

# Semi-Annual JGL Group Management Report



SEMI-ANNUAL  
MANAGEMENT  
REPORT  
JGL GROUP  
2020



**Annex 1****ISSUER'S GENERAL DATA**

Reporting period:	1.1.2020	to	30.6.2020
Year:	2020		
Semmi-annual period:	1		

**Semmi-annual financial statements**

Registration number (MB):	03715957	Issuer's home Member State code:	
Entity's registration number (MBS):	040004561		
Personal identification number (OIB):	20950636972	LEI:	
Institution code:	2564		

Name of the issuer: **JGL d.d.**Postcode and town: **51000****Rijeka**Street and house number: **Svilno 20**E-mail address: **jgl@jgl.hr**Web address: **www.jgl.hr**Number of employees (end of the reporting): **1030**Consolidated report: **KD** (KN-not consolidated/KD-consolidated)Audited: **RN** (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

**Farmis d.o.o. Sarajevo****Sarajevo, BIH****Jadran - Galenski laboratorij d.o.o. Ljubljana****Ljubljana, Slovenija****JGL. D.o.o. Beograd-Sopot****Beograd, Srbija****JGL North America LLC****Raleigh, SAD****JADRAN LLC Moskva****Moskva, Rusija**

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 30.06.2020

in HRK

<b>Submitter: JGL GROUP</b>			
Item	ADP	Last day of the previous 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>	659.106.408	663.246.967
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	116.366.072	118.342.979
1 Research and development	<b>004</b>	15.267.718	14.416.960
2 Concessions, patents, licences, trademarks, software and other rights	<b>005</b>	41.371.524	40.027.998
3 Goodwill	<b>006</b>	21.824.660	21.824.660
4 Advances for the purchase of intangible assets	<b>007</b>	0	0
5 Intangible assets in preparation	<b>008</b>	29.818.918	34.131.766
6 Other intangible assets	<b>009</b>	8.083.252	7.941.595
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	524.552.799	525.397.088
1 Land	<b>011</b>	41.712.493	41.718.309
2 Buildings	<b>012</b>	264.826.831	260.967.323
3 Plant and equipment	<b>013</b>	177.651.603	182.957.607
4 Tools, working inventory and transportation assets	<b>014</b>	18.188.102	17.380.401
5 Biological assets	<b>015</b>	0	0
6 Advance payments for the purchase of tangible assets	<b>016</b>	3.294.880	66.687
7 Tangible assets in preparation	<b>017</b>	1.559.154	4.987.025
8 Other tangible assets	<b>018</b>	832.480	832.480
9 Investment property	<b>019</b>	16.487.256	16.487.256
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	1.782.036	1.782.390
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 interest	<b>024</b>	566.136	566.136
5 Investment in other securities of companies linked by virtue of participating interest	<b>025</b>	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interest	<b>026</b>	0	0
7 Investments in securities	<b>027</b>	1.182.575	1.182.575
8 Loans, deposits, etc. given	<b>028</b>	33.325	33.679
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>	4.051	4.114
1 Receivables from undertakings within the group	<b>032</b>	0	0
2 Receivables from companies linked by virtue of participating interest	<b>033</b>	0	0
3 Customer receivables	<b>034</b>	0	0
4 Other receivables	<b>035</b>	4.051	4.114
<b>V Deferred tax assets</b>	<b>036</b>	16.401.450	17.720.396
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	603.191.696	583.967.649
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	206.232.958	240.839.063
1 Raw materials and consumables	<b>039</b>	83.180.641	84.032.791
2 Work in progress	<b>040</b>	207.216	597.251

3 Finished goods	041	47.174.289	62.623.175
4 Merchandise	042	66.334.780	84.374.821
5 Advance payments for inventories	043	125.008	0
6 Fixed assets held for sale	044	9.211.024	9.211.025
7 Biological assets	045	0	0
<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	<b>311.563.490</b>	<b>241.611.733</b>
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interest	048	0	0
3 Customer receivables	049	293.238.337	207.600.502
4 Receivables from employees and members of the undertaking	050	123.601	82.279
5 Receivables from government and other institutions	051	14.515.372	19.879.337
6 Other receivables	052	3.686.180	14.049.615
<b>III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>201.792</b>	<b>53.462.360</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 interest	057	0	0
5 Investment in other securities of companies linked by virtue of participating interest	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interest	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	201.792	209.714
9 Other financial assets	062	0	53.252.646
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>85.193.456</b>	<b>48.054.493</b>
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>3.546.706</b>	<b>2.595.814</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>1.265.844.810</b>	<b>1.249.810.430</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>86.666.791</b>	<b>85.425.008</b>
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>	<b>067</b>	<b>624.963.119</b>	<b>644.604.449</b>
<b>I INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>119.255.000</b>	<b>119.255.000</b>
<b>II CAPITAL RESERVES</b>	<b>069</b>	<b>16.720.695</b>	<b>16.720.695</b>
<b>III RESERVES FROM PROFIT (ADP 071+072-073+074+075)</b>	<b>070</b>	<b>45.291.675</b>	<b>51.297.161</b>
1 Legal reserves	071	42.107.648	48.113.134
2 Reserves for treasury shares	072	8.316.948	8.153.948
3 Treasury shares and holdings (deductible item)	073	-7.273.700	-7.110.700
4 Statutory reserves	074	0	0
5 Other reserves	075	2.140.779	2.140.779
<b>IV REVALUATION RESERVES</b>	<b>076</b>	<b>482.336</b>	<b>776.537</b>
<b>V FAIR VALUE RESERVES (ADP 078 to 080)</b>	<b>077</b>	<b>0</b>	<b>0</b>
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
<b>VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)</b>	<b>081</b>	<b>364.771.073</b>	<b>426.790.514</b>
1 Retained profit	082	364.771.073	426.790.514
2 Loss brought forward	083	0	0
<b>VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)</b>	<b>084</b>	<b>78.442.340</b>	<b>29.764.542</b>
1 Profit for the business year	085	78.442.340	29.764.542
2 Loss for the business year	086	0	0
<b>VIII MINORITY (NON-CONTROLLING) INTEREST</b>	<b>087</b>	<b>0</b>	<b>0</b>
<b>B) PROVISIONS (ADP 089 to 094)</b>	<b>088</b>	<b>3.150.555</b>	<b>3.063.332</b>

1 Provisions for pensions, termination benefits and similar obligations	089	2.062.091	2.157.666
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	1.088.464	905.666
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>350.040.248</b>	<b>359.103.285</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 interest	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities to banks and other financial institutions	101	218.558.925	227.401.143
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	127.835.906	128.060.238
10 Other long-term liabilities	105	0	0
11 Deferred tax liability	106	3.645.417	3.641.904
<b>D) SHORT-TERM LIABILITIES (ADP 108 to 121)</b>	<b>107</b>	<b>268.867.875</b>	<b>213.164.255</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	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	111	0	0
5 Liabilities for loans, deposits etc.	112	0	0
6 Liabilities to banks and other financial institutions	113	61.362.389	36.653.261
7 Liabilities for advance payments	114	137.249	204.213
8 Liabilities to suppliers	115	120.365.638	115.129.390
9 Liabilities for securities	116	53.094.414	47.729.441
10 Liabilities to employees	117	15.037.948	7.020.358
11 Taxes, contributions and similar liabilities	118	16.538.873	5.986.806
12 Liabilities arising from the share in the result	119	21.468	62.868
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	2.309.896	377.918
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>18.823.013</b>	<b>29.875.109</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>1.265.844.810</b>	<b>1.249.810.430</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>124</b>	<b>86.666.791</b>	<b>85.425.008</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2020 to 30.06.2020

in HRK

<b>Submitter: JGL GROUP</b>			
<b>Item</b>	<b>ADP code</b>	<b>Same period of the previous year</b>	<b>Current period</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>I OPERATING INCOME (ADP 126 to 130)</b>	<b>125</b>	<b>391.424.029</b>	<b>453.296.100</b>
1 Income from sales with undertakings within the group	126	0	0
2 Income from sales (outside the group)	127	380.917.154	441.861.302
3 Income from the use of own products, goods and services	128	0	0
4 Other operating income with undertakings within the group	129	0	0
5 Other operating income (outside the group)	130	10.506.875	11.434.798
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	<b>368.288.435</b>	<b>406.168.419</b>
1 Changes in inventories of work in progress and finished goods	132	-12.225.494	-17.995.692
2 Material costs (ADP 134 to 136)	133	254.785.057	287.553.786
a) Costs of raw materials and consumables	134	71.788.120	97.916.038
b) Costs of goods sold	135	103.437.351	107.260.626
c) Other external costs	136	79.559.586	82.377.122
3 Staff costs (ADP 138 to 140)	137	75.642.812	85.123.795
a) Net salaries and wages	138	47.314.088	54.797.465
b) Tax and contributions from salaries expenses	139	16.649.745	18.219.384
c) Contributions on salaries	140	11.678.979	12.106.946
4 Depreciation	141	23.012.411	24.002.183
5 Other costs	142	19.519.184	15.060.858
6 Value adjustments (ADP 144+145)	143	5.111	0
a) fixed assets other than financial assets	144	0	0
b) current assets other than financial assets	145	5.111	0
7 Provisions (ADP 147 to 152)	146	0	0
a) Provisions for pensions, termination benefits and similar obligations	147	0	0
b) Provisions for tax liabilities	148	0	0
c) Provisions for ongoing legal cases	149	0	0
d) Provisions for renewal of natural resources	150	0	0
e) Provisions for warranty obligations	151	0	0
f) Other provisions	152	0	0
8 Other operating expenses	153	7.549.354	12.423.489
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	<b>14.514.192</b>	<b>7.366.876</b>
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	156	0	0
3 Income from other long-term financial investments and loans granted to undertakings within the group	157	0	0
4 Other interest income from operations with undertakings within the group	158	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0
6 Income from other long-term financial investments and loans	160	44.507	0
7 Other interest income	161	57.950	268.834
8 Exchange rate differences and other financial income	162	14.408.328	7.046.796
9 Unrealised gains (income) from financial assets	163	0	0
10 Other financial income	164	3.407	51.246
<b>IV FINANCIAL EXPENSES (ADP 166 to 172)</b>	<b>165</b>	<b>11.657.504</b>	<b>26.508.071</b>
1 Interest expenses and similar expenses from operations with undertakings within the group	166	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0
3 Interest expenses and similar expenses	168	9.323.950	7.067.984
4 Exchange rate differences and other expenses	169	2.333.023	17.682.324
5 Unrealised losses (expenses) from financial assets	170	0	1.757.763
6 Value adjustments of financial assets (net)	171	0	0

