORDANCE WITH THE ACCOUNTING REGULATIONS
IN COMPLIANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (*IFRS*)**

| CONTENTS | PAGE |
|--|-------------|
| STATEMENT OF FINANCIAL POSITION | 3 |
| INCOME STATEMENTS | 4 |
| KEY INDICATORS | 5 |
| NOTES TO THE FINANCIAL STATEMENTS | 6-9 |

To the shareholders of Ropharma SA,
Brasov, România

ROPHARMA SA & ROPHARMA LOGISTIC SA
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
(in RON, unless otherwise specified)

| | Note | 31 December 2016 | 31 December 2017 | Δ | Δ % |
|---|------|---------------------|---------------------|-------------------|------------|
| Assets | | | | | |
| Non-current assets | | | | | |
| Tangible assets | | 59.282.945 | 62.281.719 | 2.998.774 | 5% |
| Goodwill | | 11.613.659 | 11.613.659 | 0 | 0% |
| Intangible assets | | 13.292.020 | 14.898.378 | 1.606.358 | 12% |
| Investments in associated companies | | 20.297.057 | 20.297.057 | (0) | 0% |
| Real estate investments | | 22.460.054 | 32.371.683 | 9.911.629 | 44% |
| Total non-current assets | | 126.945.735 | 141.462.496 | 14.516.761 | 11% |
| Current Assets | | | | | |
| Inventories | 3 | 78.963.016 | 81.437.256 | 2.474.240 | 3% |
| Trade and other receivables | 4 | 76.401.462 | 101.242.985 | 24.841.523 | 33% |
| Prepaid expenses | | 596.083 | 824.698 | 228.615 | 38% |
| Cash and cash equivalents | 5 | 20.950.347 | 7.880.062 | (13.070.285) | -62% |
| Total current assets | | 176.910.908 | 191.385.001 | 14.474.093 | 8% |
| Total Assets | | 303.856.643 | 332.847.496 | 28.990.853 | 10% |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| Share capital | | 68.698.617 | 68.698.617 | 0 | 0% |
| Share premium | | 2.021.064 | 2.021.064 | 0 | 0% |
| Reserves | | 25.234.576 | 25.690.937 | 456.361 | 2% |
| Revaluation reserves | | 9.514.480 | 12.981.628 | 3.467.148 | 36% |
| Losses related to shares | | (113.274) | (113.274) | 0 | 0% |
| Retained profit | | 8.630.310 | 8.944.398 | 314.088 | 4% |
| Retained earnings | | 24.173.157 | 31.869.947 | 7.696.790 | 32% |
| Total equity | | 138.158.930 | 150.093.316 | 11.934.386 | 9% |
| Non-controlling interests | | | | | |
| | | 272.589 | 519.771 | 247.182 | 91% |
| Long term liabilities | | | | | |
| Long term borrowings | | 4.912.319 | 4.625.649 | (286.670) | -6% |
| Deferred tax liabilities | | 5.686.219 | 6.110.893 | 424.674 | 7% |
| Total long term liabilities | 6 | 10.598.538 | 10.736.542 | 138.004 | 1% |
| Current liabilities | | | | | |
| Current portion of long term borrowings | | 2.484.317 | 4.204.571 | 1.720.254 | 69% |
| Overdraft | | 693.164 | 13.699.739 | 13.006.575 | 1876% |
| Trade and other payables | 7 | 149.365.078 | 150.832.590 | 1.467.512 | 1% |
| Other taxes and obligations regarding social securities | | 2.070.543 | 2.304.400 | 233.857 | 11% |
| Provisions | | 55.096 | 55.096 | 0 | 0% |
| Income tax liabilities | | 114.331 | 401.471 | 287.140 | 251% |
| Finance lease | | 44.058 | 0 | (44.058) | -100% |
| Total current liabilities | | 154.826.587 | 171.497.867 | 16.671.280 | 11% |
| Total liabilities | | 165.425.125 | 182.234.410 | 16.809.285 | 10% |
| Total equity and liabilities | | 303.856.643 | 332.847.496 | 28.990.853 | 10% |

