

**INTERIM REPORT  
for I-IX 2020  
Group Medika**

**October 2020**

## Management interim report

### ***Reclassification***

In 2020, and for all comparable previous periods, reclassification of account balances was made according to reclassification of audited annual financial statements.

### ***Comment on the business results for the first nine months of 2020***

Medika Group („the Group“) has realised total revenue in the first nine months of 2020 in amount of HRK 3 billion which is by 11.44% higher comparing to the same period of previous year.

Sales revenues which amount to HRK 2 billion 983.7 million for the first nine months of 2020 are by 11.51% higher comparing to the same period of previous year.

Share of sales revenues in the total revenue is 99.46% while in the same period of previous year it was 99.39%.

Other operating revenues which amount to HRK 13.8 million and has not significantly changed comparing to the same period of previous year. Share of other operating revenues in total revenue was only 0.52 % in the first nine months of 2019, and in the first nine months of 2020 is only 0.46%.

Out of the total sales revenues, 99.80% revenues are generated on domestic market, while 0.20% is generated on the foreign market. In the first nine months of 2019, 99.82% revenues were generated on domestic market, while only 0.18% was generated on the foreign market.

Material expenses amount to HRK 2 billion 793.9 million and are 12.13% higher comparing to the same period of previous year, which is in accordance with the growth of sales. Since the operating expenses are growing in almost the same percentage, share of material expenses in the operating expenses has not significantly changed comparing to the same period of previous year and amounts to 95.38%.

Employee expenses are higher by 9.84% comparing to the same period of previous year. Their share in the total expenses amounts to 3.04% and has not significantly changed comparing to the same period of previous year. Increase in employee expenses is influenced by higher number of employees and additional expenses due to the epidemy caused by Covid-19 virus which appeared in Republic of Croatia in March 2020.

Finance income has not significantly changed comparing to the same period of previous year. Finance income relates to interest income and income from the share in the profit of the associate.

Finance expenses have increased compared to the same period of previous year by HRK 570 thousand, which is 11.39% mostly influenced by higher net negative foreign exchange differences from financial activities (primarily based on the lease obligations in accordance with IFRS 16) which increased by HRK 551 thousand. Their share has not changed comparing to the same period of previous year and amounts to 0.19%.

Gross margin in the first nine months of 2019 amounted to 8.05%, while in the first nine months of 2020 amounts to 7.24%, which is decrease by 0.81 percentage point.

Gross profit (profit before taxation) amounts to HRK 65.1 million, while in the same period of previous year amounted to HRK 74.4 million, which is decrease of HRK 9.3 million, or 12.49%. Lower gross profit is result of greater increase of total expenses (increase of 12.12% comparing to the same period of previous year mostly due to the increase in operating expenses) in relation to the increase of total revenues (increase of 11.44% comparing to the same period of previous year mostly due to the increase in operating revenues).

Operative earnings amount to HRK 68.2 million and are by HRK 8.8 million, which is 11.36% lower comparing to the same period of previous year. Lower operative earnings are significantly result of higher realized exchange rate differences by suppliers due to the higher exchange rate EURO.

Realised net profit amounts to HRK 53.5 million.

Transactions with the related parties in the first nine months of 2020 generated total net revenues in amount of HRK 44.0 million, which is by 36.87% higher of generated revenue in the same period of previous year when it amounted to HRK 32.2 million.

Trade goods purchased from the related parties amount to HRK 115.9 million, while in the same period of the previous year amounted to HRK 120.5 million, which is decrease of HRK 4.6 million, that is 3.81%.

Total assets amount to HRK 2 billion 745.3 million which is by 17.28% higher comparing to the beginning of the year.

Long term assets have increased by 4.53% compared to the beginning of the year.

Non-current intangible assets amount to HRK 259.7 million and they increased by 4.69% compared to the beginning of the year due to purchase of the ZU Ljekarne Pirović and increase of assets with the right of use. Non-current tangible assets amount to HRK 181.4 million and they increased by 8.32% compared to the beginning of the year due to the reclassification of investments in the associated company Primus nekretnine d.o.o. (more details with *Subsidiaries and Associates*).

