

JADRAN – GALENSKI LABORATORIJ d.d.  
Svilno 20  
51000 Rijeka

Rijeka, 13 March 2020

**Subject: Impact of COVID-19 on Business Operations**

In line with ESMA's recommendation of 11 March 2020, JGL as a bond issuer on the regulated market is issuing the present statement on the potential effects of the COVID-19 disease.

We have established a crisis management team responsible for monitoring the daily developments regarding COVID-19 and its impact on health, business and the wider economic situation.

As a responsible stakeholder in the Croatian healthcare system, we are cooperating with our affiliates Adrialab and Pablo pharmacies to ensure an adequate supply of products that may help prevent the spread of viruses by maintaining proper hygiene of the nose, throat and eyes, such as Aqua Maris and Septogal. This also includes products that help disinfect the skin, objects and areas, such as Dermospray and 70% denatured alcohol, which have been in high demand in the past few weeks.

We have also increased our efforts in the area of counselling and professional services provided in pharmacies and the JGL counselling centre so as to better care for our customers and patients. Moreover, our employees have been provided with additional hygiene and preventive products. The safety of our employees is our top priority, and the company is following all of the guidelines issued by the World Health Organization, the Croatian Ministry of Health, the government and the Croatian Health Insurance Fund.

Our current supplies of raw materials are enough to last us a few months, and we are not experiencing any difficulties in procuring them as yet. It should be noted that most of our suppliers are based in Europe, and a small number of them receive their supplies from China. We are therefore anticipating possible longer delays in deliveries in the second and third quarters.

No real or potential effects of COVID-19 on business activities, financial or economic situation are evident in the annual financial statements for 2019. A large share of JGL Group's revenue comes from its affiliate in Russia. We are witnessing a devaluation of the Russian rouble and a drop in oil prices, caused by a range of factors, including the global COVID-19 pandemic. This leads us to conclude that these factors may impact the 2020 financial statements. If needed, the Group will try to minimise these effects through hedging.



Thanks to our excellent financial and market results over the past few years, the company's stable growth and reduced net debt, the JGL Group is flexible enough to weather the crisis that may arise from the COVID-19 pandemic.

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PRIVREDNA BANKA ZAGREB d.d., Radnička cesta 50, 10000 Zagreb, Croatia / IBAN: HR2623400091110157389, SWIFT: PBZGHR2X

Founding capital: HRK 119.255.000,00 (paid in full) / Issued shares no.: 1.192.550 / Share nominal value: HRK 100,00

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