

**INTERIM REPORT  
for I-IX 2019  
Group Medika**

**October 2019**

## Management interim report

### ***Comment on the business results for the first nine months of 2019***

Medika Group („the Group“) has realised total revenue in the first nine months of 2019 in amount of HRK 2 billion 701.0 million which is by 17.19% higher comparing to the same period of previous year.

Sales revenues which amount to HRK 2 billion 676.0 million for the first nine months of 2019 are by 17.61% higher comparing to the same period of previous year.

Share of sales revenues in the total revenue is 99.07% and there are at the same level comparing to the same period of previous year when it was 98.71%.

Other operating revenues which amount to HRK 19.3 million are higher by HRK 1.7 million, which is 9.79%, comparing to the same period of previous. Share of other operating revenues in total revenue was only 0.76% in the first nine months of 2018, and in the first nine months of 2019 is only 0.71%.

Out of the total sales revenues, 99.82% revenues are generated on domestic market, while only 0.18% is generated on the foreign market. In the first nine months of 2018, 99.95% revenues were generated on domestic market, while only 0.05% was generated on the foreign market.

Material expenses amount to HRK 2 billion 481.1 million and are 17.94% 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 lower percentage, share of material expenses in the operating expenses is higher by 0.15 percentage point comparing to the same period of previous year and amounts to 95.03%.

Employee expenses are higher by 7.46% comparing to the same period of previous year. Their share in the total expenses amounts to 3.12% while in the same period of previous year amounted to 3.42%. Since the employee expenses are growing in lower percentage in relation to the percentage growth of total operating expenses, share of employee expenses has decreased. Increase in employee expenses is influenced by higher number of employees and higher salaries of employees in accordance with the new systematization of the Company.

Finance income has decreased compared to the same period of the previous year for HRK 6.3 million, which is 52.36%. In the structure of the finance income, positive foreign exchange differences are lower compared to the same period of the previous year for HRK 2.4 million, while interest income is lower for HRK 4.2 million. Interest income is lower because in the first quarter of 2018, based on the court settlement, default interest income was recorded in the amount of HRK 3.8 million.

Finance expenses have increased compared to the same period of previous year by HRK 3.5 million, which is 28.25%. Their share in the total expenses is by 0.05 percentage point higher compared to the same period of previous year and amounts to 0.60%. In the structure of financial expenses, foreign exchange expenses are higher by HRK 4.9 million, while interest expenses are lower by HRK 1.4 million as a result of lower interest rates comparing to the same period of previous year.

The negative trend of foreign exchange differences (decrease of positive foreign exchange differences and the increase of negative foreign exchange differences) is mostly result of the increase in foreign trade liabilities.

Gross margin in the first nine months of 2018 amounted to 9.18%, while in the first nine months of 2019 amounts to 8.46%, which is decrease by 0.72 percentage point. Decrease is a result of larger increase in cost of goods sold comparing to the increase in sales revenue

Gross profit (profit before taxation) amounts to HRK 74.4 million, while in the same period of previous year amounted to HRK 75.3 million, which is decrease of HRK 847 thousand, or 1.12%. Lower gross profit is result of increasing of finance expenses (increase of 28.25% comparing to the same period of previous) and, in the same time, decreasing of finance income (decrease of 52.36% comparing to the same period of previous year).

Operative earnings amount to HRK 84.5 million and are by HRK 9.0 million, which is 11.88% higher comparing to the same period of previous year.

Realised net profit amounts to HRK 60.9 million.

Transactions with the related parties in the first nine months of 2019 generated total net revenues in amount of HRK 32.2 million, which is by 12.74% higher of generated revenue in the same period of previous year when it amounted to HRK 28.5 million.

Trade goods purchased from the related parties amount to HRK 120.5 million, while in the same period of previous year amounted to HRK 145.0 million, which is decrease of HRK 24.5 million, or 16.93%. Decrease is a result of losing part of the sales in the hospital segment.

Total assets amount to HRK 2 billion 394.3 million which is by 20.45% higher comparing to the beginning of the year.

Long term assets increased by HRK 47.2 million comparing to the beginning of the year. Long term tangible assets are at the same level compared to the beginning of the year. At the same time, long term intangible assets are higher for HRK 45.9 million, or 23.77% which is mostly a result of recognition of the value of the assets with right to use based on operating lease agreements (in accordance with IFRS 16 Leases effective from 1 January 2019). Long term intangible assets also increased as a result of purchasing the Ljekarne Marica Jelčić.