7 Other financial expenses	172	531	0
<b>V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>	<b>173</b>	<b>0</b>	<b>0</b>
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>174</b>	<b>0</b>	<b>0</b>
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>175</b>	<b>0</b>	<b>0</b>
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>176</b>	<b>0</b>	<b>0</b>
<b>IX TOTAL INCOME (ADP 125+154+173 + 174)</b>	<b>177</b>	<b>405.938.221</b>	<b>460.662.976</b>
<b>X TOTAL EXPENSES (ADP 131+165+175 + 176)</b>	<b>178</b>	<b>379.945.939</b>	<b>432.676.490</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	<b>25.992.282</b>	<b>27.986.486</b>
1 Pre-tax profit (ADP 177-178)	180	25.992.282	27.986.486
2 Pre-tax loss (ADP 178-177)	181	0	0
<b>XII INCOME TAX</b>	<b>182</b>	<b>0</b>	<b>-1.778.056</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	<b>183</b>	<b>25.992.282</b>	<b>29.764.542</b>
1 Profit for the period (ADP 179-182)	184	25.992.282	29.764.542
2 Loss for the period (ADP 182-179)	185	0	0
<b>DISCONTINUED OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>			
<b>XIV PRE-TAX PROFIT OR LOSS ON DISCONTINUED OPERATIONS (ADP 187-188)</b>	<b>186</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit from discontinued operations	187	0	0
2 Pre-tax loss on discontinued operations	188	0	0
<b>XV DISCONTINUED OPERATIONS INCOME TAX</b>	<b>189</b>	<b>0</b>	<b>0</b>
1 Discontinued operations profit for the period (ADP 186-189)	190		
2 Discontinued operations loss for the period (ADP 189-186)	191		
<b>DISCONTINUED OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>			
<b>XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)</b>	<b>192</b>		
1 Pre-tax profit (ADP 192)	193	0	0
2 Pre-tax loss (ADP 192)	194	0	0
<b>XVII INCOME TAX (ADP 182+189)</b>	<b>195</b>		
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	<b>196</b>		
1 Profit for the period (ADP 192-195)	197		
2 Loss for the period (ADP 195-192)	198		
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>			
<b>XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)</b>	<b>199</b>	<b>25.992.282</b>	<b>29.764.542</b>
1 Attributable to owners of the parent	200	25.992.282	29.764.542
2 Attributable to minority (non-controlling) interest	201	0	0
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>			
<b>I PROFIT OR LOSS FOR THE PERIOD</b>	<b>202</b>	<b>25.992.282</b>	<b>29.764.542</b>
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)</b>	<b>203</b>	<b>0</b>	<b>0</b>
1 Exchange rate differences from translation of foreign operations	204	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0
4 Profit or loss arising from effective cash flow hedge	207	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interest	209	0	0
7 Actuarial gains/losses on the defined remuneration plans	210	0	0
8 Other changes in equity unrelated to owners	211	0	0
<b>III TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD</b>	<b>212</b>	<b>0</b>	<b>0</b>
<b>IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)</b>	<b>213</b>	<b>0</b>	<b>0</b>
<b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	<b>214</b>	<b>25.992.282</b>	<b>29.764.542</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>			
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)</b>	<b>215</b>	<b>25.992.282</b>	<b>29.764.542</b>
1 Attributable to owners of the parent	216	25.992.282	29.764.542
2 Attributable to minority (non-controlling) interest	217	0	0



**STATEMENT OF CASH FLOWS - indirect method**  
for the period 01.01.2020 to 30.06.2020

in HRK

Submitter: JGL GROUP			
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	0	0
2 Adjustments (ADP 003 to 010):	002	0	0
a) Depreciation	003	0	0
b) Gains and losses arising from sale and value adjustment of fixed tangible and intangible assets	004	0	0
c) Gains and losses arising from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	0	0
e) Interest expenses	007	0	0
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	0	0
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
<b>I Cash flow increase or decrease before changes in working capital (ADP 001+002)</b>	<b>011</b>	<b>0</b>	<b>0</b>
3 Changes in working capital (ADP 013 to 016)	012	0	0
a) Increase or decrease in short-term liabilities	013	0	0
b) Increase or decrease in short-term receivables	014	0	0
c) Increase or decrease in inventories	015	0	0
d) Other increase or decrease in working capital	016	0	0
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>0</b>	<b>0</b>
4 Interest paid	018	0	0
5 Income tax paid	019	0	0
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>0</b>	<b>0</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	0	0
4 Dividends received	024	0	0
5 Cash receipts from the repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
<b>III Total cash receipts from investment activities (ADP 021 to 026)</b>	<b>027</b>	<b>0</b>	<b>0</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	0	0
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
<b>IV Total cash payments from investment activities (ADP 028 to 032)</b>	<b>033</b>	<b>0</b>	<b>0</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>0</b>	<b>0</b>
<b>Cash flow from financing activities</b>			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts the from issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from loan principal, debentures and other borrowings	037	0	0
4 Other cash receipts from financing activities	038	0	0

<b>V Total cash receipts from financing activities</b> (ADP 035 to 038)	<b>039</b>	0	0
1 Cash payments for the repayment of loan principal, debentures and other borrowings and debt financial instruments	<b>040</b>	0	0
2 Cash payments for dividends	<b>041</b>	0	0
3 Cash payments for finance lease	<b>042</b>	0	0
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>	0	0
<b>VI Total cash payments from financing activities</b> (ADP 040 to 044)	<b>045</b>	0	0
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES</b> (ADP 039+045)	<b>046</b>	0	0
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</b> (ADP 020+034+046+047)	<b>048</b>	0	0
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	0	0
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b> (ADP 048+049)	<b>050</b>	0	0

**STATEMENT OF CASH FLOWS - direct method**  
for the period 01.01.2020 to 30.06.2020

in HRK

Submitter: JGL GROUP			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>Cash flow from operating activities</b>			
1 Cash receipts from customers	001	461.780.699	535.231.889
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	483.846	283.596
4 Cash receipts from tax refund	004	5.421.391	7.242.834
5 Cash payments to suppliers	005	-284.069.266	-339.473.437
6 Cash payments to employees	006	-61.519.003	-68.428.047
7 Cash payments for insurance premiums	007	0	0
8 Other cash receipts and payments	008	-46.681.983	-61.309.848
<b>I Cash from operations (ADP 001 to 008)</b>	<b>009</b>	<b>75.415.684</b>	<b>73.546.987</b>
9 Interest paid	010	-10.209.508	-6.339.177
10 Income tax paid	011	0	-603.425
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)</b>	<b>012</b>	<b>65.206.176</b>	<b>66.604.385</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	013	4.455.219	255.336
2 Cash receipts from sales of financial instruments	014	0	0
3 Interest received	015	5.184	755
4 Dividends received	016	44.507	0
5 Cash receipts from the repayment of loans and deposits	017	118.021	80.600
6 Other cash receipts from investment activities	018	51.915	214.272.197
<b>II Total cash receipts from investment activities (ADP 013 to 018)</b>	<b>019</b>	<b>4.674.846</b>	<b>214.608.888</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	020	-10.751.561	-13.514.219
2 Cash payments for the acquisition of financial instruments	021	0	-44.575.176
3 Cash payments for loans and deposits	022	0	-80.000
4 Acquisition of a subsidiary, net of cash acquired	023	0	0
5 Other cash payments from investment activities	024	0	-223.667.700
<b>III Total cash payments from investment activities (ADP 020 to 024)</b>	<b>025</b>	<b>-10.751.561</b>	<b>-281.837.095</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)</b>	<b>026</b>	<b>-6.076.715</b>	<b>-67.228.207</b>
<b>Cash flow from financing activities</b>			
1 Cash receipts from the increase in initial (subscribed) capital	027	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	028	0	0
3 Cash receipts from loan principal, debentures and other borrowings	029	0	0
4 Other cash receipts from financing activities	030	437.430	70.000
<b>IV Total cash receipts from financing activities (ADP 027 to 030)</b>	<b>031</b>	<b>437.430</b>	<b>70.000</b>
1 Cash payments for the repayment of loan principal, debentures and other borrowings and debt financial instruments	032	-21.621.823	-13.334.393
2 Cash payments for dividends	033	-6.645.798	-10.052.937
3 Cash payments for finance leases	034	-11.201.114	-14.218.826
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	035	-68.000	-206.700
5 Other cash payments from financing activities	036	-20.000	-100.000
<b>V Total cash payments from financing activities (ADP 032 to 036)</b>	<b>037</b>	<b>-39.556.735</b>	<b>-37.912.856</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 031 + 037)</b>	<b>038</b>	<b>-39.119.305</b>	<b>-37.842.856</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	039	0	1.327.715
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 012+026+038+039)</b>	<b>040</b>	<b>20.010.156</b>	<b>-37.138.963</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>041</b>	<b>28.883.659</b>	<b>85.193.456</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 040+041)</b>	<b>042</b>	<b>48.893.815</b>	<b>48.054.493</b>

