



## CURRENT REPORT

Pursuant to Law no. 24/2017 and FSA Regulation no. 5/2018

Report date: 01.10.2021

Name of the issuing company: ROPHARMA S.A.

Headquarters: Braşov, 55 Iuliu Maniu Street, 500091, Braşov

Sole Registration Code: 1962437

Registration number: J08/2886/2007

Subscribed and paid capital: 51.126.741,30 RON

Regulated market: BVB Standard (symbol RPH)

### **Important event to be reported:**

#### **Reporting of transactions with affiliated parties in accordance with Art. 108 of Law no. 24/2017R**

In H1 2021, entered into / carried out transactions with a single affiliated person that cumulatively exceed 5% of the company's net assets according to the individual financial statements of Ropharma SA as of June 30, 2021, as follows:

#### **Purchase of goods**

Transactions of Ropharma SA with Ropharma Logistic SA totaling 139.407.665 lei, which represent the purchase of medicines, nutritional supplements, medical devices, parapharmaceutical products, cosmetics and other products sold in Ropharma SA pharmacies.

In the course of H1 2021, Ropharma Logistic issued a number of 239.429 invoices to Ropharma SA, ensured in a proportion of 80 % the supply of the 149 subscriber's pharmacies and the number of parts supplied by Ropharma SA from Ropharma Logistic was 7.280.

### **Purchase of services / re – invoicing**

Transactions of Ropharma SA with Ropharma Logistic in the amount of 1.034.109 lei representing the re-invoicing of some expenses for which Ropharma SA is the contractor.

The re-invoiced expenses were represented by the specific costs of some parts of 3 buildings owned by Ropharma SA in which the logistics warehouses (running costs, depreciation, security, consumables used, taxes and duties related to buildings and insurance), direct costs related to the maintenance of Ropharma' 5 trucks through which Ropharma Logistic supplies products (driver salaries, vouchers, insurance, fuel, taxes and repairs) as well as a part of the rental of a headquarter where part of the activities of Ropharma Logistic support departments is carried out.

We mention that for the trucks used by Ropharma Logistic, Ropharma SA holds transport licenses. The sale of the trucks to Ropharma Logistic would mean the loss of transport licenses.

### **Receivables / mutual debts**

Ropharma Logistic receivables to be collected from Ropharma SA on June 30, 2021 were 79.120.050 lei.

Ropharma SA receivables to be collected from Ropharma Logistic on June 30, 2021 were 229.793 lei.

### **Contractual basis / legislativa**

In the context of transactions for the purchase of medicines, medical devices, nutritional supplements, parapharmaceutical products, cosmetics and other products, we would mention that Ropharma both dispensed drugs to the population via its own pharmacy network and also distributed pharmaceuticals wholesalers via drug depots.

In 2015, Law 91/2015 amending and supplementing Law 95/2006 on health reform was published, which provides that legal entities who are authorized to dispense drugs to the population are not allowed, in accordance to national legislation, to also carry out wholesale trade in drugs.

In this context, starting with November 2015, the pharmaceutical wholesaling was separated from the retail trade and carried out within the company Ropharma Logistic.

The shareholders of Ropharma Logistic SA are the companies Ropharma SA (90%) and Aesculap Prod SRL (10%).

The present transaction between Ropharma Logistic and Ropharma SA is carried out based on the Purchase Contract no. CM 651015 / 01.10.2015 together with the additional documents.

## **Prices and payment terms**

The sales prices set by Ropharma Logistic in relation to Ropharma SA as part of this transaction were set at the level of the list prices that Ropharma Logistic practices both with affiliated customers and with third-party customers (i.e. pharmacies or stores outside the Ropharma Group).

For prescription drugs („RX”), Ropharma Logistic uses the maximum retail price allowed at the level of an RX drug distributor under Romanian law.

To all these list prices (i.e. both for RX and for the rest of the products) commercial discounts were added.

The drug prices have a regulated character and the maximum prices from the national price catalog published by the Ministry of Health apply for the prescription of human drugs that are approved for marketing.

The contract value is given by the total value of the tax invoices issued by the seller based on the buyer’s orders.

The term of payment is different for each product group and is noted on every invoice.

## **Guarantees**

No collateral has been set for these transactions.

In H1 2021, Ropharma Logistic, for an external supplier for which it is selected as an authorized distributor, issued a Letter of Bank Guarantee in the amount of USD 1,5 mil.

For the credit line contracted from ING Bank in the form of working capital, both companies have a collateral set in the form of a joint and several guarantee and real estate mortgages on the receivables, stocks and accounts opened with the bank.

## **Other general considerations**

Given the above remarks, in the transactions carried out in H1 2021, Ropharma SA interests with regard to the offers of the same type available on the market at the time of the transactions were protected.

For the year 2021, the company will prepare the transfer pricing file according to Order no. 442/2016 and to Law no. 227/2015.

We further mention that the company prepares consolidated financial statements and the results of Ropharma Logistic are integrated into the consolidated financial statements.

## **CEO**

**Dr. pharm. Mihai Miron**