Long term financial assets mostly relate to the investment in related parties and in smaller part to the given loans. Long term financial assets amount to HRK 39.1 million and are HRK 1.2 million higher comparing to the beginning of the year as a result of approved new loans to business partners. Long term loans given in cash have increased comparing to the beginning of the year for HRK 1.3 million, while at the same time investment in related parties have decreased in the first nine month of the 2019 as a result of payment of the profit of the associated company ZU Ljekarne Jagatic.

Deferred tax assets are at the same level comparing to the beginning of the year.

Short term assets amount to HRK 1 billion 902.4 million which is 22.65% higher compared to the beginning of the year. In the structure of short term assets receivables and inventory have increased, while financial assets and cash in bank and on hand has decreased compared to the beginning of the year.

Inventory amounts to HRK 377.5 million and has increased by HRK 31.3 million, or 9.03%, comparing to the beginning of the year as a result of increase of sales.

Total short term receivables amount to HRK 1 billion 505.3 million and are higher for HRK 334.2 million, or 28.54%, comparing to the beginning of the year. Trade receivables, receivables from related parties and receivables from participating parties amount to HRK 1 billion 503.0 million and have increased by 29.30% comparing to the beginning of the year as a result of increase of sales revenues and slower collection of payments in the hospital segment.

Short term financial assets amount to HRK 1.4 million and almost entirely relate to short term given loans. Comparing to the beginning of the year they have decreased for HRK 3.8 million due to the repayment of loans.

Cash in bank and on hand amounts to HRK 18.2 million and is lower by HRK 10.4 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 Company in amount of HRK 19.1 million.

Long term liabilities amount to HRK 58.5 million, out of which HRK 6.1 million relate to finance lease liabilities, HRK 15.9 million to deferred tax liabilities and HRK 36.5 million to liabilities based on operating lease agreement in amount (in accordance with IFRS 16 Leases effective from 1 January 2019). Long term liabilities are higher by HRK 36.5 million comparing to the beginning of the year.

Short term liabilities amount to HRK 1 billion 837.1 million, out of which the biggest part in amount of HRK 1 billion 368.8 million relates to trade payables and liabilities to related parties and HRK 426.2 million to short term indebtedness of the Medika Group.

Trade payables and liabilities to related parties are higher for HRK 157.0 million comparing to the beginning of the year, which is 12.96%.

Total indebtedness of Medika Group amounts HRK 432.3 million, out of which HRK 425.3 million relate to short term loans and HRK 7.0 million to the finance lease (short term and long term).

Total loans liabilities of Medika Group amounts to HRK 425.3 million which is increase of HRK 159.0 million comparing to the beginning of the year as a result of slower collection of payments in the hospital segment. As at 30.09.2019 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 2019 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 159.0 million compared to the beginning of the year as a result of slower collection of payments in the hospital segment.

In ZU Prima Pharme operates one more pharmacy (Ljekarna Marica Jelčić).

### ***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 30.09.2019, 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.

ZU Ljekarne Prima Pharme has 100% of ownership in subsidiaries ZU Ljekarne Delonga, ZU Ljekarne Ines Škoko, Ljekarna Marica Jelčić 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 42.41% 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 d.o.o. 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'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 loans are kuna-denominated; hence, there is no exposure to foreign exchange risk. With part of the foreign suppliers the payment currency is agreed in Croatian kuna. It is the tendency in the future to agree payments in Croatian kuna with as many existing foreign suppliers as possible so as to minimise the risk arising from transactions with foreign suppliers.

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 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 and receivables for given loans. Credit risk is higher when dealing with pharmacies, which have potential going concern issue. However, hospitals which have longer collection period do not have a going concern issue and collection issue.

The most significant risk within market risks is a long collection period of receivables, especially HZZO and HZZO related receivables. 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 these receivables should not be classified as uncollected risk. This increases the need for additional financing, which increases finance expenses.

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

## Annex 1

## ISSUER'S GENERAL DATA

Reporting period:  to   
 Year:   
 Quarter:

