



**INDIVIDUAL FINANCIAL STATEMENTS
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2019**

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

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To the shareholders of Ropharma SA,
Brasov, România

ROPHARMA SA
STATEMENT OF INDIVIDUAL FINANCIAL POSITION
AS OF MARCH 31, 2019
(in Ron, unless otherwise specified)

| | Note | 31 December 2018 | 31 March 2019 | Δ | Δ % |
|---|------|---------------------|--------------------|-------------------|------------|
| Assets | | | | | |
| Non-current assets | | | | | |
| Tangible assets | | 58.000.858 | 57.575.081 | -425.777 | -1% |
| Goodwill | | 11.613.659 | 11.613.659 | 0 | 0% |
| Intangible assets | | 16.713.873 | 16.691.926 | -21.947 | 0% |
| Investments in associated companies | | 20.550.765 | 20.550.765 | 0 | 0% |
| Real estate investments | | 79.592.475 | 83.126.845 | 3.534.370 | 4% |
| Total non-current assets | | 186.471.630 | 189.558.276 | 3.086.646 | 2% |
| Current Assets | | | | | |
| Inventories | 3 | 33.350.664 | 49.069.673 | 15.719.009 | 47% |
| Trade and other receivables | 4 | 128.803.661 | 169.918.804 | 41.115.143 | 32% |
| Prepaid expenses | | 442.114 | 1.278.852 | 836.738 | 189% |
| Cash and cash equivalents | 5 | 6.629.769 | 7.020.321 | 390.552 | 6% |
| Total current assets | | 169.226.208 | 227.287.650 | 58.061.442 | 34% |
| Total Assets | | 355.697.838 | 416.845.926 | 61.148.088 | 17% |
| 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 | | 35.841.091 | 35.841.091 | 0 | 0% |
| Asset revaluation reserves | | 13.168.212 | 13.130.440 | -37.772 | 0% |
| Losses related to shares | | -113.274 | -113.274 | -0 | 0% |
| Own shares | | -171.759 | -171.759 | 0 | 0% |
| Current result | | 7.117.235 | 168.310 | -6.948.925 | -98% |
| Retained earnings | | 27.731.591 | 34.703.220 | 6.971.629 | 25% |
| Total equity | | 154.292.777 | 154.277.708 | -15.068 | 0% |
| Long term liabilities | | | | | |
| Long term borrowings | | 16.914.156 | 16.243.196 | -670.960 | -4% |
| Deferred tax | | 7.128.092 | 7.137.055 | 8.963 | 0% |
| Total long-term liabilities | 6 | 24.042.248 | 23.380.251 | -661.997 | -3% |
| Current liabilities | | | | | |
| Current portion of long-term borrowings | | 4.137.405 | 4.217.153 | 79.748 | 2% |
| Short term borrowings | | 13.698.658 | 15.168.588 | 1.469.930 | 11% |
| Trade and other payables | 7 | 158.317.898 | 213.928.312 | 55.610.414 | 35% |
| Other taxes and obligations regarding social securities | 7 | 1.204.445 | 5.613.828 | 4.409.383 | 366% |
| Provisions | | 55.096 | 55.096 | 0 | 0% |
| Prepaid income | | 0 | 194.004 | 194.004 | n/a |
| Income tax liabilities | | -50.689 | 10.986 | 61.675 | -122% |
| Total current liabilities | | 177.362.813 | 239.187.967 | 61.825.154 | 35% |
| Total liabilities | | 201.405.061 | 262.568.218 | 61.163.157 | 30% |
| Total equity and liabilities | | 355.697.838 | 416.845.926 | 61.148.089 | 17% |

ROPHARMA SA
STATEMENT OF INDIVIDUAL FINANCIAL POSITION
AS OF MARCH 31, 2019
(in Ron, unless otherwise specified)