Long term financial assets mostly relate to the investment in related parties and to the given loans. Long term financial assets amount to HRK 33.3 million and are by HRK 1,6 million lower compared to the beginning of the year as a result of loan repayment.

Deferred tax assets have not significantly changed comparing to the beginning of the year.

Short term assets amount to HRK 2 billion 265.2 million which is 20.38% higher compared to the beginning of the year. In the structure of short-term assets cash in bank and on hand, financial assets and inventory have decreased, while has receivables increased compared to the beginning of the year.

Inventory amounts to HRK 378.2 million and has decreased by HRK 21.5 million comparing to the beginning of the year, which is 5.38% due to the reclassification of investments in the associated company Primus nekretnine d.o.o. (more details with *Subsidiaries and Associates*) and the fact that turnover in April and May 2020 was lower than expected, so inventory was lower too.

Total short-term receivables amount to HRK 1 billion 845.4 million and are higher for HRK 422.5 million, which is 29.69%, comparing to the beginning of the year. Trade receivables, receivables from related parties and receivables from participating parties amount to HRK 1 billion 838.0 million and have increased by 29.73% comparing to the beginning of the year as a result of increase of sales and slower collection.

Short term financial assets amount to HRK 4.9 million and relate to short term given loans. Comparing to the beginning of the year they have decreased for HRK 787 thousand as a result of loan repayment.

Cash in bank and on hand amounts to HRK 36.7 million and is lower by HRK 16.7 million compared to the beginning of the year.

In equity, there was change in the retained earnings position as a result of dividends payments from retained earnings of the Group in amount of HRK 36.0 million.

Long term liabilities amount to HRK 59.0 million, out of which HRK 4.0 million relate to finance lease liabilities, HRK 16.5 million to deferred tax liabilities and HRK 38,5 million to liabilities based on operating lease agreement (in accordance with IFRS 16 Leases). Long term liabilities are higher for HRK 5.6 million comparing to the beginning of the year.

Short term liabilities amount to HRK 2 billion 161.3 million out of which the biggest part in amount of HRK 1 billion 569.9 million relates to trade payables and liabilities to related parties and HRK 545.5 million to indebtedness (HRK 542.0 million to short term loans and HRK 3.5 million to finance lease).

Trade payables and liabilities to related parties are higher for HRK 162.2 million comparing to the beginning of the year, which is 11.52%.

Total loans liabilities of Medika Group amount to HRK 542.0 million which is increase of HRK 227.0 million comparing to the beginning of the year. Funds received from banks were used to pay trade payables. As at 30.09.2020 Group does not have any long-term loans. All loans are short term loans and denominated in HRK so there is no exposure to foreign exchange risk at this balance sheet items.

### ***Key events***

Total pharmaceutical market in the first nine months of 2020 has increased comparing to the same period of previous year. At the same time, sales of Medika have increased slightly faster comparing to the market increase, which has influenced in smaller increase in market share.

Total indebtedness has increased for HRK 227.0 million compared to the beginning of the year.

During March 2020, ZU Ljekarne Prima Pharme signed a contract acquiring 100% share in ZU Ljekarne Pirović.

### ***Expected future development of the Group***

The Company will continue with its core business: distribution of medicinal products and medical devices will strongly develop operations with products that make the core business of the firm.

Development strategy of Prima Pharme is to expand network of pharmacies on whole territory of Croatia.

### ***Treasury shares***

As at 30.09.2020, the Company holds 2,940 treasury shares.

### ***Subsidiaries and associates***

The Company has subsidiaries Zdravstvena ustanova Ljekarne Prima Pharme and Primus nekretnine d.o.o. Both subsidiaries are fully owned by the Company. At the end of 2019, the Company entered into a contract with the buyer for the transfer of a business interest in the subsidiary Primus nekretnine d.o.o. and it has been reclassified to assets held for sale. Since the contract was terminated in the meantime, the investments in the associated company Primus nekretnine d.o.o. have been reclassified or returned to the category of long-term tangible assets.

ZU Ljekarne Prima Pharme has 100% of ownership in subsidiaries ZU Ljekarne Delonga, ZU Ljekarne Ines Škoko, ZU Ljekarna Pirović and associate ZU Ljekarne Jagatić in which it holds 49% of ownership.