## Quarterly financial statements

Registration number (MB):	<input type="text" value="03209741"/>	Issuer's home Member State code:	<input type="text" value="HR"/>
Entity's registration number (MBS):	<input type="text" value="080027531"/>		
Personal identification number (OIB):	<input type="text" value="94818858923"/>	LEI:	<input type="text" value="74780000O0R8ZVGJJO27"/>
Institution code:	<input type="text" value="1339"/>		
Name of the issuer:	<input type="text" value="MEDIKA d.d."/>		
Postcode and town:	<input type="text" value="10000"/>	<input type="text" value="ZAGREB"/>	
Street and house number:	<input type="text" value="CAPRAŠKA 1"/>		
E-mail address:	<input type="text" value="medika.uprava@medika.hr"/>		
Web address:	<input type="text" value="www.medika.hr"/>		
Number of employees (end of the reporting period):	<input type="text" value="847"/>		
Consolidated report:	<input type="text" value="KD"/>	(KN-not consolidated/KD-consolidated)	
Audited:	<input type="text" value="RN"/>	(RN-not audited/RD-audited)	
Names of subsidiaries (according to IFRS):	Registered office:	MB:	
<input type="text" value="ZU Ljekarne Prima Pharme"/>	<input type="text" value="Zagreb"/>	<input type="text" value="0694975"/>	
<input type="text" value="ZU Ljekarne Delonga"/>	<input type="text" value="Zagreb"/>	<input type="text" value="1605747"/>	
<input type="text" value="ZU Ljekarne Ines Škoko"/>	<input type="text" value="Zagreb"/>	<input type="text" value="02708396"/>	
<input type="text" value="Primus nekretnine d.o.o."/>	<input type="text" value="Zagreb"/>	<input type="text" value="4439856"/>	
<input type="text" value="Ljekarna Jelčić Marica"/>	<input type="text" value="Pula"/>	<input type="text" value="80070612"/>	
Bookkeeping firm:	<input type="text"/>	(Yes/No)	<input type="text"/>
Contact person:	<input type="text" value="DIJANA RADMILOVIĆ"/>		
Telephone:	<input type="text" value="01/2412 551"/>		
E-mail address:	<input type="text" value="medika.uprava@medika.hr"/>		
Audit firm:	<input type="text"/>		
Certified auditor:	<input type="text"/>		

3 **Medika** d.d.  
 ZAGREB Capraška 1



**BALANCE SHEET**  
balance as at 30.09.2019.

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>	430.871.555	478.115.377
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	192.909.705	238.766.092
1 Research and development	<b>004</b>	0	0
2 Concessions, patents, licences, trademarks, software and other rights	<b>005</b>	124.154.642	164.522.373
3 Goodwill	<b>006</b>	68.212.973	73.812.973
4 Advances for the purchase of intangible assets	<b>007</b>	17.280	282.780
5 Intangible assets in preparation	<b>008</b>	524.810	147.966
6 Other intangible assets	<b>009</b>	0	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	188.439.603	188.470.414
1 Land	<b>011</b>	25.226.916	30.400.331
2 Buildings	<b>012</b>	123.255.733	120.552.601
3 Plant and equipment	<b>013</b>	16.759.305	16.760.226
4 Tools, working inventory and transportation assets	<b>014</b>	14.563.096	12.128.689
5 Biological assets	<b>015</b>	0	0
6 Advances for the purchase of tangible assets	<b>016</b>	201.990	525.167
7 Tangible assets in preparation	<b>017</b>	7.549.173	7.227.955
8 Other tangible assets	<b>018</b>	883.390	875.445
9 Investment property	<b>019</b>	0	0
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	37.871.248	39.053.234
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>	21.837.638	21.687.890
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>	16.033.610	17.365.344
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>	280.120	379.506
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>	0	0
4 Other receivables	<b>035</b>	280.120	379.506
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	11.370.879	11.446.131
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	1.551.081.314	1.902.410.267
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	346.266.405	377.535.300
1 Raw materials and consumables	<b>039</b>	570.043	534.289
2 Work in progress	<b>040</b>	0	0
3 Finished goods	<b>041</b>	0	0
4 Merchandise	<b>042</b>	342.478.811	371.511.776
5 Advances for inventories	<b>043</b>	3.217.551	5.489.235
6 Fixed assets held for sale	<b>044</b>	0	0
7 Biological assets	<b>045</b>	0	0
<b>II RECEIVABLES (ADP 047 to 052)</b>	<b>046</b>	1.171.056.287	1.505.283.769