ROPHARMA SA &ROPHARMA LOGISTIC SA
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017
(in RON, unless otherwise specified)

| | Note | 2016 | 2017 | Δ | Δ % |
|---|-------------|--------------------|--------------------|-------------------|-------------|
| Operating income | | | | | |
| Net sales revenues | 8 | 466.859.074 | 484.850.214 | 17.991.140 | 4% |
| Other income | 9 | 5.370.838 | 5.852.024 | 481.186 | 9% |
| Total operating income | | 472.229.912 | 490.702.238 | 18.472.326 | 4% |
| Operating expenses | | | | | |
| Cost of sales | | 385.206.305 | 395.383.281 | 10.176.976 | 3% |
| Wages and salaries | 10 | 43.061.832 | 51.560.198 | 8.498.366 | 20% |
| Advertising and publicity | | 716.671 | 729.520 | 12.849 | 2% |
| (Gains) / losses on sale of non-current assets | | 75.201 | (996.208) | (1.071.409) | n/a |
| External services | | 5.274.456 | 5.286.170 | 11.714 | 0% |
| Losses on current assets | | 994.204 | 303.205 | (690.999) | -70% |
| Adjustments to current assets | | (316.362) | (163.980) | 152.382 | -48% |
| Depreciation | | 6.403.768 | 5.718.495 | (685.273) | -11% |
| Other operating expenses | 11 | 20.501.724 | 21.591.464 | 1.089.740 | 5% |
| Total operating expenses | | 461.917.799 | 479.412.145 | 17.494.346 | 4% |
| Operating result | | 10.312.113 | 11.290.094 | 977.981 | 9% |
| Financial income | 12 | 737.159 | 246.244 | (490.915) | -67% |
| Financial expenses | 12 | 1.104.507 | 1.106.564 | 2.057 | 0% |
| Net financial result | 12 | (367.348) | (860.319) | (492.971) | 134% |
| Profit before tax | | 9.944.765 | 10.429.774 | 485.009 | 5% |
| Income tax | | 1.420.774 | 1.379.727 | (41.047) | -3% |
| Deferred tax | | (320.831) | (141.536) | 179.295 | -56% |
| Net profit from continuing activities | | 8.844.822 | 9.191.583 | 346.761 | 4% |
| Net result attributable to non-controlling interests | | 214.511 | 247.182 | 32.671 | 15% |
| Net result attributable to owners of the Group | | 8.630.311 | 8.944.401 | 314.090 | 4% |

| | 2016/31 December 2016 | 2017 / 31 December 2017 | Δ | Δ % |
|------------------------------------|--------------------------|----------------------------|------------|------|
| I. LIQUIDITY RATIOS | | | | |
| Current Ratio | | | | |
| Current assets (A) | 176.910.908 | 191.385.001 | 14.474.093 | 8% |
| Current liabilities (B) | 154.826.587 | 171.497.867 | 16.671.280 | 11% |
| A/B | 1,1 | 1,1 | | |
| Quick Ratio | | | | |
| Current assets (A) | 176.910.908 | 191.385.001 | 14.474.093 | 8% |
| Inventories (B) | 78.963.016 | 81.437.256 | 2.474.240 | 3% |
| Current liabilities (B) | 154.826.587 | 171.497.867 | 16.671.280 | 11% |
| (A-B)/C | 0,6 | 0,6 | | |
| II. PROFITABILITY RATIOS | | | | |
| EBITDA | | | | |
| EBIT (A) | 10.312.113 | 11.290.094 | 977.981 | 9% |
| Depreciation (B) | 6.403.768 | 5.718.495 | (685.273) | -11% |
| A+B in RON | 16.715.881 | 17.008.588 | | |
| EBITDA | | | | |
| EBITDA (A) | 16.715.881 | 17.008.588 | 292.707 | 2% |
| Operating income (B) | 472.229.912 | 490.702.238 | 18.472.326 | 4% |
| A/B in % | 3,5% | 3,5% | | |
| Gross Margin | | | | |
| Gross Margin (A) | 81.652.769 | 89.466.932 | 7.814.163 | 10% |
| Net sales revenues (B) | 466.859.074 | 484.850.214 | 17.991.140 | 4% |
| (A/B) * 100 | 17,5% | 18,5% | | |
| III. ACTIVITY RATIOS | | | | |
| Non-current assets turnover | | | | |
| Operating income (A) | 472.229.912 | 490.702.238 | 18.472.326 | 4% |
| Non-current assets (B) | 126.945.735 | 141.462.496 | 14.516.761 | 11% |
| (A/B) in number of times | 3,7 | 3,5 | | |
| Days sales of inventories | | | | |
| Average inventories (A) | 78.963.016 | 81.437.256 | 2.474.240 | 3% |
| Cost of sales | 385.206.305 | 395.383.281 | 10.176.976 | 3% |
| (A/B) in days | 74 | 74 | | |
| Days Sales outstanding | | | | |
| Average receivables (A) | 76.401.462 | 101.242.985 | 24.841.523 | 33% |
| Operating income (B) | 472.229.912 | 490.702.238 | 18.472.326 | 4% |
| (A/B) in days | 58 | 74 | | |
| III. RISC RATIO | | | | |
| Interest cover ratio | | | | |
| EBIT (A) | 10.312.113 | 11.290.094 | 977.981 | 9% |
| Net interest (B) | 521.232 | 355.325 | (165.907) | -32% |
| (A+B)/B in number of times | 20,8 | 32,8 | | |