### ***Related parties***

The company with major voting rights, Auctor d.o.o. owns 28.60% % of the Company and has 46.99% of shares with voting rights.

Pliva Hrvatska d.o.o., Zagreb owns 25.32% of the Company and has 28.05% of the voting rights. Given the share in the ownership and business transactions with the Company, Pliva Hrvatska has significant influence on the current operations of the Company.

### ***Financial risks and exposure to price risk, credit risk, liquidity and cash flow risk***

Within financial risks, foreign exchange risk is significant. The Group realizes majority of its revenue on domestic market in Croatian kuna. The Group's purchase of goods is partly realised on the foreign market. The Group is therefore exposed to foreign exchange risk arising from various changes in foreign exchange rates mainly linked to the EUR. All borrowings are in Croatian kuna.

The Group has part of assets which are interest-bearing so the Group's income and operating cash flows are dependent of changes in market interest rates.

The Group's interest rate risk arises from short term and long term given loans and borrowings with variable interest rates. Borrowings with variable interest rates expose the Group to cash flow interest rate risk. Borrowings with fixed interest rates expose the Group to the fair value interest rate risk exposure.

The Group does not use derivative instruments to actively hedge cash flow and fair value interest rate risk exposure. However, the Group continuously monitors changes in interest rates. Various scenarios are simulated taking into account refinancing, renewal of existing positions and alternative financing.

Price risk arises from a continuous decrease in the price of HZZO's List of medicinal products and administrative approach in determining prices and margins of medicinal products. To lower this risk, the Group focused on increase of variety of products which are not limited by law in respect of the price of the product.

Majority of the credit risk relates to trade receivables. Credit risk is higher when dealing with private owned pharmacies. However, hospital have longer collection period than pharmacies, but credit risk is significantly lower because they are indirectly receivable from the state.

The most significant risk within market risks is a long collection period of receivables, especially HZZO and HZZO related receivables, especially hospital. Therefore, a significant amount of working capital is not available what has an influence on cash flows and timely settlement of Medika liabilities.

As these receivables are directly or indirectly related to the receivables from the State institutions, the collection of receivables should not be viewed from the aspect of risk of unpayment but from the aspect of extended payment deadlines. This increases the need for additional financing of working capital, which increases finance expenses.

  
Jasminko Herceg, dipl.oec.  
*President of the Management Board*

<sup>3</sup> **Medika** d.d.  
ZAGREB, Capraška 1



## Annex 1

## ISSUER'S GENERAL DATA

Reporting period:  to

Year:

Quarter:

## Quarterly financial statements

Registration number (MB):  Issuer's home Member State code:

Entity's registration number (MBS):

Personal identification number (OIB):  LEI:

Institution code:

Name of the issuer:

Postcode and town:

Street and house number:

E-mail address:

Web address:

Number of employees (end of the reporting):

Consolidated report:  (KN-not consolidated/KD-consolidated)

Audited:  (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): Registered office: MB:

Bookkeeping firm:  (Yes/No)  (name of the bookkeeping firm)

Contact person:  (only name and surname of the contact person)

Telephone:

E-mail address:

Audit firm:  (name of the audit firm)

Certified auditor:  (name and surname)