1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	10.260.643	18.772.596
3 Customer receivables	049	1.152.163.703	1.484.189.759
4 Receivables from employees and members of the undertaking	050	32.060	41.012
5 Receivables from government and other institutions	051	7.426.811	230.319
6 Other receivables	052	1.173.070	2.050.083
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>	<b>053</b>	<b>5.165.262</b>	<b>1.383.196</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	5.165.262	1.383.196
9 Other financial assets	062	0	0
<b>IV CASH AT BANK AND IN HAND</b>	<b>063</b>	<b>28.593.360</b>	<b>18.208.002</b>
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>064</b>	<b>5.898.410</b>	<b>13.820.538</b>
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	<b>065</b>	<b>1.987.851.279</b>	<b>2.394.346.182</b>
<b>OFF-BALANCE SHEET ITEMS</b>	<b>066</b>	<b>132.109.570</b>	<b>130.867.565</b>
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to</b>	<b>067</b>	<b>450.925.989</b>	<b>492.763.446</b>
<b>I INITIAL (SUBSCRIBED) CAPITAL</b>	<b>068</b>	<b>209.244.420</b>	<b>209.244.420</b>
<b>II CAPITAL RESERVES</b>	<b>069</b>	<b>-7.657.921</b>	<b>-7.657.921</b>
<b>III RESERVES FROM PROFIT (ADP 071+072-073+074+075)</b>	<b>070</b>	<b>61.886.379</b>	<b>61.886.379</b>
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
<b>IV REVALUATION RESERVES</b>	<b>076</b>	<b>0</b>	<b>0</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>153.768.168</b>	<b>168.375.311</b>
1 Retained profit	082	153.768.168	168.375.311
2 Loss brought forward	083	0	0
<b>VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)</b>	<b>084</b>	<b>33.684.943</b>	<b>60.915.257</b>
1 Profit for the business year	085	33.684.943	60.915.257
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>740.390</b>	<b>740.390</b>
1 Provisions for pensions, termination benefits and similar obligations	089	740.390	740.390
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>22.036.320</b>	<b>58.510.867</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	6.113.630	6.101.001
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	0	36.487.176
11 Deferred tax liability	106	15.922.690	15.922.690
<b>D) SHORT-TERM LIABILITIES (ADP 108 to 121)</b>	<b>107</b>	<b>1.511.901.989</b>	<b>1.837.133.393</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	72.678.512	49.195.765
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	269.875.462	426.198.280
7 Liabilities for advance payments	114	4.353.764	34.809
8 Liabilities to suppliers	115	1.139.118.214	1.319.624.985
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	11.107.205	9.489.721
11 Taxes, contributions and similar liabilities	118	13.266.373	21.859.124
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	1.502.459	10.730.709
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>122</b>	<b>2.246.591</b>	<b>5.198.086</b>
<b>F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)</b>	<b>123</b>	<b>1.987.851.279</b>	<b>2.394.346.182</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>124</b>	<b>132.109.570</b>	<b>130.867.565</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 01.01.2019. to 30.09.2019.

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>	2.292.802.957	792.459.469	2.695.251.622	933.991.407
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	2.275.232.300	783.306.909	2.675.961.107	928.309.541
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	-300
5 Other operating income (outside the group)	130	17.570.657	9.152.560	19.290.515	5.682.166
<b>II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)</b>	<b>131</b>	2.217.295.524	759.286.801	2.610.774.804	901.166.189
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	2.103.741.432	723.577.665	2.481.106.601	858.626.962
a) Costs of raw materials and consumables	134	9.787.270	3.035.395	10.178.480	3.110.842
b) Costs of goods sold	135	2.066.300.187	711.817.382	2.449.584.126	847.931.905
c) Other external costs	136	27.653.975	8.724.888	21.343.995	7.584.215
3 Staff costs (ADP 138 to 140)	137	75.755.913	25.625.176	81.404.431	28.351.310
a) Net salaries and wages	138	46.068.973	15.589.958	50.328.910	17.419.896
b) Tax and contributions from salary costs	139	19.477.466	6.609.997	21.093.388	7.438.369
c) Contributions on salaries	140	10.209.474	3.425.221	9.982.133	3.493.045
4 Depreciation	141	11.023.356	3.738.670	18.655.184	6.352.329
5 Other costs	142	22.841.128	7.031.031	22.681.644	6.191.118
6 Value adjustments (ADP 144+145)	143	3.933.695	-685.741	6.542.916	1.260.442
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	3.933.695	-685.741	6.542.916	1.260.442
7 Provisions (ADP 147 to 152)	146	0	0	384.028	384.028
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	0	0	384.028	384.028
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	0	0	0	0
<b>III FINANCIAL INCOME (ADP 155 to 164)</b>	<b>154</b>	12.101.128	-1.759.383	5.765.383	1.552.867
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	1.319.357	379.013	1.594.027	483.660
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	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	5.067.172	305.696	893.048	325.259
8 Exchange rate differences and other financial income	162	5.714.599	-2.444.092	3.278.308	743.948
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>	12.321.799	6.288.508	15.802.348	8.041.839
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	6.420.821	2.031.450	4.995.648	1.791.720
4 Exchange rate differences and other expenses	169	5.894.284	4.250.364	10.806.700	6.250.119
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	6.694	6.694	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>	2.304.904.085	790.700.086	2.701.017.005	935.544.274
<b>X TOTAL EXPENDITURE (ADP 131+165+175 + 176)</b>	<b>178</b>	2.229.617.323	765.575.309	2.626.577.152	909.208.028
<b>XI PRE-TAX PROFIT OR LOSS (ADP 177-178)</b>	<b>179</b>	75.286.762	25.124.777	74.439.853	26.336.246
1 Pre-tax profit (ADP 177-178)	180	75.286.762	25.124.777	74.439.853	26.336.246