**STATEMENT OF CHANGES IN EQUITY**  
for the period from 1.1.2020 to 30.6.2020

in HRK

Item	ADP code	Attributable to owners of the parent																
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)	
<b>Previous period</b>																		
1 Balance on the first day of the previous business year	01	118.472.000	13.651.334	35.873.810	8.728.548	7.685.300	0	2.140.779	0	0	0	0	357.329.264	17.033.047	545.543.482	0	545.543.482	
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Correction of errors	03	0	0	0	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)	04	118.472.000	13.651.334	35.873.810	8.728.548	7.685.300	0	2.140.779	0	0	0	0	357.329.264	17.033.047	545.543.482	0	545.543.482	
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	25.992.282	25.992.282	0	25.992.282	
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	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	08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Actuarial gains/losses on the defined remuneration plans	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	422.145	0	0	0	0	0	422.145	0	422.145	
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Redemption of treasury shares/holdings	18	0	0	0	-511.600	-511.600	0	0	0	0	0	0	1.739.440	0	1.739.440	0	1.739.440	
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	-6.677.899	0	-6.677.899	0	-6.677.899	
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	5.424.902	0	5.424.902	0	5.424.902	
21 Transfer to reserves by annual schedule	21	0	0	6.233.838	0	0	0	0	0	0	0	0	10.799.209	-17.033.047	0	0	0	
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	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 (ADP 04 to 22)	23	118.472.000	13.651.334	42.107.648	8.216.948	7.173.700	0	2.140.779	422.145	0	0	0	368.614.916	25.992.282	572.444.352	0	572.444.352	
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings subject to IFRS)</b>																		
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	422.145	0	0	0	0	0	422.145	0	422.145	
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	422.145	0	0	0	0	25.992.282	26.414.427	0	26.414.427	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	6.233.838	-511.600	-511.600	0	0	0	0	0	0	11.285.652	-17.033.047	486.443	0	486.443	
<b>Current period</b>																		
1 Balance on the first day of the current business year	27	119.255.000	16.720.695	42.107.648	8.316.948	7.273.700	0	2.140.779	482.336	0	0	0	364.771.073	78.442.340	624.963.119	0	624.963.119	
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Correction of errors	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	119.255.000	16.720.695	42.107.648	8.316.948	7.273.700	0	2.140.779	482.336	0	0	0	364.771.073	78.442.340	624.963.119	0	624.963.119	
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	29.764.542	29.764.542	0	29.764.542	
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	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	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Actuarial gains/losses on the defined remuneration plans	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	294.201	0	0	0	0	0	294.201	0	294.201	
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Redemption of treasury shares/holdings	44	0	0	0	-163.000	-163.000	0	0	0	0	0	0	792.060	0	792.060	0	792.060	

19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	0	0	-10.094.337	0	-10.094.337	0	-10.094.337
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	-1.115.136	0	-1.115.136	0	-1.115.136
21 Transfer to reserves by annual schedule	47	0	0	6.005.486	0	0	0	0	0	0	0	0	0	0	72.436.854	-78.442.340	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>23 Balance on the last day of the current business year reporting period (ADP 30 to 48)</b>	<b>49</b>	<b>119.255.000</b>	<b>16.720.695</b>	<b>48.113.134</b>	<b>8.153.948</b>	<b>7.110.700</b>	<b>0</b>	<b>2.140.779</b>	<b>776.537</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>426.790.514</b>	<b>29.764.542</b>	<b>644.604.449</b>	<b>0</b>	<b>644.604.449</b>	
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings subject to IFRS)</b>																			
<b>I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>294.201</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>294.201</b>	<b>0</b>	<b>294.201</b>	
<b>II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>294.201</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29.764.542</b>	<b>30.058.743</b>	<b>0</b>	<b>30.058.743</b>	
<b>III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>6.005.486</b>	<b>-163.000</b>	<b>-163.000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62.019.441</b>	<b>-78.442.340</b>	<b>-10.417.413</b>	<b>0</b>	<b>-10.417.413</b>	

NOTES TO FINANCIAL STATEMENTS (PFI)  
(drawn up for semi-annual periods)

Name of the issuer: JADRAN - GALENSKI LABORATORIJ D.D.

Personal identification number (OIB): 20950636972

Reporting period: 01.01.2020 - 30.06.2020

Notes to financial statements for semi-annual periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the semi-annual reporting period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes
- d) a description of the financial performance in the case of the issuer whose business is seasonal.

## Semi-Annual JGL Group Management Report

*JADRAN – GALENSKI LABORATORIJ d.d. (“JGL”, “Company” or “Parent Company”) accepts responsibility for the content of this semi-annual JGL Group Management Report.*

*Given the belief and all discoveries and information available to JGL, information in this report represents a complete and truthful presentation of assets and liabilities, losses and gains and the financial position of JGL Group, and to the best knowledge of the Company, no fact has been left out that can affect the completeness and truthfulness of this report.*

*Numbers in the report are rounded in some instances, so the numbers shown for the same type of information can differ and the sums may not be arithmetic aggregates. In this document, “EUR” stands for the euro, “USD” for the American dollar, and “HRK” or “kuna” for the Croatian kuna.*

*Reference to the “previous period” relates to the period from 1 January 2019 to 30 June 2019, while the “current period” relates to the period from 1 January 2020 to 30 June 2020.*

*Rijeka, August 2020*



# Semi-Annual JGL Group Management Report

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# Semi-Annual JGL Group Management Report



## Semi-Annual JGL Group Management Report

*The presented financial results of the JGL Group include the aspect related to the core business of the Group – the manufacture and sale of pharmaceuticals. In order to provide a clearer and simpler presentation of core business results and facilitate the comparison of results with previous periods, we are introducing the term JGL Pharma, which includes the parent company and all affiliated companies that are engaged in the core business.*

*The JGL Pharma category does not include members of the Group that have different activities, i.e. Adrialab d.o.o. (spin-off company with a focus on medical devices, dietary supplements and cosmetics), and Pablo d.o.o. and Ljekarna Pablo health institution (pharmacy business).*

# Semi-Annual JGL Group Management Report

## OVERVIEW OF PERFORMANCE AND GENERAL POSITION

- HRK 460.6 million in total revenue of the JGL Group and HRK 362.2 million of total revenue from the pharmaceutical core business (JGL Pharma)
- Growth in total revenue of JGL Group and JGL Pharma by 13%
- HRK 453 million in operating revenue of JGL Group, compared to HRK 391 million in June 2019 (growth by 15.8%)
- HRK 355 million in operating revenue of JGL Pharma, compared to HRK 305 million in June 2019 (growth by 16.1%)
- Operating profit (EBITDA) of JGL Group is HRK 71.1 million, which is a 54% increase compared to the end of June 2019
- Indebtedness factor of 2.1
- Operating profit (EBITDA) of JGL Pharma is HRK 62.9 million
- Profit before tax (EBT) of JGL Group is HRK 27.9 million (JGL Pharma's is HRK 22.4 million)
- EBITDA margin rate of JGL Pharma for the period of the last 12 months is 19.1%
- B2B segment growth is 87%
- INTEGRA 2020 project has started

# Semi-Annual JGL Group Management Report

Overview of the performance of the JGL Group, JGL Pharma and JGL d.d. as at 30 June 2020

*Thousand HRK*

	JGL GROUP		JGL PHARMA		JGL d.d.	
	30/06/2019	30/06/2020	30/06/2019	30/06/2020	30/06/2019	30/06/2020
<b>TOTAL REVENUE</b>	405,938	460,663	319,975	362,271	238,832	284,117
<b>OPERATING REVENUE</b>	391,424	453,296	305,462	354,905	232,581	276,487
<b>EBITDA</b>	46,153	71,130	41,228	62,895	56,074	75,958
<b>PROFIT BEFORE TAX</b>	25,992	27,986	22,965	22,493	41,468	38,568
<b>EBITDA MAT<sup>1</sup></b>	125,455	161,363	118,490	149,010	94,502	138,877
<b>OPERATING REVENUE MAT</b>	838,543	971,077	669,957	780,165	461,657	594,952
<b>EBITDA MARGIN</b>	15.0%	16.6%	17.7%	19.1%	20.5%	23.3%
<b>NET DEBT</b>	366,143	337,327	358,223	320,298	340,343	316,261
<b>NET DEBT / EBITDA (MAT)</b>	2.92	2.09	3.02	2.15	3.60	2.28
<b>NET DEBT / CAPITAL</b>	0.64	0.52	0.64	0.51	0.58	0.48
<b>DEBT RATIO</b>	0.49	0.46	0.47	0.44	0.45	0.43
<b>QUICK LIQUIDITY RATIO</b>	1.60	1.61	1.93	1.83	2.22	2.12
<b>NUMBER OF EMPLOYEES</b>	984	1041	809	865	561	605