**BALANCE SHEET**  
balance as at 30.09.2020

in HRK

Submitter: <b>MEDIKA d.d.</b>			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>	0	0
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	458.093.355	478.845.738
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	248.041.147	259.671.961
1 Research and development	<b>004</b>	0	0
2 Concessions, patents, licences, trademarks, software and other rights	<b>005</b>	176.760.177	179.520.745
3 Goodwill	<b>006</b>	70.970.905	78.607.183
4 Advances for the purchase of intangible assets	<b>007</b>	17.280	0
5 Intangible assets in preparation	<b>008</b>	292.785	1.180.745
6 Other intangible assets	<b>009</b>	0	363.288
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	167.418.404	181.354.325
1 Land	<b>011</b>	23.406.270	30.400.331
2 Buildings	<b>012</b>	115.017.136	121.410.370
3 Plant and equipment	<b>013</b>	19.226.384	19.563.798
4 Tools, working inventory and transportation assets	<b>014</b>	6.514.263	6.390.903
5 Biological assets	<b>015</b>	0	0
6 Advances for the purchase of tangible assets	<b>016</b>	201.027	90.955
7 Tangible assets in preparation	<b>017</b>	2.180.004	2.631.023
8 Other tangible assets	<b>018</b>	873.320	866.945
9 Investment property	<b>019</b>	0	0
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	34.871.292	33.258.231
1 Investments in holdings (shares) of undertakings within the group	<b>021</b>	0	0
2 Investments in other securities of undertakings within the group	<b>022</b>	0	0
3 Loans, deposits, etc. to undertakings within the group	<b>023</b>	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	<b>024</b>	22.043.273	23.514.829
5 Investment in other securities of companies linked by virtue of participating interests	<b>025</b>	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	<b>026</b>	0	0
7 Investments in securities	<b>027</b>	0	0
8 Loans, deposits, etc. given	<b>028</b>	12.828.019	9.743.402
9 Other investments accounted for using the equity method	<b>029</b>	0	0
10 Other fixed financial assets	<b>030</b>	0	0
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	5.569.187	2.388.916
1 Receivables from undertakings within the group	<b>032</b>	0	0
2 Receivables from companies linked by virtue of participating interests	<b>033</b>	0	0
3 Customer receivables	<b>034</b>	5.569.187	2.388.916
4 Other receivables	<b>035</b>	0	0
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	2.193.325	2.172.305
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	1.881.746.645	2.265.208.701
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	399.767.048	378.244.500
1 Raw materials and consumables	<b>039</b>	534.205	566.468
2 Work in progress	<b>040</b>	0	0
3 Finished goods	<b>041</b>	0	0
4 Merchandise	<b>042</b>	376.458.823	374.918.796
5 Advances for inventories	<b>043</b>	6.549.181	2.759.236
6 Fixed assets held for sale	<b>044</b>	16.224.839	0
7 Biological assets	<b>045</b>	0	0
<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	1.422.905.420	1.845.401.086



1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	22.514.675	28.271.417
3 Customer receivables	049	1.394.252.777	1.809.735.533
4 Receivables from employees and members of the undertaking	050	33.378	32.729
5 Receivables from government and other institutions	051	4.494.847	5.759.524
6 Other receivables	052	1.609.743	1.601.883
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>5.653.452</b>	<b>4.866.467</b>
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	5.653.452	4.866.467
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>53.420.725</b>	<b>36.696.648</b>
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>888.812</b>	<b>1.263.190</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>2.340.728.812</b>	<b>2.745.317.629</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>127.268.833</b>	<b>134.026.950</b>
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>			
I INITIAL (SUBSCRIBED) CAPITAL	068	209.244.420	209.244.420
II CAPITAL RESERVES	069	-7.657.921	-7.657.921
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	61.886.379	61.886.379
1 Legal reserves	071	18.548.510	18.548.510
2 Reserves for treasury shares	072	48.811.980	48.811.980
3 Treasury shares and holdings (deductible item)	073	-37.187.824	-37.187.824
4 Statutory reserves	074	0	0
5 Other reserves	075	31.713.713	31.713.713
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	168.375.311	205.180.117
1 Retained profit	082	168.375.311	205.180.117
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	72.780.086	53.548.477
1 Profit for the business year	085	72.780.086	53.548.477
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
<b>B) PROVISIONS (ADP 089 to 094)</b>	<b>088</b>	<b>571.767</b>	<b>571.767</b>
1 Provisions for pensions, termination benefits and similar obligations	089	571.767	571.767
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	0	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	0	0
<b>C) LONG-TERM LIABILITIES (ADP 096 to 106)</b>	<b>095</b>	<b>53.395.101</b>	<b>58.977.701</b>
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0