| | <u>Note</u> | <u>Q1 2018</u> | <u>Q1 2019</u> | <u>Δ</u> | <u>Δ %</u> |
|--|-------------|-------------------|--------------------|--------------------|--------------|
| Operating income | | | | | |
| Net sales revenues | 8 | 89.986.528 | 146.763.852 | 56.777.324 | 63% |
| Other income | 9 | 1.351.668 | 1.761.303 | 409.635 | 30% |
| Total operating income | | 91.338.196 | 148.525.155 | 57.186.959 | 63% |
| Operating expenses | | | | | |
| Cost of sales | | 72.355.770 | 128.569.402 | 56.213.632 | 78% |
| Wages and salaries | 10 | 10.877.836 | 11.922.820 | 1.044.984 | 10% |
| Advertising and publicity | | 213.749 | 219.303 | 5.554 | 3% |
| (Gains) / losses on sale of non-current assets | | (558.895) | (65.576) | 493.319 | -88% |
| External services | | 1.084.547 | 1.318.242 | 233.695 | 22% |
| Losses on trade receivables and sundry debtors | | 105.046 | 0 | (105.046) | -100% |
| Adjustments to current assets | | (117.514) | 0 | 117.514 | -100% |
| Depreciation | | 1.128.567 | 1.065.075 | (63.492) | -6% |
| Other operating expenses | 11 | 4.297.000 | 4.491.223 | 194.223 | 5% |
| Total operating expenses | | 89.386.106 | 147.520.489 | 58.134.383 | 65% |
| Operating result | | 1.952.090 | 1.004.667 | (947.423) | -49% |
| Financial income | 12 | 15.597 | 5.526 | (10.071) | -65% |
| Financial expenses | 12 | 39.140 | 774.905 | 735.765 | 1880% |
| Financial result | 12 | (23.543) | (769.380) | (745.837) | 3168% |
| Profit before tax | | 1.928.547 | 235.287 | (1.693.260) | -88% |
| Income tax | | 330.459 | 57.533 | (272.926) | -83% |
| Deferred income tax | | (63.020) | 9.443 | 72.463 | -115% |
| Net income for the period | | 1.661.108 | 168.310 | (1.492.798) | -90% |

ROPHARMA SA
KEY INDICATORS
FOR 3 MONTHS, AS OF MARCH 31, 2019

| | 2018 / 31 December 2018 | 2019 / 31 March 2019 | Δ | Δ % |
|------------------------------------|--|---------------------------------------|-------------|------------|
| I. LIQUIDITY RATIOS | | | | |
| Current Ratio | | | | |
| Current assets (A) | 169.226.208 | 227.287.650 | 58.061.442 | 34% |
| Current liabilities (B) | 177.362.813 | 239.187.967 | 61.825.154 | 35% |
| A/B in number of times | 1,0 | 1,0 | | |
| Quick ratio | | | | |
| Current assets (A) | 169.226.208 | 227.287.650 | 58.061.442 | 34% |
| Inventories (B) | 33.350.664 | 49.069.673 | 15.719.009 | 47% |
| Current liabilities (C) | 177.362.813 | 239.187.967 | 61.825.154 | 35% |
| (A-B)/C in number of times | 0,8 | 0,7 | | |
| II. PROFITABILITY RATIOS | | | | |
| EBITDA | | | | |
| EBIT (A) | 1.952.090 | 1.004.667 | (947.423) | -49% |
| Depreciation (B) | 1.128.567 | 1.065.075 | (63.492) | -6% |
| A+B in Ron | 3.080.657 | 2.069.741 | | |
| EBITDA | | | | |
| EBITDA (A) | 3.080.657 | 2.069.741 | (1.010.916) | -33% |
| Operating income (B) | 91.338.196 | 148.525.155 | 57.186.959 | 63% |
| A/B in % | 3,4% | 1,4% | | |
| Gross Margin | | | | |
| Gross Margin (A) | 17.630.758 | 18.194.451 | 563.693 | 3% |
| Net sales revenues (B) | 89.986.528 | 146.763.852 | 56.777.324 | 63% |
| (A/B) * 100 | 19,6% | 12,4% | | |
| III. ACTIVITY RATIOS | | | | |
| Non-current assets turnover | | | | |
| Operating income (A) | 91.338.196 | 148.525.155 | 57.186.959 | 63% |
| Non-current assets (B) | 186.471.630 | 189.558.276 | 3.086.646 | 2% |
| (A/B) in number of times | 0,5 | 0,8 | | |
| Days sales of inventories | | | | |
| Average inventories (A) | 33.350.664 | 49.069.673 | 15.719.009 | 47% |
| Cost of sales | 72.355.770 | 128.569.402 | 56.213.632 | 78% |
| (A/B) in number of days | 41 | 34 | | |
| Days Sales outstanding | | | | |
| Average receivables (A) | 128.803.661 | 169.918.804 | 41.115.143 | 32% |
| Operating income (B) | 91.338.196 | 148.525.155 | 57.186.959 | 63% |
| (A/B) in number of days | 127 | 103 | | |
| IV. RISC RATIO | | | | |
| Interest cover ratio | | | | |
| EBIT (A) | 1.952.090 | 1.004.667 | (947.423) | -49% |
| Interest expenses (B) | 29.978 | 14.429 | (15.549) | -52% |
| (A+B)/B in number of times | 66,1 | 70,6 | | |