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<sup>1</sup> Moving Annual Total)

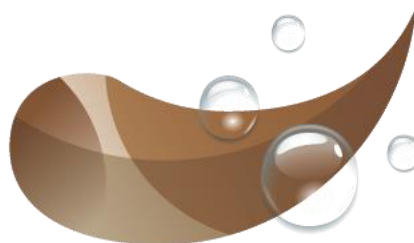
## Semi-Annual JGL Group Management Report

In the first half of 2020, JGL's pharmaceutical business recorded a trend of continued growth in revenue and operating profitability. According to consolidated results, JGL Pharma reached a record operating revenue of HRK 355 million, which translates to a 16% growth rate, in challenging business conditions caused by the COVID-19 pandemic, which led to a sharp decline in demand in the second quarter. However, even in these circumstances, JGL's growth reached double digits, surpassing market growth. This makes JGL's performance particularly significant, since there was a decline in sales in Russia and Croatia, two of its biggest markets.

This is an exceptional result because it speaks to the fact that the JGL Group has managed to develop a strong and growing business in Ukraine, Kazakhstan, Bosnia and Herzegovina, Belarus and B2B markets, which enabled it to reduce its dependence on dominant markets. Russia remains the largest market, with 33% of the revenue realised in the first half of the current year, but this is a step-down from last year's 39%. However, it should be pointed out that the B2B segment has grown by 87%. This has reinforced JGL's competitiveness on the European market and secured a significant new revenue source, where the foreign exchange risk is significantly smaller. All of the company's key brands have achieved double-digit growth, from Vizol S, with a growth rate of over 70%, to Aqua Maris, Meralys, Aknekutan and Folacin.

JGL has also continued working towards reducing debt and indebtedness despite the financial shock caused by the pandemic. At the end of the first half of the year, the indebtedness factor (net debt/EBITDA) was reduced from 2.8x, where it stood in late 2019, to 2.1x.

If we look at the MAT indicators, the JGL Group has recorded a significant growth in revenue and an increase in operating profitability (EBITDA margin) from 15% to 16.6%. An excellent result has been achieved despite the negative effects of foreign exchange differences, and JGL Group's operating revenue (EBITDA) of HRK 71.1 million represents a 54% increase compared to the end of June 2019, while profit before tax equals almost HRK 28 million, an 8% increase compared to the same period last year.



# Semi-Annual JGL Group Management Report

## OVERVIEW OF THE PERFORMANCE OF THE JGL GROUP

*Statement of profit or loss of the JGL Group (in HRK)<sup>2</sup> as at 30 June 2019 and 2020*

**Thousand HRK**

	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>Index</b>
<b>OPERATING REVENUE</b>	<b>391,424</b>	<b>453,296</b>	<b>116</b>
SALES REVENUE	380,917	441,861	116
OTHER REVENUE	10,507	11,435	109
<b>OPERATING EXPENSES</b>	<b>368,288</b>	<b>406,168</b>	<b>110</b>
CHANGE IN INVENTORY VALUE	-12,226	-17,996	147
MATERIAL COSTS	71,788	97,916	136
COSTS OF GOODS SOLD	103,437	107,261	104
COSTS OF SERVICES	79,560	82,377	104
PERSONNEL COSTS	75,643	85,124	113
DEPRECIATION	23,012	24,002	104
OTHER COSTS	27,074	27,484	102
<b>FINANCE REVENUE</b>	<b>14,514</b>	<b>7,367</b>	<b>51</b>
<b>FINANCE EXPENSES</b>	<b>11,658</b>	<b>26,508</b>	<b>227</b>
<b>TOTAL REVENUE</b>	<b>405,938</b>	<b>460,663</b>	<b>113</b>
<b>TOTAL EXPENSES</b>	<b>379,946</b>	<b>432,676</b>	<b>114</b>
<b>PROFIT BEFORE TAX</b>	<b>25,992</b>	<b>27,987</b>	<b>108</b>

<sup>2</sup> The statement of profit or loss is shown according to the abridged management classification which is not identical in layout to the statement of profit or loss prescribed by IFRS standards

## Semi-Annual JGL Group Management Report

*Balance sheet of the JGL Group (in HRK)<sup>3</sup> as at 31 December 2019 and 30 June 2020*

**Thousand HRK**

	31/12/2019	30/06/2020	Index
<b>ASSETS</b>	<b>1,265,845</b>	<b>1,249,811</b>	<b>99</b>
<b>NON-CURRENT ASSETS</b>	<b>659,106</b>	<b>663,247</b>	<b>101</b>
<b>CURRENT ASSETS</b>	<b>603,192</b>	<b>583,968</b>	<b>97</b>
INVENTORIES	206,233	240,839	117
TRADE RECEIVABLES	311,563	241,612	78
CURRENT FINANCIAL ASSETS	202	53,462	26,466
CASH AT BANK AND IN HAND	85,193	48,055	56
<b>PREPAID EXPENSES AND ACCRUED REVENUE</b>	<b>3,547</b>	<b>2,596</b>	<b>73</b>
<b>LIABILITIES</b>	<b>1,265,845</b>	<b>1,249,811</b>	<b>99</b>
<b>CAPITAL AND RESERVES</b>	<b>624,963</b>	<b>644,605</b>	<b>103</b>
<b>NON-CURRENT PROVISIONS</b>	<b>3,151</b>	<b>3,064</b>	<b>97</b>
<b>NON-CURRENT LIABILITIES</b>	<b>350,040</b>	<b>359,103</b>	<b>103</b>
LIABILITIES FOR LEASING AND BANKS	40,507	49,349	122
BOND LIABILITIES	127,836	128,060	100
OTHER NON-CURRENT LIABILITIES	178,052	178,052	100
DEFERRED TAX LIABILITY	3,645	3,642	100
<b>CURRENT LIABILITIES</b>	<b>268,868</b>	<b>213,164</b>	<b>79</b>
TRADE PAYABLES	120,366	115,129	96
LIABILITIES TOWARDS BANKS AND LEASING	61,363	36,653	60
LIABILITIES ARISING FROM SECURITIES	53,094	47,729	90
OTHER CURRENT LIABILITIES	34,045	13,653	40
<b>ACCRUED EXPENSES, DEFERRED REVENUE AND PROVISIONS</b>	<b>18,823</b>	<b>29,875</b>	<b>159</b>

<sup>3</sup> The balance sheet is shown according to the management classification and is not identical in layout to the balance sheet prescribed by IFRS standards

# Semi-Annual JGL Group Management Report

## OVERVIEW OF THE PERFORMANCE OF JGL PHARMA

*Statement of profit or loss of JGL Pharma (in HRK) as at 30 June 2019 and 2020*

**Thousand HRK**

	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>Index</b>
<b>OPERATING REVENUE</b>	<b>305,462</b>	<b>354,905</b>	<b>116</b>
SALES REVENUE	300,809	349,498	116
OTHER REVENUE	4,653	5,407	116
<b>OPERATING EXPENSES</b>	<b>284,940</b>	<b>313,613</b>	<b>110</b>
CHANGE IN INVENTORY VALUE	-12,484	-18,098	<b>145</b>
MATERIAL COSTS	69,424	95,209	<b>137</b>
COSTS OF GOODS SOLD	40,785	35,497	<b>87</b>
COSTS OF SERVICES	77,187	80,218	<b>104</b>
PERSONNEL COSTS	64,048	73,262	<b>114</b>
DEPRECIATION	20,702	21,602	<b>104</b>
OTHER COSTS	25,278	25,923	<b>103</b>
<b>FINANCE REVENUE</b>	<b>14,514</b>	<b>7,366</b>	<b>51</b>
<b>FINANCE EXPENSES</b>	<b>12,070</b>	<b>26,165</b>	<b>217</b>
<b>TOTAL REVENUE</b>	<b>319,976</b>	<b>362,271</b>	<b>113</b>
<b>TOTAL EXPENSES</b>	<b>297,010</b>	<b>339,778</b>	<b>114</b>
<b>PROFIT BEFORE TAX</b>	<b>22,966</b>	<b>22,493</b>	<b>98</b>