3. INVENTORIES

| | 31 December 2016 | 31 December 2017 | Δ | Δ % |
|---------------------------|---------------------|---------------------|------------------|-----------|
| Inventories in warehouses | 76.324.880 | 78.394.363 | 2.069.483 | 3% |
| Transit inventories | 2.528.368 | 2.665.165 | 136.797 | 5% |
| Prepayments | 31.997 | 415.305 | 383.308 | 1198% |
| Consumables | 188.163 | 158.209 | (29.954) | -16% |
| Inventory adjustment | (110.392) | (195.787) | (85.395) | 77% |
| Total | 78.963.016 | 81.437.256 | 2.474.239 | 3% |

4. TRADE AND OTHER RECEIVABLES

| | 31 December 2016 | 31 December 2017 | Δ | Δ % |
|------------------------------------|---------------------|---------------------|-------------------|------------|
| Trade receivables | 80.398.817 | 105.668.078 | 25.269.261 | 31% |
| Trade receivables adjustments | (8.119.316) | (7.922.113) | 197.203 | -2% |
| Other receivables | 4.277.542 | 4.350.169 | 72.627 | 2% |
| Adjustment for other receivables | (1.561.912) | (1.509.742) | 52.170 | -3% |
| Total trade receivables | 74.995.131 | 100.586.392 | 25.591.261 | 34% |
| Employees receivables | 22.602 | 30.454 | 7.852 | 35% |
| Other receivables from authorities | 944.810 | 443.411 | (501.399) | -53% |
| Prepayments | 438.919 | 182.728 | (256.191) | -58% |
| Total | 76.401.462 | 101.242.985 | 24.841.523 | 33% |

5. CASH AND CASH EQUIVALENTS

| | 31 December 2016 | 31 December 2017 | Δ | Δ % |
|------------------|---------------------|---------------------|---------------------|-------------|
| Cash in banks | 18.893.458 | 5.542.456 | (13.351.002) | -71% |
| Cash in hand | 1.805.033 | 2.331.712 | 526.679 | 29% |
| Cash equivalents | 251.856 | 5.894 | (245.962) | -98% |
| Total | 20.950.347 | 7.880.062 | (13.070.285) | -62% |

6. BORROWINGS

| | 31 December 2016 | 31 December 2017 | Δ | Δ % |
|--|---------------------|---------------------|-------------------|-------------|
| Long term borrowings | | | | |
| Long term bank borrowings | 4.912.319 | 4.625.649 | (286.670) | -6% |
| Finance lease liabilities | - | - | - | |
| Total | 4.912.319 | 4.625.649 | (286.670) | -6% |
| Short term borrowings | | | | |
| Current portion of long term bank borrowings | 2.484.317 | 4.204.571 | 1.720.254 | 69% |
| Short term borrowings | 693.164 | 13.699.739 | 13.006.575 | 1876% |
| Finance lease liabilities | 44.058 | - | (44.058) | -100% |
| Total | 3.221.539 | 17.904.310 | 14.682.771 | 456% |
| Total imprumuturi | 8.133.858 | 22.529.959 | 14.396.101 | 177% |

7. TRADE AND OTHER PAYABLES

| | 31 December 2016 | 31 December 2017 | Δ | Δ % |
|----------------------------------|---------------------|---------------------|------------------|-----------|
| Accounts payables | 144.853.161 | 143.668.445 | (1.184.716) | -1% |
| Suppliers for non-current assets | 394.965 | 2.293.967 | 1.899.002 | 481% |
| Payroll and taxes | 2.102.434 | 2.386.701 | 284.267 | 14% |
| Other liabilities | 1.915.289 | 2.337.201 | 421.912 | 22% |
| Interest payables | 1.052 | 12.366 | 11.314 | 1075% |
| Total current liabilities | 149.266.901 | 150.698.679 | 1.431.778 | 1% |
| Social security | 2.070.543 | 2.304.400 | 233.857 | 11% |
| Dividends | 7.518 | 7.518 | - | 0% |
| Prepayments received | 90.660 | 126.394 | 35.734 | 39% |
| Total | 151.435.622 | 153.136.990 | 1.701.368 | 1% |

8. NET SALES REVENUE

| | 2016 | 2017 | Δ | Δ % |
|--------------------|--------------------|--------------------|-------------------|-----------|
| Retail sales | 323.637.348 | 335.546.511 | 11.909.163 | 4% |
| Distribution sales | 143.840.382 | 150.123.104 | 6.282.722 | 4% |
| Discount granted | (618.656) | (819.402) | (200.746) | 32% |
| Total | 466.859.074 | 484.850.214 | 17.991.140 | 4% |