3. INVENTORIES

| | 31 December 2018 | 31 March 2019 | Δ | Δ % |
|---------------------------|---------------------|-------------------|-------------------|------------|
| Inventories in pharmacies | 32.766.791 | 47.455.662 | 14.688.871 | 45% |
| Transit inventories | 431.974 | 1.294.088 | 862.114 | 200% |
| Prepayments | 1.485 | 72.730 | 71.245 | 4798% |
| Consumables | 150.414 | 247.193 | 96.779 | 64% |
| Total | 33.350.664 | 49.069.673 | 15.719.009 | 47% |

4. TRADE AND OTHER RECEIVABLES

| | 31 December 2018 | 31 March 2019 | Δ | Δ % |
|--|---------------------|--------------------|-------------------|------------|
| Trade receivables | 84.145.998 | 61.307.250 | (22.838.748) | -27% |
| Customers-invoices to be issued (CVR) | 41.849.877 | 105.620.804 | 63.770.927 | 152% |
| Adjustments for trade receivables | (7.236.903) | (7.236.903) | - | 0% |
| Receivables from group entities | 258.344 | 418.144 | 159.800 | 62% |
| Sundry debtors and other receivables | 7.445.531 | 7.587.680 | 142.149 | 2% |
| Adjustment for other receivables | (773.559) | (773.559) | - | 0% |
| Total trade receivables other than cash, classified as borrowings and receivables | 125.689.288 | 166.923.416 | 41.234.128 | 33% |
| Employees receivables | 49.786 | 24.640 | (25.146) | -51% |
| Other receivables from authorities | 2.980.654 | 2.811.693 | (168.961) | -6% |
| Prepayments | 83.932 | 159.055 | 75.123 | 90% |
| Total | 128.803.660 | 169.918.804 | 41.115.144 | 32% |

5. CASH AND CASH EQUIVALENTS

| | 31 December 2018 | 31 March 2019 | Δ | Δ % |
|------------------|---------------------|------------------|----------------|-----------|
| Bank accounts | 4.274.370 | 5.199.180 | 924.810 | 22% |
| Cash in hand | 2.350.668 | 1.610.548 | (740.120) | -31% |
| Cash equivalents | 4.731 | 210.593 | 205.862 | 4351% |
| Total | 6.629.769 | 7.020.321 | 390.552 | 6% |

6. BORROWINGS

| | 31 December 2018 | 31 March 2019 | Δ | Δ % |
|--|---------------------|-------------------|------------------|------------|
| Long term borrowings | | | | |
| Long term bank borrowings | 16.914.156 | 16.243.196 | (670.960) | -4% |
| Finance lease liabilities | - | - | - | |
| Total | 16.914.156 | 16.243.196 | (670.960) | -4% |
| Short term borrowings | | | | |
| Current portion of long term bank borrowings | 4.137.405 | 4.217.153 | 79.748 | 2% |
| Short term bank borrowings | 13.698.658 | 15.168.588 | 1.469.930 | 11% |
| Total | 17.836.063 | 19.385.741 | 1.549.678 | 9% |
| Total borrowings | 34.750.219 | 35.628.937 | 878.718 | 3% |

7. TRADE AND OTHER PAYABLES

| | 31 December 2018 | 31 March 2019 | Δ | Δ % |
|--|---------------------|--------------------|-------------------|------------|
| Trade liabilities | 5.773.204 | 5.441.755 | (331.449) | -6% |
| Suppliers-invoices to be received (CVR) | 42.395.623 | 99.855.259 | 57.459.636 | 136% |
| Liabilities to group entities | 98.889.525 | 100.596.794 | 1.707.269 | 2% |
| Suppliers for non-current assets | 3.719.721 | 683.655 | (3.036.066) | -82% |
| Payroll and taxes | 2.107.641 | 2.039.759 | (67.882) | -3% |
| Other liabilities | 5.420.184 | 5.235.169 | (185.015) | -3% |
| Interest payables | 11.919 | 16.602 | 4.683 | 39% |
| Total liabilities less borrowings clasificate ca masurate la cost amortizat | 158.317.817 | 213.868.993 | 55.551.176 | 35% |
| Social security | 1.082.789 | 561.275 | (521.514) | -48% |
| VAT under settlement | 121.656 | 5.052.553 | 4.930.897 | 4053% |
| Prepayments received | 81 | 59.318 | 59.237 | 73132% |
| Total | 159.522.343 | 219.542.139 | 60.019.796 | 38% |

8. NET SALES REVENUES

| | Q1 2018 | Q1 2019 | Δ | Δ % |
|------------------------------|-------------------|--------------------|-------------------|------------|
| Retail sales | 88.247.725 | 90.674.211 | 2.426.486 | 3% |
| Cost-Volume-Result Programme | 1.738.803 | 56.091.562 | 54.352.759 | 3126% |
| Trade discounts granted | - | (1.921) | (1.921) | n/a |
| Total | 89.986.528 | 146.763.852 | 56.777.324 | 63% |