## Semi-Annual JGL Group Management Report

*Balance sheet of JGL Pharma (in HRK) as at 31 December 2019 and 30 June 2020*

**Thousand HRK**

	31/12/2019	30/06/2020	Index
<b>ASSETS</b>	<b>1,198,034</b>	<b>1,177,422</b>	<b>98</b>
<b>NON-CURRENT ASSETS</b>	<b>629,690</b>	<b>634,411</b>	<b>101</b>
<b>CURRENT ASSETS</b>	<b>565,939</b>	<b>541,156</b>	<b>96</b>
INVENTORIES	186,561	215,947	<b>116</b>
TRADE RECEIVABLES	301,894	230,874	<b>76</b>
CURRENT FINANCIAL ASSETS	138	53,369	<b>38,673</b>
CASH AT BANK AND IN HAND	77,346	40,966	<b>53</b>
<b>PREPAID EXPENSES AND ACCRUED REVENUE</b>	<b>2,405</b>	<b>1,855</b>	<b>77</b>
<b>LIABILITIES</b>	<b>1,198,034</b>	<b>1,177,422</b>	<b>98</b>
<b>CAPITAL AND RESERVES</b>	<b>611,282</b>	<b>624,913</b>	<b>102</b>
<b>NON-CURRENT PROVISIONS</b>	<b>2,690</b>	<b>2,507</b>	<b>93</b>
<b>NON-CURRENT LIABILITIES</b>	<b>335,007</b>	<b>343,228</b>	<b>102</b>
LIABILITIES FOR LEASING AND BANKS	207,132	215,132	<b>104</b>
BOND LIABILITIES	127,836	128,060	<b>100</b>
OTHER NON-CURRENT LIABILITIES	39	36	<b>92</b>
DEFERRED TAX LIABILITY	231,255	177,826	<b>77</b>
<b>CURRENT LIABILITIES</b>	<b>99,245</b>	<b>94,238</b>	<b>95</b>
TRADE PAYABLES	47,769	24,712	<b>52</b>
LIABILITIES TOWARDS BANKS AND LEASING	53,094	47,729	
LIABILITIES ARISING FROM SECURITIES	31,147	11,147	<b>36</b>
OTHER CURRENT LIABILITIES	17,800	28,948	<b>163</b>
<b>ACCRUED EXPENSES, DEFERRED REVENUE AND PROVISIONS</b>	<b>1,198,034</b>	<b>1,177,422</b>	<b>98</b>

## Semi-Annual JGL Group Management Report

### OVERVIEW OF THE PERFORMANCE OF JGL d.d.

*Statement of profit or loss of JGL d.d. (in HRK) as at 30 June 2019 and 2020*

*Thousand HRK*

	30/06/2019	30/06/2020	Index
<b>OPERATING REVENUE</b>	<b>232,581</b>	<b>276,487</b>	<b>119</b>
SALES REVENUE	228,611	272,363	119
OTHER REVENUE	3,970	4,124	104
<b>OPERATING EXPENSES</b>	<b>194,780</b>	<b>219,662</b>	<b>113</b>
CHANGE IN INVENTORY VALUE	-12,422	-17,726	<b>143</b>
MATERIAL COSTS	67,918	93,849	<b>138</b>
COSTS OF GOODS SOLD	23,909	19,318	<b>81</b>
COSTS OF SERVICES	32,480	35,802	<b>110</b>
PERSONNEL COSTS	41,785	47,071	<b>113</b>
DEPRECIATION	18,273	19,133	<b>105</b>
OTHER COSTS	22,837	22,215	<b>97</b>
<b>FINANCE REVENUE</b>	<b>6,251</b>	<b>7,630</b>	<b>122</b>
<b>FINANCE EXPENSES</b>	<b>2,585</b>	<b>25,887</b>	<b>1,001</b>
<b>TOTAL REVENUE</b>	<b>238,832</b>	<b>284,117</b>	<b>119</b>
<b>TOTAL EXPENSES</b>	<b>197,365</b>	<b>245,549</b>	<b>124</b>
<b>PROFIT BEFORE TAX</b>	<b>41,467</b>	<b>38,568</b>	<b>93</b>

## Semi-Annual JGL Group Management Report

*Balance sheet of JGL d.d. (in HRK) as at 31 December 2019 and 30 June 2020*

**Thousand HRK**

	31/12/2019	30/06/2020	Index
<b>ASSETS</b>	<b>1,168,043</b>	<b>1,171,167</b>	<b>100</b>
<b>NON-CURRENT ASSETS</b>	<b>634,438</b>	<b>640,861</b>	<b>101</b>
<b>CURRENT ASSETS</b>	<b>532,224</b>	<b>529,791</b>	<b>100</b>
INVENTORIES	160,841	183,840	114
TRADE RECEIVABLES	288,965	254,747	88
CURRENT FINANCIAL ASSETS	24,972	61,369	246
CASH AT BANK AND IN HAND	57,447	29,836	52
<b>PREPAID EXPENSES AND ACCRUED REVENUE</b>	<b>1,382</b>	<b>514</b>	<b>37</b>
<b>LIABILITIES</b>	<b>1,168,043</b>	<b>1,171,167</b>	<b>100</b>
<b>CAPITAL AND RESERVES</b>	<b>630,869</b>	<b>660,135</b>	<b>105</b>
<b>NON-CURRENT PROVISIONS</b>	<b>2,690</b>	<b>2,507</b>	<b>93</b>
<b>NON-CURRENT LIABILITIES</b>	<b>327,773</b>	<b>337,896</b>	<b>103</b>
LIABILITIES FOR LEASING AND BANKS	199,937	209,836	105
BOND LIABILITIES	127,836	128,060	100
DEFERRED TAX LIABILITY	0	0	
<b>CURRENT LIABILITIES</b>	<b>199,022</b>	<b>163,536</b>	<b>82</b>
TRADE PAYABLES	72,939	83,232	114
LIABILITIES TOWARDS BANKS AND LEASING	46,113	22,840	50
LIABILITIES ARISING FROM SECURITIES	53,094	47,729	90
OTHER CURRENT LIABILITIES	26,876	9,735	36
<b>ACCRUED EXPENSES, DEFERRED REVENUE AND PROVISIONS</b>	<b>7,689</b>	<b>7,093</b>	<b>92</b>

# Semi-Annual JGL Group Management Report

## **MATERIAL BUSINESS EVENTS**

### **JGL GROUP MEMBERS**

Consolidated financial statements of the JGL Group include financial statements of the parent company JGL d.d. and entities controlled by the Parent Company and subsidiaries specified below. Control exists if the Parent Company is able to manage financial and business policies of an entity so as to benefit from its activities.

Consolidated financial statements of the JGL Group include financial statements of the following companies:

#### **Parent Company**

JGL d.d. Rijeka

#### **Subsidiaries**

JADRAN LLC Moskva  
Adrialab d.o.o. Rijeka  
JGL d.o.o Beograd-Sopot  
Farmis d.o.o. Sarajevo  
Jadran – Galenski laboratorij d.o.o. Ljubljana  
Pablo d.o.o. Zagreb  
ZU Pablo Rijeka  
JGL North America LLC, New York, USA

#### **Entity significantly influenced by the parent company**

Galena d.o.o. Rijeka

## **SIGNIFICANT TRANSACTIONS**

The first half of the year saw the start of the INTEGRA 2020 project, which includes investments in the expansion of production capacities, equipment of a development laboratory, construction of a new pilot plant, development of office space, and construction of a logistics centre.

In the first half of 2020, JGL d.d. directed the surplus of liquid assets into a bond fund. The value of the deposit decreased with the market decline caused by the crisis associated with the COVID-19 pandemic, but it will increase as the market stabilises.

# Semi-Annual JGL Group Management Report

## SIGNIFICANT CONTRACTS/PARTNERSHIPS

In the course of 2019, JGL concluded a strategic partnership with the pharmaceutical company Polpharma, in the area of sharing prescription and OTC medications, transferring the production of preservative-free ophthalmology products to Croatia, and potentially cooperating in the Russian market.

In the first half of 2020, the first pilot Tetrizolin series was successfully finished, and by the end of the year, pilot series for other products that are part of the project will also be completed. Negotiations for four new projects are currently under way, which further shows that the Polpharma Group, present in 35 countries globally, is very interested in JGL as a contract manufacturer.

## NUMBER OF EMPLOYEES

The total number of employees (except for employees on vocational training) in the JGL Group on 30 June 2020 was 1,041 (as at 30 June 2019, the number was 984).

Among these, most employees, 660 of them, work in the Croatian market (JGL d.d., ZU Pablo and Adrialab d.o.o.), while 212 employees work in the Russian market (Jadran LLC, JGL d.d., representative office in Russia).

JGL Pharma has a total of 865 employees, whereas the parent company has 605 employees.

*An overview of the number of employees as at 30 June 2019 and 2020 in the JGL Group*

	<b>2019</b>	<b>2020</b>
<b>JGL d.d.</b>	<b>561</b>	<b>605</b>
Market of Croatia	445	484
Market of Macedonia	5	5
Market of Russia	3	4
Market of Belarus	17	18
Market of Ukraine	50	52
Market of Kazakhstan	40	41
Market of Kosovo	1	1
<b>AFFILIATED COMPANIES</b>	<b>423</b>	<b>436</b>
JGL d.o.o. Beograd-Sopot	19	20
Farmis d.o.o. Sarajevo	26	26
JGL d.o.o. Ljubljana	5	6
Adrialab d.o.o. Rijeka	28	28
Ljekarna Pablo health institution	147	148
Jadran LLC Moskva	198	208
<b>TOTAL FOR JGL GROUP</b>	<b>984</b>	<b>1,041</b>

# Semi-Annual JGL Group Management Report

## **RESEARCH AND DEVELOPMENT ACTIVITIES**

The key focus of all R&D activities is managing own development and technology transfer projects. In the first half of 2020, unlike previous years, a greater emphasis was placed on the topics of technology transfer.