3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities to banks and other financial institutions	101	4.686.053	3.981.142
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	32.162.489	38.450.000
11 Deferred tax liability	106	16.546.559	16.546.559
<b>D) SHORT-TERM LIABILITIES (ADP 108 to 121)</b>	<b>107</b>	<b>1.775.104.454</b>	<b>2.161.331.827</b>
1 Liabilities to undertakings within the group	108	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0
3 Liabilities to companies linked by virtue of participating interests	110	50.807.170	57.851.547
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	0	0
6 Liabilities to banks and other financial institutions	113	318.574.169	545.474.967
7 Liabilities for advance payments	114	4.381.470	17.892
8 Liabilities to suppliers	115	1.356.878.915	1.512.060.262
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	12.318.353	12.460.987
11 Taxes, contributions and similar liabilities	118	21.395.939	29.311.541
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	10.748.438	4.154.631
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>7.029.215</b>	<b>2.234.862</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>2.340.728.812</b>	<b>2.745.317.629</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>124</b>	<b>127.268.833</b>	<b>134.026.950</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2020. to 30.09.2020.

in HRK

Submitter: **MEDIKA d.d.**

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I OPERATING INCOME (ADP 126 to 130)</b>	<b>125</b>	2.689.534.169	932.124.907	2.997.501.000	999.400.934
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	2.675.653.659	928.215.934	2.983.700.619	995.112.435
3 Income from the use of own products, goods and services	128	0	0	0	0
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	13.880.510	3.908.973	13.800.381	4.288.499
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	2.612.580.651	904.785.745	2.929.288.261	971.352.862
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	2.491.670.945	864.222.048	2.793.900.858	930.582.156
a) Costs of raw materials and consumables	134	10.586.039	3.280.321	9.277.237	2.783.262
b) Costs of goods sold	135	2.460.158.245	853.532.247	2.767.710.447	922.118.171
c) Other external costs	136	20.926.661	7.409.480	16.913.174	5.680.723
3 Staff costs (ADP 138 to 140)	137	81.061.784	28.008.662	89.038.657	29.523.476
a) Net salaries and wages	138	50.172.909	17.263.894	55.430.557	18.210.682
b) Tax and contributions from salary costs	139	20.955.271	7.300.252	22.596.806	7.633.115
c) Contributions on salaries	140	9.933.604	3.444.516	11.011.294	3.679.679
4 Depreciation	141	18.655.184	6.352.329	19.927.607	6.734.439
5 Other costs	142	19.530.010	5.215.247	26.628.248	4.473.747
6 Value adjustments (ADP 144+145)	143	1.277.137	601.868	-207.109	39.044
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	1.277.137	601.868	-207.109	39.044
7 Provisions (ADP 147 to 152)	146	384.028	384.028	0	0
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	384.028	384.028	0	0
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	1.563	1.563	0	0
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	2.487.074	808.918	2.497.569	685.502
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	1.594.027	483.660	1.618.556	453.072
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	37	37
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	893.047	325.258	878.976	153.516
8 Exchange rate differences and other financial income	162	0	0	0	78.877
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	0	0	0	0
<b>IV FINANCIAL EXPENSES (ADP 166 to 172)</b>	<b>165</b>	5.000.739	1.811.834	5.570.431	1.905.326
1 Interest expenses and similar expenses with undertakings within the group	166	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	4.993.701	1.789.884	5.012.145	1.905.326
4 Exchange rate differences and other expenses	169	7.038	21.950	558.286	0
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	0	0	0	0
<b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>	<b>173</b>	0	0	0	0
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>174</b>	0	0	0	0
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>175</b>	0	0	0	0
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>176</b>	0	0	0	0
<b>IX TOTAL INCOME (ADP 125+154+173 + 174)</b>	<b>177</b>	2.692.021.243	932.933.825	2.999.998.569	1.000.086.436
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	2.617.581.390	906.597.579	2.934.858.692	973.258.188
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	74.439.853	26.336.246	65.139.877	26.828.248
1 Pre-tax profit (ADP 177-178)	180	74.439.853	26.336.246	65.139.877	26.828.248

2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
XII INCOME TAX	182	13.524.596	4.741.339	11.591.400	4.788.038
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	60.915.257	21.594.907	53.548.477	22.040.210
1 Profit for the period (ADP 179-182)	184	60.915.257	21.594.907	53.548.477	22.040.210
2 Loss for the period (ADP 182-179)	185	0	0	0	0
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0	0	0
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0	0	0
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0	0	0
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
I PROFIT OR LOSS FOR THE PERIOD	202	60.915.257	21.594.907	53.548.477	22.040.210
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	0	0	0	0
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	0	0	0	0
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	60.915.257	21.594.907	53.548.477	22.040.210
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	0	0	0	0
1 Attributable to owners of the parent	216	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