2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
<b>XII INCOME TAX</b>	<b>182</b>	<b>14.878.289</b>	<b>4.910.691</b>	<b>13.524.596</b>	<b>4.741.339</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)</b>	<b>183</b>	<b>60.408.473</b>	<b>20.214.086</b>	<b>60.915.257</b>	<b>21.594.907</b>
1 Profit for the period (ADP 179-182)	184	60.408.473	20.214.086	60.915.257	21.594.907
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>					
<b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)</b>	<b>186</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>189</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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>					
<b>XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)</b>	<b>192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
<b>XVII INCOME TAX (ADP 182+189)</b>	<b>195</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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>					
<b>XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)</b>	<b>199</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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>					
<b>I PROFIT OR LOSS FOR THE PERIOD</b>	<b>202</b>	<b>60.408.473</b>	<b>20.214.086</b>	<b>60.915.257</b>	<b>21.594.907</b>
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)</b>	<b>203</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>212</b>	<b>0</b>	<b>0</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>0</b>	<b>0</b>
<b>V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)</b>	<b>214</b>	<b>60.408.473</b>	<b>20.214.086</b>	<b>60.915.257</b>	<b>21.594.907</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>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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 01.01.2019. to 30.09.2019.

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	75.286.762	74.439.853
2 Adjustments (ADP 003 to 010):	002	12.047.020	23.333.570
a) Depreciation	003	11.023.356	18.655.184
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	0
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-5.067.168	-893.042
e) Interest expenses	007	6.420.821	5.021.943
f) Provisions	008	0	384.028
g) Exchange rate differences (unrealised)	009	-329.989	165.457
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>87.333.782</b>	<b>97.773.423</b>
3 Changes in the working capital (ADP 013 to 016)	012	-101.134.990	-224.069.858
a) Increase or decrease in short-term liabilities	013	68.629.813	168.908.585
b) Increase or decrease in short-term receivables	014	-126.413.668	-334.227.483
c) Increase or decrease in inventories	015	-26.619.874	-31.268.895
d) Other increase or decrease in working capital	016	-16.731.261	-27.482.065
<b>II Cash from operations (ADP 011+012)</b>	<b>017</b>	<b>-13.801.208</b>	<b>-126.296.435</b>
4 Interest paid	018	-6.650.478	-4.500.130
5 Income tax paid	019	-6.390.715	-4.340.378
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)</b>	<b>020</b>	<b>-26.842.401</b>	<b>-135.136.943</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	021	1.284.100	636.525
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	12.223.968	733.200
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	2.856.608	3.974.057
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>16.364.676</b>	<b>5.343.782</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-8.556.439	-15.764.586
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-11.460.000	-2.127.207
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>-20.016.439</b>	<b>-17.891.793</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)</b>	<b>034</b>	<b>-3.651.763</b>	<b>-12.548.011</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	477.000.000	440.000.000
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>	477.000.000	440.000.000
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	<b>040</b>	-462.000.000	-281.000.000
2 Cash payments for dividends	<b>041</b>	-12.030.000	-19.077.800
3 Cash payments for finance lease	<b>042</b>	-2.429.822	-2.693.205
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	<b>043</b>	-21.589.575	0
5 Other cash payments from financing activities	<b>044</b>	0	0
<b>VI Total cash payments from financing activities (ADP 040 to 044)</b>	<b>045</b>	-498.049.397	-302.771.005
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)</b>	<b>046</b>	-21.049.397	137.228.995
1 Unrealised exchange rate differences in respect of cash and cash equivalents	<b>047</b>	13.988	70.601
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)</b>	<b>048</b>	-51.529.573	-10.385.358
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>049</b>	144.784.979	28.593.360
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)</b>	<b>050</b>	93.255.406	18.208.002







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: 01.01.2019. - 30.09.2019.

Notes to financial statements for quarterly periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly 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 quarterly reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly 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.

Zagreb, 30 October 2019

Pursuant to the articles 462 to 471 of the Capital market Law (Official Gazette 65/18) Director Jasminko Herceg, to the best knowledge, 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 2019 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 2019 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