In the first six months, a total of 24 projects/topics in various phases of technological maturity were active, of which 17 products were for JGL's portfolio, and seven topics were related to technology transfers for partners.

Other activities included producing documentation for partners and regulatory authorities as part of registration and variation procedures, and working on the Integra 2020 project.

## **NEW PRODUCTS AND REGISTRATIONS**

In the first half of 2020, 16 registration procedures were successfully completed, a total of 21 new marketing authorisations in the B2C segment were obtained, and a total of 18 registration procedures on own markets were started with the aim of continuous portfolio expansion in accordance with the company's goals. In the B2B segment expansion, as part of regulatory support to partners, 14 registration procedures were initiated in the markets of Indonesia and the United Arab Emirates, as well as in several EU states, either through DCP or national procedures.

Preparations were continued for certification according to the new EU regulation (Medical Device Regulation, MDR), which was supposed to come into effect on 26 May 2020; however, due to the COVID-19 pandemic, the implementation of Regulation (EU) 2017/745 on medical devices was extended for a year, until 26 May 2021.

Furthermore, although the implementation of a new regulation on medical devices in the EEU region was also postponed from 1 January 2022 to 1 January 2026 (for a period of five years), due to the great importance of the MD portfolio for the company and its business operations in the EEU region, preparations for the registration of products as per the new regulation were continued with the aim of ensuring free movement of products from 1 January 2026.

As of 1 January 2020, JGL has introduced a new system that enables full compliance with the new regulatory requirement for electronic submission of documentation for pharmaceuticals in Croatia, Slovenia, and the remainder of the EU for national procedures – eCTD.

In the first six months of 2020, 31 new products in the B2C segment were launched in 10 JGL markets as planned. A total of 23 products were launched in the region of South-East Europe, and eight products were launched in other markets. The largest number of new products, nine of them, were launched in Croatia. The realised value of the primary sales of products launched in the first half of the year amounted to HRK 2.5 million, with around 70,000 units of products sold. By the end of 2020, another 37 launches are planned, with primary sales amounting to HRK 9.7 million.

# Semi-Annual JGL Group Management Report

## **B2B BUSINESS**

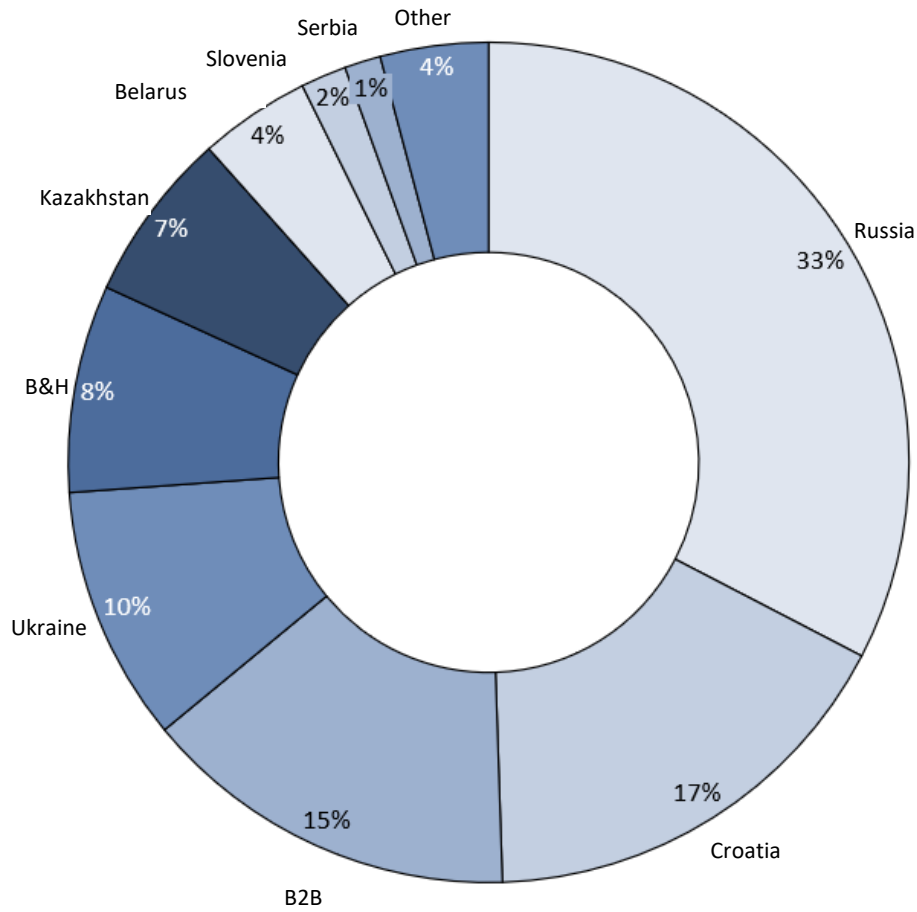
In the first half of 2020, a revenue of HRK 53.5 million was realised in the B2B segment, and seven new agreements were signed in the B2B part of contract manufacturing, licensing and distribution. A total of 21 products were launched in existing and/or new markets, including in particular the distribution of JGL's Vizol S line in Saudi Arabia and the United Arab Emirates.

In addition to the above, the Aqua Maris line was launched in Cambodia, and expanded in Thailand. The reporting period also saw the launch of the product Xylo HA under a partner brand in the Czech Republic, Slovakia, Romania and Poland, and co-operation with an Italian partner was also expanded by launching products in nine new EU markets.

# Semi-Annual JGL Group Management Report

## SALES RESULTS IN KEY MARKETS

*The sales structure of JGL Pharma by market in the period from 1 January to 30 June 2020*

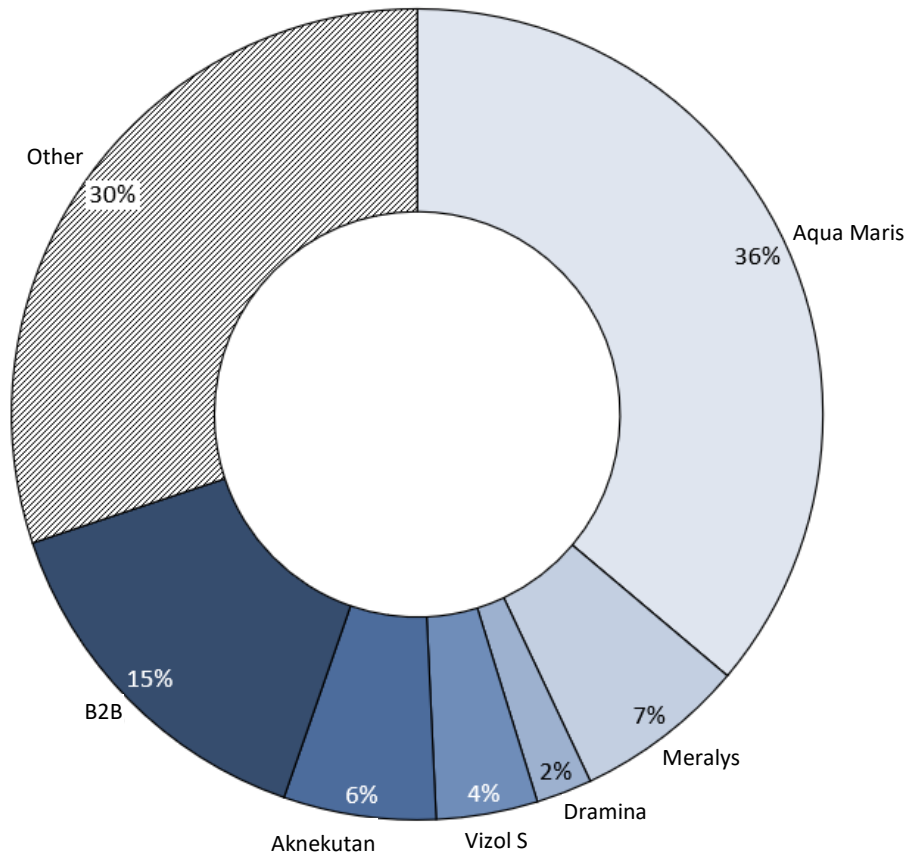




# Semi-Annual JGL Group Management Report

## SALES RESULTS OF KEY BRANDS

*The sales structure of JGL Pharma by brand in the period from 1 January to 30 June 2020*

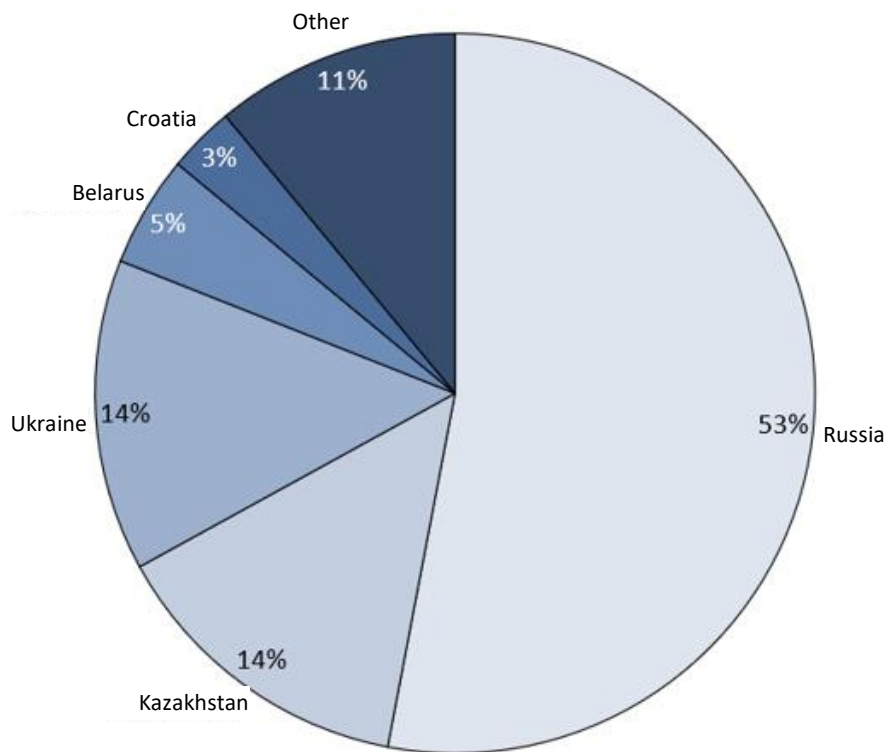


# AQUA MARIS®

In the first half of 2020, the Aqua Maris brand realised sales of HRK 124.2 million. The Russian market continues to be the market with the largest share in Aqua Maris sales with a 53% share of the market.