**STATEMENT OF CASH FLOWS - indirect method**  
for the period 01.01.2020. to 30.09.2020

in HRK

Submitter: MEDIKA d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>Cash flow from operating activities</b>			
1 Pre-tax profit	001	74.439.853	65.139.877
2 Adjustments (ADP 003 to 010):	002	25.332.477	27.179.694
a) Depreciation	003	18.655.184	19.927.607
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-503.929	-188.572
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	1.277.137	-207.109
d) Interest and dividend income	006	-2.487.075	-2.482.515
e) Interest expenses	007	4.993.700	4.997.128
f) Provisions	008	384.028	0
g) Exchange rate differences (unrealised)	009	-220.576	-72.018
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	3.234.008	5.205.173
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>99.772.330</b>	<b>92.319.571</b>
3 Changes in the working capital (ADP 013 to 016)	012	-221.674.879	-272.282.343
a) Increase or decrease in short-term liabilities	013	165.105.574	147.432.220
b) Increase or decrease in short-term receivables	014	-352.735.058	-420.418.204
c) Increase or decrease in inventories	015	-34.045.395	703.641
d) Other increase or decrease in working capital	016	0	0
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-121.902.549</b>	<b>-179.962.772</b>
4 Interest paid	018	-4.500.606	-4.018.535
5 Income tax paid	019	-4.284.539	-7.133.637
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>-130.687.694</b>	<b>-191.114.944</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	549.811	704.468
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	898.005	850.574
4 Dividends received	024	1.743.775	147.000
5 Cash receipts from repayment of loans and deposits	025	6.291.400	9.145.119
6 Other cash receipts from investment activities	026	0	143.933
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>9.482.991</b>	<b>10.991.094</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-12.013.967	-12.682.775
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-1.500.000	-750.000
4 Acquisition of a subsidiary, net of cash acquired	031	-5.637.676	-2.211.451
5 Other cash payments from investment activities	032	-22.190	-13.320
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>-19.173.833</b>	<b>-15.657.546</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-9.690.842</b>	<b>-4.666.452</b>
<b>Cash flow from financing activities</b>			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	440.000.000	707.000.000
4 Other cash receipts from financing activities	038	0	0

<b>V Total cash receipts from financing activities (ADP 035 to 038)</b>	<b>039</b>	440.000.000	707.000.000
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	<b>040</b>	-281.000.000	-480.000.000
2 Cash payments for dividends	<b>041</b>	-19.077.800	-35.975.280
3 Cash payments for finance lease	<b>042</b>	-2.693.207	-3.739.849
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	<b>043</b>	0	0
5 Other cash payments from financing activities	<b>044</b>	-7.235.815	-8.227.552
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	-310.006.822	-527.942.681
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	129.993.178	179.057.319
1 Unrealised exchange rate differences in respect of cash and cash equivalents	<b>047</b>	0	0
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	-10.385.358	-16.724.077
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	28.593.360	53.420.725
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	18.208.002	36.696.648