9. OTHER INCOME

| | <u>Q1 2018</u> | <u>Q1 2019</u> | <u>Δ</u> | <u>Δ %</u> |
|------------------------|-------------------------|-------------------------|-----------------------|-------------------|
| Rental | 313.336 | 303.498 | (9.838) | -3% |
| Services | 358.798 | 495.858 | 137.060 | 38% |
| Other operating income | 679.534 | 962.363 | 282.829 | 42% |
| Total | <u>1.351.668</u> | <u>1.761.719</u> | <u>410.051</u> | <u>30%</u> |

10. WAGES AND SALARIES

| | <u>Q1 2018</u> | <u>Q1 2019</u> | <u>Δ</u> | <u>Δ %</u> |
|--------------------------------|--------------------------|--------------------------|-------------------------|-------------------|
| Wages and salaries | 9.850.663 | 10.860.357 | 1.009.694 | 10% |
| Luncheon vouchers | 618.704 | 609.810 | (8.894) | -1% |
| Social security | 186.841 | 208.295 | 21.454 | 11% |
| Other social security expenses | 221.628 | 244.358 | 22.730 | 10% |
| Total | <u>10.877.836</u> | <u>11.922.820</u> | <u>1.044.984</u> | <u>10%</u> |

11. OTHER OPERATING EXPENSES

| | <u>Q1 2018</u> | <u>Q1 2019</u> | <u>Δ</u> | <u>Δ %</u> |
|-------------------------------------|-------------------------|-------------------------|-----------------------|------------------|
| Consumables | 599.158 | 530.856 | (68.302) | -11% |
| Rental | 2.049.456 | 2.076.637 | 27.181 | 1% |
| Maintenance | 223.217 | 243.818 | 20.601 | 9% |
| Utilities | 692.441 | 659.864 | (32.577) | -5% |
| Insurance | 63.491 | 37.207 | (26.284) | -41% |
| Protocol | 104.969 | 145.355 | 40.386 | 38% |
| Travel and accommodation | 97.874 | 89.864 | (8.010) | -8% |
| Postal and telecommunications | 84.244 | 80.399 | (3.845) | -5% |
| Bank fees and commissions | 52.763 | 54.329 | 1.566 | 3% |
| Lawyer fees and related charges | 22.544 | 20.781 | (1.763) | -8% |
| Local taxes and other similar taxes | 222.165 | 352.176 | 130.011 | 59% |
| Other operating expenses | 84.678 | 199.938 | 115.260 | 136% |
| Total | <u>4.297.000</u> | <u>4.491.223</u> | <u>194.223</u> | <u>5%</u> |

12. FINANCIAL INCOME AND EXPENSES

| | <u>Q1 2018</u> | <u>Q1 2019</u> | <u>Δ</u> | <u>Δ %</u> |
|-------------------------------------|-----------------|------------------|------------------|--------------|
| Financial income | | | | |
| Interest income | 4.131 | 5.522 | 1.391 | 34% |
| Foreign exchange income | 11.466 | 4 | (11.462) | -100% |
| Total | 15.597 | 5.526 | (10.071) | -65% |
| Financial expenses | | | | |
| Interest expense | 29.978 | 14.429 | (15.549) | -52% |
| Foreign exchange loss | 7.748 | 750.054 | 742.306 | 9581% |
| Other expenses related to financing | 1.414 | 10.423 | 9.009 | 637% |
| Total | 39.140 | 774.905 | 735.765 | 1880% |
| Net financial result | (23.543) | (769.380) | (745.837) | 3168% |

13. EMPLOYEES

| | <u>31 December 2018</u> | <u>31 March 2019</u> | <u>Δ</u> |
|--|-----------------------------|--------------------------|-----------|
| Board of Administrators | 7 | 7 | 0 |
| Executive management | 3 | 3 | 0 |
| Counselors & Assistant Manager to the General Manager | 10 | 10 | 0 |
| Sales | 769 | 780 | 11 |
| Logistic & Administrative & Auto | 30 | 28 | (2) |
| Marketing | 13 | 17 | 4 |
| Finance & Accounting | 16 | 15 | (1) |
| Quality | 3 | 1 | (2) |
| Legal | 3 | 4 | 1 |
| IT | 10 | 9 | (1) |
| HR | 6 | 6 | 0 |
| Internal audit | 5 | 6 | 1 |
| Total | 875 | 886 | 11 |
| | | | |
| Average number of employees | 726 | 739 | 13 |

We confirm that the individual financial statements are unaudited.

Mihai Miron
CEO

Alin Rădășanu
CFO