Russia is followed by the markets of Ukraine and Kazakhstan with a 14% share, Belarus with a 5% share, and Croatia with a 3% share.

*The sales structure of Aqua Maris brand by market in the period from 1 January to 30 June 2020*

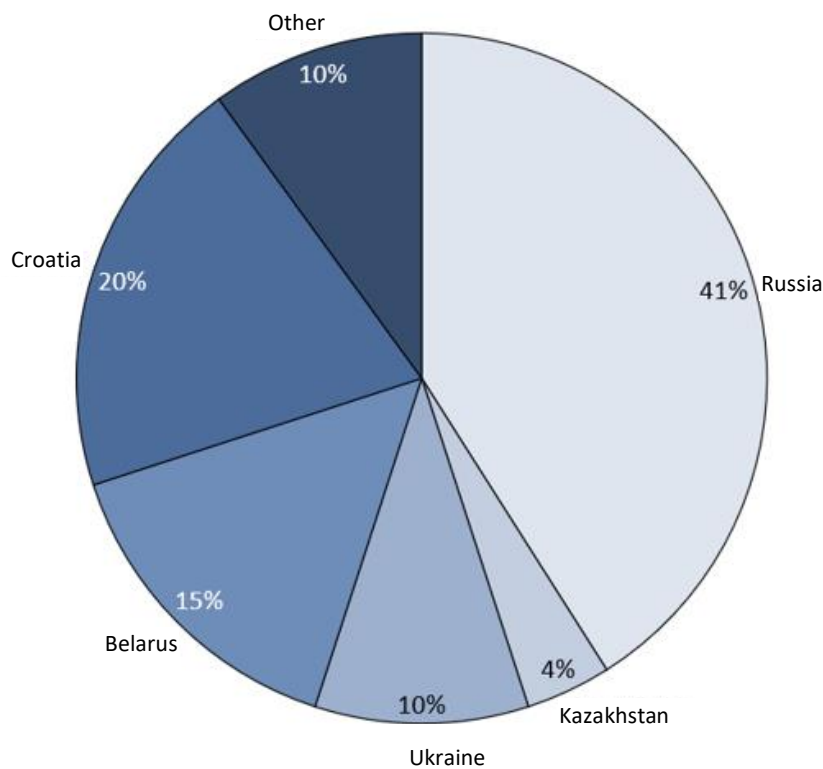


# MERALYS

Total sales of the Meralys brand in the first half of 2020 amounted to HRK 23.5 million, which is an increase of 18% compared to the same period last year. The biggest drivers are growing markets – Belarus, Kazakhstan and Ukraine. In key markets of Russia and Croatia, Meralys maintains a stable growth rate.

The market with the largest share in Meralys sales is Russia with a 41% share of the market. It is followed by Croatia with 20%, while growing markets have significantly increased their share in the sales of Meralys.

*The sales structure of Meralys brand by market in the period from 1 January to 30 June 2020*

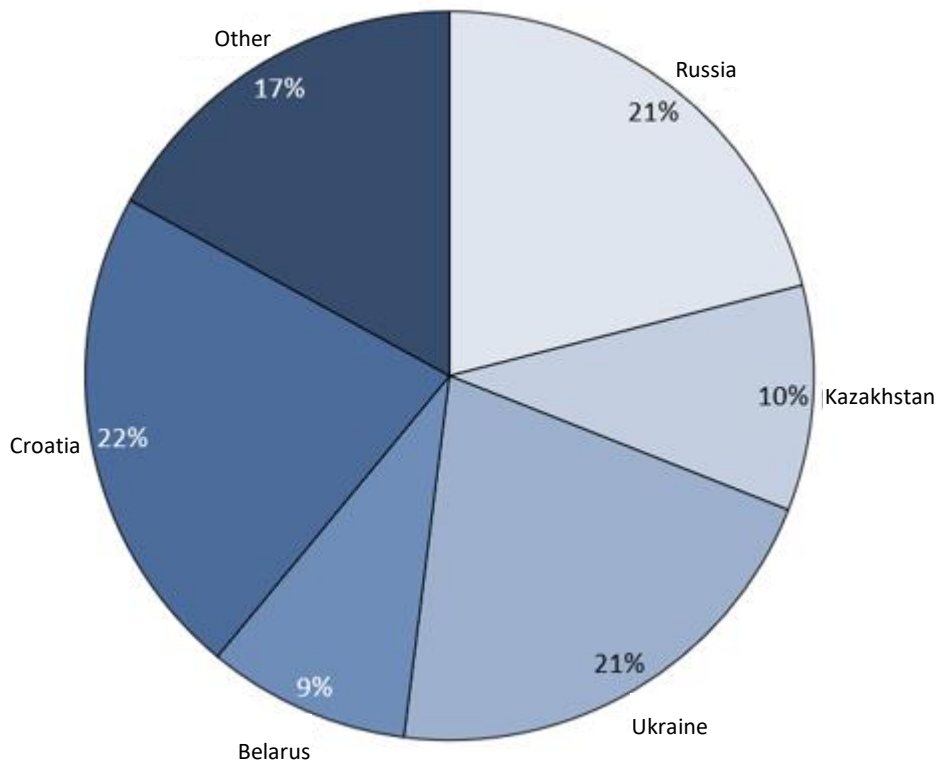


# vizolS

Vizol S is the brand with the highest percentage of sales growth compared to the same period last year. In the first half of 2020, Vizol S realised sales in the amount of HRK 13.9 million, which is a 70% increase compared to the same period last year.

The overall growth of the Vizol S brand is the result of the brand's successful launch in markets of the CIS region (Russia, Belarus, Ukraine and Kazakhstan) in 2018.

*The sales structure of Vizol S brand by market in the period from 1 January to 30 June 2020*



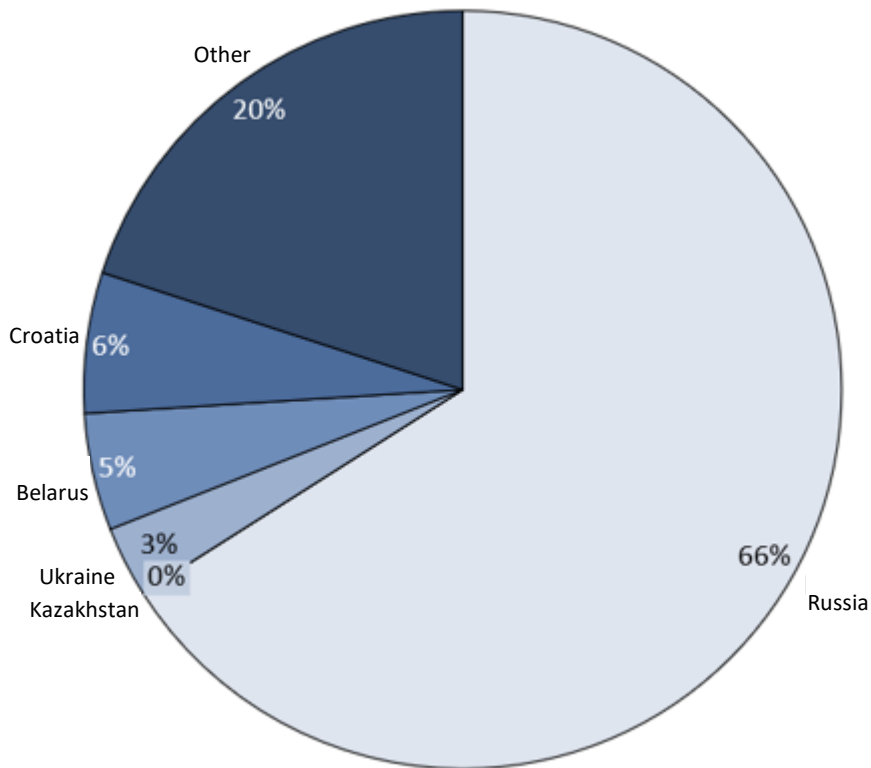
# DRAMINA

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In the first half of 2020, Dramina realised sales of HRK 7.7 million, which is a significant decrease compared to the same period last (-68.0%).