**STATEMENT OF CHANGES IN EQUITY**  
for the period from **1.1.2020** to **30.9.2020**

Description	Attributable to owners of the company													Total of the period
	1	2	3	4	5	6	7	8	9	10	11	12	13	
	APV (unrestricted) capital	Capital reserves	Retained earnings (unrestricted)	Reserves for statutory purposes	Other reserves	Financial instruments	Financial instruments	Cost of net investment in equity instruments	Impairment of net investment in equity instruments	Reserves for statutory purposes	Reserves for statutory purposes	Reserves for statutory purposes	Reserves for statutory purposes	
1 Balance on the first day of the current business year	209 244 420	7 657 921	18 548 510	48 811 960	31 713 713	0	0	0	0	153 758 187	31 684 844	450 825 899	0	
2 Changes in accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0	
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	209 244 420	-7 657 921	18 548 510	48 811 960	31 713 713	0	0	0	0	153 758 187	31 684 844	450 825 899	0	
5 Profit/loss of the period	0	0	0	0	0	0	0	0	0	0	0	0	0	
6 Exchange rate differences from translation of foreign operations	0	0	0	0	0	0	0	0	0	0	0	0	0	
7 Changes in revaluation reserves of fixed tangible and intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	
8 Profit or loss arising from subsequent measurement of financial assets available for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	
9 Profit or loss arising from effective cash flow hedge	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Profit or loss arising from effective cash flow hedge	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 Share in other comprehensive income/loss of companies included by value of participating interests	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Actual gains/losses on the defined benefit obligation	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Tax on transactions recognized directly in equity	0	0	0	0	0	0	0	0	0	0	0	0	0	
14 Tax on transactions recognized directly in equity	0	0	0	0	0	0	0	0	0	0	0	0	0	
15 Increase in total (subscribed) capital (other than from re-issuing profit and other than arising from the pre-issuance settlement procedure)	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Increase in total (subscribed) capital arising from the re-issuement of profit proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Increase in total (subscribed) capital arising from the pre-issuance settlement procedure	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Payment of share in participation	0	0	0	0	0	0	0	0	0	0	0	0	0	
19 Payment of share in participation	0	0	0	0	0	0	0	0	0	0	0	0	0	
20 Other distribution to owners	0	0	0	0	0	0	0	0	0	0	0	0	0	
21 Transfer to reserves according to the annual schedule	0	0	0	0	0	0	0	0	0	0	0	0	0	
22 Increase in reserves arising from the pre-issuance settlement procedure	0	0	0	0	0	0	0	0	0	0	0	0	0	
23 Balance on the last day of the previous business year reporting period (set to 0)	209 244 420	-7 657 921	18 548 510	48 811 960	31 713 713	0	0	0	0	153 758 187	31 684 844	450 825 899	0	
24 Balance on the last day of the current business year (ADP 06 to 14)	209 244 420	-7 657 921	18 548 510	48 811 960	31 713 713	0	0	0	0	153 758 187	31 684 844	450 825 899	0	
25 COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05-14)	0	0	0	0	0	0	0	0	0	0	0	0	0	
26 COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD RECOGNIZED DIRECTLY IN EQUITY (ADP 15 to 22)	0	0	0	0	0	0	0	0	0	0	0	0	0	
27 Balance on the first day of the current business year	209 244 420	-7 657 921	18 548 510	48 811 960	31 713 713	0	0	0	0	153 758 187	31 684 844	450 825 899	0	
28 Changes in accounting policies	0	0	0	0	0	0	0	0	0	0	0	0	0	
29 Correction of errors	0	0	0	0	0	0	0	0	0	0	0	0	0	
30 Balance on the first day of the current business year (restated) (ADP 27 to 29)	209 244 420	-7 657 921	18 548 510	48 811 960	31 713 713	0	0	0	0	153 758 187	31 684 844	450 825 899	0	
31 Profit/loss of the period	0	0	0	0	0	0	0	0	0	0	0	0	0	
32 Exchange rate differences from translation of foreign operations	0	0	0	0	0	0	0	0	0	0	0	0	0	
33 Changes in revaluation reserves of fixed tangible and intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	
34 Profit or loss arising from subsequent measurement of financial assets available for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	
35 Profit or loss arising from effective cash flow hedge	0	0	0	0	0	0	0	0	0	0	0	0	0	
36 Profit or loss arising from effective cash flow hedge	0	0	0	0	0	0	0	0	0	0	0	0	0	
37 Share in other comprehensive income/loss of companies included by value of participating interests	0	0	0	0	0	0	0	0	0	0	0	0	0	
38 Actual gains/losses on the defined benefit obligation	0	0	0	0	0	0	0	0	0	0	0	0	0	
39 Other changes in equity unrelated to owners	0	0	0	0	0	0	0	0	0	0	0	0	0	
40 Increase in total (subscribed) capital (other than from re-issuing profit and other than arising from the pre-issuance settlement procedure)	0	0	0	0	0	0	0	0	0	0	0	0	0	
41 Increase in total (subscribed) capital arising from the re-issuement of profit proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	
42 Increase in total (subscribed) capital arising from the pre-issuance settlement procedure	0	0	0	0	0	0	0	0	0	0	0	0	0	
43 Redemption of treasury shares/holdings	0	0	0	0	0	0	0	0	0	0	0	0	0	
44 Payment of share in participation	0	0	0	0	0	0	0	0	0	0	0	0	0	
45 Other distribution to owners	0	0	0	0	0	0	0	0	0	0	0	0	0	
46 Transfer to reserves according to the annual schedule	0	0	0	0	0	0	0	0	0	0	0	0	0	
47 Increase in reserves arising from the pre-issuance settlement procedure	0	0	0	0	0	0	0	0	0	0	0	0	0	
48 Balance on the last day of the current business year reporting period (ADP 30 to 48)	209 244 420	-7 657 921	18 548 510	48 811 960	31 713 713	0	0	0	0	153 758 187	31 684 844	450 825 899	0	
49 Balance on the last day of the current business year reporting period (ADP 30 to 48)	209 244 420	-7 657 921	18 548 510	48 811 960	31 713 713	0	0	0	0	153 758 187	31 684 844	450 825 899	0	
50 COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 30-48)	0	0	0	0	0	0	0	0	0	0	0	0	0	
51 COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD RECOGNIZED DIRECTLY IN EQUITY (ADP 49 to 52)	0	0	0	0	0	0	0	0	0	0	0	0	0	
52 Balance on the last day of the current business year reporting period (ADP 30 to 48)	209 244 420	-7 657 921	18 548 510	48 811 960	31 713 713	0	0	0	0	153 758 187	31 684 844	450 825 899	0	