9. OTHER INCOME

| | 2016 | 2017 | Δ | Δ % |
|--|------------------|------------------|----------------|------------|
| Rental | 1.623.368 | 1.244.897 | (378.471) | -23% |
| Services | 562.869 | 2.090.398 | 1.527.529 | 271% |
| Changes in fair value of investment properties | 1.785.743 | 2.104.646 | 318.903 | 18% |
| Other operating income | 1.398.858 | 412.083 | (986.775) | -71% |
| Total | 5.370.838 | 5.852.024 | 481.186 | 9% |

10. WAGES AND SALARIES

| | 2016 | 2017 | Δ | Δ % |
|--------------------|-------------------|-------------------|------------------|------------|
| Wages and salaries | 33.376.330 | 39.191.741 | 5.815.411 | 17% |
| Luncheon vouchers | 2.013.233 | 3.176.009 | 1.162.776 | 58% |
| Social security | 7.672.269 | 9.192.447 | 1.520.178 | 20% |
| Total | 43.061.832 | 51.560.198 | 8.498.366 | 20% |

11. OTHER OPERATING EXPENSES

| | 2016 | 2017 | Δ | Δ % |
|-------------------------------------|-------------------|-------------------|------------------|------------|
| Consumables | 3.887.009 | 4.088.813 | 201.804 | 5% |
| Rental | 7.708.005 | 8.749.699 | 1.041.694 | 14% |
| Maintenance | 1.152.902 | 1.306.544 | 153.642 | 13% |
| Utilities | 2.109.918 | 2.131.787 | 21.869 | 1% |
| Insurance | 877.571 | 481.064 | (396.507) | -45% |
| Protocol | 450.149 | 568.847 | 118.698 | 26% |
| Travel and accommodation | 656.637 | 745.159 | 88.522 | 13% |
| Postal and telecommunications | 383.784 | 457.187 | 73.403 | 19% |
| Bank fees and commissions | 196.257 | 219.256 | 22.999 | 12% |
| Lawyer fees and related charges | 474.219 | 413.135 | (61.084) | -13% |
| Local taxes and other similar taxes | 1.117.656 | 1.114.515 | (3.141) | 0% |
| Other operating expenses | 1.487.617 | 1.315.457 | (172.160) | -12% |
| Total | 20.501.724 | 21.591.464 | 1.089.740 | 5% |

12. FINANCIAL INCOME AND EXPENSES

| | <u>2016</u> | <u>2017</u> | <u>Δ</u> | <u>Δ %</u> |
|---------------------------------|-------------------------|-------------------------|-------------------------|--------------------|
| Interest income | 15.516 | 8.836 | (6.680) | -43% |
| Foreign exchange gain | 721.644 | 237.408 | (484.236) | -67% |
| Total financial income | <u>737.160</u> | <u>246.244</u> | <u>(490.916)</u> | <u>-67%</u> |
| Interest expenses | 521.232 | 355.325 | (165.907) | -32% |
| Foreign exchange loss | 583.275 | 751.238 | 167.963 | 29% |
| Total financial expenses | <u>1.104.507</u> | <u>1.106.564</u> | <u>2.057</u> | <u>0%</u> |
| Net financial result | <u>(367.347)</u> | <u>(860.319)</u> | <u>(492.972)</u> | <u>134%</u> |

13. PERSONNEL

| | <u>31 December 2016</u> | <u>31 December 2017</u> | <u>Δ</u> |
|--|-----------------------------|-----------------------------|------------------|
| Board of Administrators | 10 | 10 | 0 |
| Executive management | 6 | 6 | 0 |
| Counselors & Assistant Manager to the General Manager | 13 | 16 | 3 |
| Acquisitions | 17 | 16 | (1) |
| Sales | 800 | 837 | 37 |
| Logistic & Administrative & Auto | 169 | 195 | 26 |
| Marketing | 10 | 13 | 3 |
| Finance & Accounting | 30 | 29 | (1) |
| Quality | 4 | 4 | 0 |
| Legal | 6 | 6 | 0 |
| IT | 9 | 11 | 2 |
| HR | 6 | 7 | 1 |
| Internal audit | 5 | 5 | 0 |
| Total | <u>1.085</u> | <u>1.155</u> | <u>70</u> |
| Average number of employees | <u>901</u> | <u>990</u> | <u>89</u> |

We confirm that the aggregated preliminary financial statements are unaudited.

Mihai Miron
General Manager

Alin Rădășanu
Finance Manager