A decrease in the sales of Dramina, a medicine for the prevention of nausea, vomiting and/or dizziness associated with motion sickness, results from the decreased global movement and travel due to the COVID-19 pandemic.

*The sales structure of Dramina brand by market in the period from 1 January to 30 June 2020*



## PHARMACY SEGMENT

### LJEKARNA PABLO HEALTH INSTITUTION

The total income of the health institution involved in the pharmaceutical business, “Ljekarna Pablo”, a chain of 30 pharmacies, reached HRK 93 million in the first half of 2020, which represents an increase of 15% compared to the same period in 2019.

Sales revenue for the period from January to June 2020 amounted to HRK 85.9 million, which is an increase of 15% compared to 2019.

The result for the period amounts to HRK 3.92 million. Ljekarna Pablo currently has 149 employees.

## COSMETICS AND DIETETICS SEGMENT

### ADRIALAB d.o.o.

The first half of 2020 in Adrialab was marked by a 14% growth in operating profitability (EBITDA), to HRK 3 million. The EBITDA margin amounts to 31.8%. Profitability growth is the result of a fast reaction to the COVID-19 pandemic, which resulted in the increase of revenue in the pharmacy sales channel by 50%, with growth also recorded in retail chains (6%). Growth has been accomplished with an increase in operating costs of only 3%, which has contributed to high profitability indices.

Since the beginning of the year, Adrialab has also taken over the wholesale of the Holyplant syrup, completing its offer of this line of beauty and health products. The first half of the year also saw a significant revenue growth in the placement of products through the parent company JGL d.d., by 113%, resulting in total revenue of HRK 9.5 million in the reporting period.

Continuing the trend of previous years, in the first half of 2020, thanks to its line of JGL Children’s ointment, Adrialab d.o.o. has kept the leading position in the segment of nappy area care products with a market share of over 50% and a slight increase in sales.

## RISKS, EXPOSURE AND PROTECTION

### Foreign currency risk

Seeing as it operates in an international market, the JGL Group is exposed to the foreign currency risk, primarily with regard to EUR/RUB. Exchange rate fluctuations between these currencies and HRK can have an impact on the results of future business operations and the future cash flow of the JGL Group.

JGL d.d. invoices products for the Russian market in the Russian rouble. In 2020, the weakened rouble exchange rate has been significantly influenced by the COVID-19 crisis and the political instability between Russia and the USA, combined with the drop in the price of oil on global markets and other macroeconomic factors.

In the first half of 2020, the already volatile Russian rouble exchange rate was additionally weakened by the global crisis and it decreased by approx. 15% compared to EUR in the period of half a year. The average RUB/EUR exchange rate is 76.67, whereas the exchange rate in the second half of 2019 amounted to 73.44.



Source: ECB

JGL d.d. invoices products in Ukraine and Kazakhstan in EUR, but the devaluation of local currencies

(tenge and hryvnia) in recent years has led to a decrease in value compared to EUR. This has caused a decrease in the purchase power of the local population, which can consequently have a negative impact on the sale of JGL d.d. products.

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## Liquidity risk

Liquidity risk manifests itself as the risk that the company will not be able to fulfil its obligations towards creditors. The Group manages liquidity risk by maintaining sufficient amounts of money and working capital, and by negotiating favourable credit lines with various business banks, allowing rapid withdrawal of short-term funds under favourable conditions.

The parent company, which bears the largest liquidity risk, manages liquidity risk by maintaining sufficient amounts of cash in business accounts, and by negotiating favourable credit lines with business banks, allowing rapid withdrawal of short-term funds under favourable conditions.

*The agreed short-term limits in business banks available to JGL as at 30 June 2020*

<b>Creditor</b>	<b>Range of contracted framework amounts (EUR)</b>
Erste & Steiermärkische Bank d.d.	The amounts of approved lines range from EUR 1,000,000 to 2,000,000
OTP Banka d.d.	
Sberbank d.d.	
<b>TOTAL</b>	<b>EUR 4,700,000</b>

## Risk of debt

The risk of debt is a danger that many companies face, which manifests itself as too high a degree of indebtedness, and leads to a loss of financial flexibility. Companies with high levels of debt may experience problems finding new investors and are faced with the risk of bankruptcy. However, if the level of indebtedness is under control and is regularly monitored over time, and the borrowed funds are used in the right way, indebtedness can result in an increased return on investment.

As at 30 June 2020, the long-term loan from the CBRD amounted to HRK 192,767,890.50, and non-current liabilities on financial loans for procuring equipment amounted to HRK 29,696,125.28. JGL d.d. has obligations toward the holders of bonds with the code HRJDGLO20CA4, in the amount of HRK 46,764,260 and maturity on 21/12/2020, and a new issue of bonds with the code HRJDGLO24XA2, in the amount of HRK 130,000,000 with maturity on 18/12/2024.

The decrease of debt and shorter deadlines for the collection of receivables have enabled the JGL Group to achieve financial stability.

## Risk of non-collection of receivables

Credit risk in connection with trade receivables is limited since these receivables are spread across various geographical areas and customers. More specifically, 76% of trade receivables are foreign trade receivables. The company aims to protect itself by obtaining payment insurance instruments and by selecting customers based on the evaluation of their creditworthiness. In order to further protect the collection of our foreign receivables, we have been insuring trade receivables from Russia since 2003, as well as from other countries (CIS, SEE, Global markets) since 2011.



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The Company has insurance policies for export receivables contracted with the Croatian Bank for Reconstruction and Development (HBOR) and Croatian Credit Insurance (Hrvatsko kreditno osiguranje – HKO). Most foreign trade receivables that have an arranged deferral of payment are insured, with the exception of several customers in the CIS region and the EU.

With the transition to a new business model and establishment of an affiliate company LLC JADRAN in Russia in April 2017, the insurance of export into Russia through HBOR stopped and receivables started to be insured locally, through the Euler Hermes insurance company. The company has been continuously cooperating with those partners on increasing the share of insured customers in the total amount of receivables.

*An overview of secured amounts by country as at 30 June 2020, in EUR*

<b>COUNTRY</b>	<b>EUR</b>
KAZAKHSTAN	3,900,000
UKRAINE	4,200,000
BELARUS	1,770,000
OTHER COUNTRIES	4,160,000
<b>TOTAL</b>	<b>14,430,000</b>

The Company is part of the healthcare system and as such is indirectly subject to the payment maturity risk. The security risk connected to receivables in the pharmacy system is reduced through the market position of the affiliate company LJEKARNA PABLO, whose purchase from wholesale pharmacies is based on the share of a wholesale pharmacy in JGL sales. JGL ensures nearly 90% of its pharmaceutical wholesale in Croatia by directing the purchase policy of its affiliate company, so the payment security risk is virtually non-existent. The deadlines for the collection of receivables from the Croatian Institute of Health Insurance (HZZO) have increased due to the COVID-19 crisis, from 75–90 days to 100–120 days.

## FUTURE COMPANY DEVELOPMENT

In the second half of 2020, the JGL Group will continue implementing the same business strategy, including a more rapid and focused adjustment to meet customer needs, and to sales and exports, as well as further expansion of cooperation in the key therapeutic segments of ophthalmology and otorhinolaryngology.

Our investments will largely be directed at JGL's Aqua Maris and Meralys portfolios, aimed at prevention and hygiene in the coming season of increased cold, flu and viral activity. Since the new circumstances and working conditions are forcing all of us to spend more time in closed, air-conditioned spaces, in front of various screens, we are also expecting an increase in demand for high-quality preservative-free Vizol S solutions to treat symptoms of dry and red eyes.

The company's favourable financial position enables it to continue with investments in its employees. The INTEGRA 2020 project will also continue, entailing new investments in technological capacities and capabilities and R&D, which puts JGL well above the European average for companies that invest in their development.

With this new investment at Svilno, the aim is to raise the bar of JGL's development and technological competence and global competitiveness in select therapeutic segments, and to bring about the new development-focused dimension of the company's future, on the road towards stable and sustainable growth.

Mislav Vučić, CEO

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## DECLARATION OF RESPONSIBILITY OF THE EXECUTIVE DIRECTOR

Pursuant to the Accounting Act of the Republic of Croatia, the Executive Director is responsible for ensuring that financial statements are a true and fair representation of the financial position and result of the Group, all in accordance with the applicable accounting standards, and for the maintenance of proper accounting records, which enable the preparation of such financial statements at any time. Executive Director has general responsibility for taking such steps that would in a reasonable measure protect the assets of the Group and detect and prevent fraud or other irregularities.

The Executive Director is responsible for selecting suitable accounting policies that are in accordance with applicable accounting standards and insuring that these policies are consistently applied, for making reasonable and prudent judgments and estimates and for preparing consolidated financial statements in accordance with the going concern assumption, unless it is inappropriate to presume that the Group will continue to operate in the foreseeable future.

Executive Director reasonably expects that the Group has adequate resources to continue in operational existence for the foreseeable future.

These reports represent consolidated reports of the Group.

The consolidated financial statements were approved by the Executive Director on 27 August 2020, which is confirmed by signature.

For JGL d.d.  
  
22 JGL  
Švilno 2020  
Mislav Vučić, CEO