ADP 01 to 03: Restatement of the opening balance sheet as at 1.1.2020 due to the correction of errors in the calculation of the opening balance of the equity instruments. ADP 05-14: Restatement of the opening balance sheet as at 1.1.2020 due to the correction of errors in the calculation of the opening balance of the equity instruments. ADP 15 to 22: Restatement of the opening balance sheet as at 1.1.2020 due to the correction of errors in the calculation of the opening balance of the equity instruments. ADP 27 to 29: Restatement of the opening balance sheet as at 1.1.2020 due to the correction of errors in the calculation of the opening balance of the equity instruments. ADP 30-48: Restatement of the opening balance sheet as at 1.1.2020 due to the correction of errors in the calculation of the opening balance of the equity instruments. ADP 49 to 52: Restatement of the opening balance sheet as at 1.1.2020 due to the correction of errors in the calculation of the opening balance of the equity instruments.



NOTES TO FINANCIAL STATEMENTS - TFI  
(drawn up for quarterly reporting periods)

Name of the issuer: MEDIKA D.D.

Personal identification number (OIB): 94818858923

Reporting period: 01.01.2020. - 30.09.2020.

Notes to financial statements

Medika Group states that the same financial policies and calculation methods are applied in the financial statements for the period 01.01.-30.09.2020. as well as in the annual financial statements for 2019.

Significant business events and transactions in the observed period are explained in the Management interim report for I-IX 2020. Medika Group.

Zagreb, 29 October 2020

Pursuant to the articles 462 to 471 of the Capital market Law (Official Gazette 65/18 and 17/20) President of the Management Board Jasminko Herceg provides

### **STATEMENT OF LIABILITY FOR PREPARING FINANCIAL STATEMENTS OF ISSUER**

Unaudited unconsolidated and consolidated financial statements of Medika d.d. have been prepared pursuant to the International Financial Reporting Standards (IFRS) and Croatian Accounting Law.

Unaudited unconsolidated and consolidated financial statements for the period from 01 January to 30 September 2020 present true and fair view of assets and liabilities, financial position, profit or loss of the Company and the Group.

The interim management report for the unaudited financial statements for the period 01 January to 30 September 2020 presents fair presentation of development and results of the operations and position of the Company and the Group with description of significant risks and uncertainties for the Company and the Group.



Jasminko Herceg  
*President of the Management Board*

**Medika** d.d.  
ZAGREB Capraška 1