

the best way
of getting

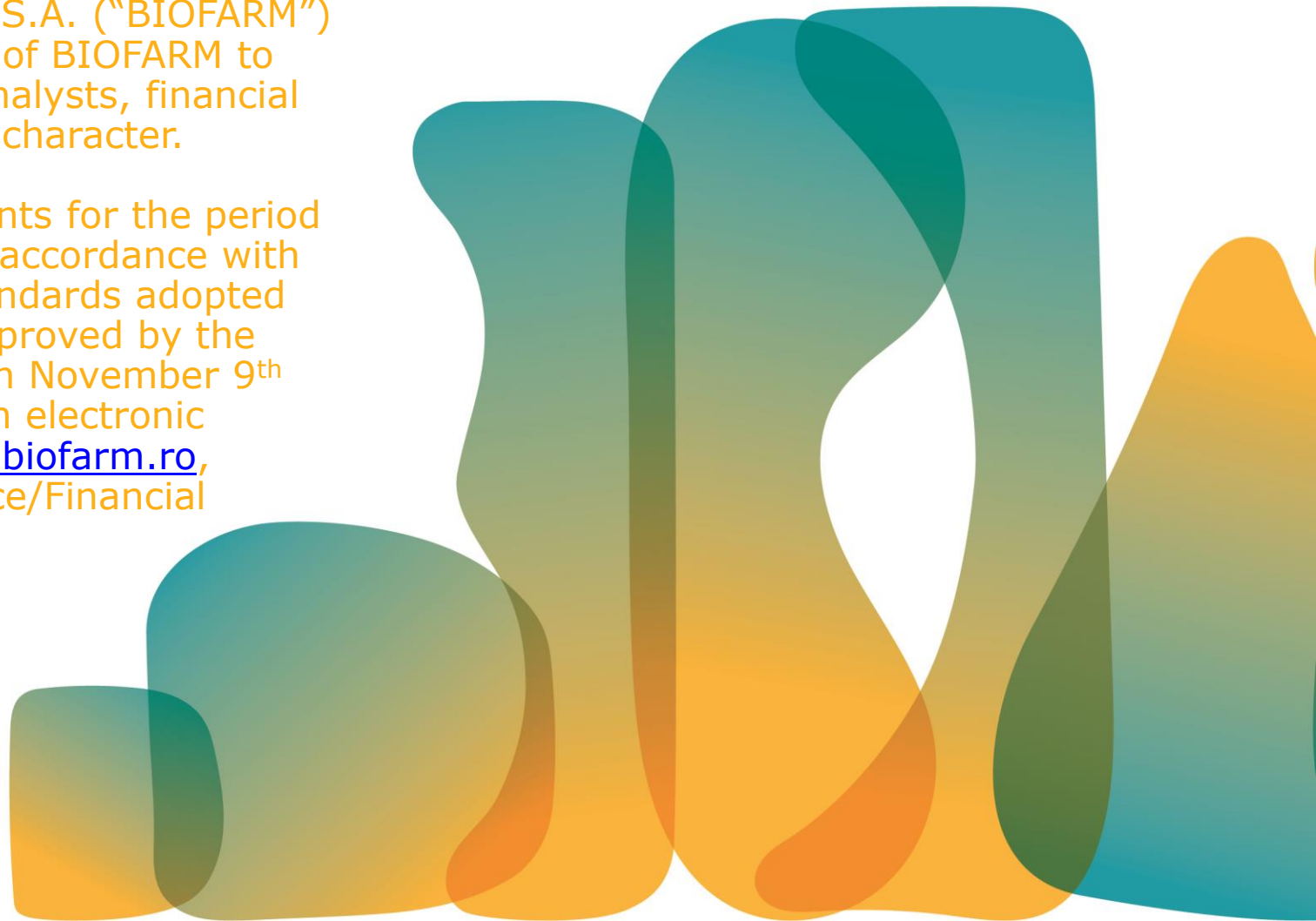
BETTER

Health and well-being are closely linked. Our concern is to offer you only those products that incorporate our innovation, performance and decades of experience.

Individual financial statements 30.09.2020

This individual financial statements for the period January – September 2020 is made by BIOFARM S.A. (“BIOFARM”) and aims to present the financial results of BIOFARM to the investors (shareholders, creditors, analysts, financial press), thus having a purely informative character.

The unaudited detailed financial statements for the period January – September 2020, prepared in accordance with the International Financial Reporting Standards adopted by the European Union (“IFRS”) were approved by the Board of Directors at the meeting held on November 9th 2020 and made available to the public, in electronic format, on the company’s website, www.biofarm.ro, under the heading “Corporate Governance/Financial Statements” on November 13th, 2020.



COMPANY PROFILE

Biofarm is a Romanian company built on expertise, innovation and performance.

Our Mission

The mission of Biofarm® is to do good to those around us through continuous development, with consideration to the knowledge acquired so far, while keeping quality standards at the highest level. This is accomplished by understanding the health demands of those who value us.

Our Vision

We envisage that our products are to be the first choice for those who value their health and are concerned about their wellness. At Biofarm® we strive to do good for our customers, while we hold performance and innovation at the highest level.

About Us

- Top 5 manufacturer of medicines on the highly competitive Romanian market.
- The most important Romanian manufacturer of soft gelatine capsules.
- Top 3 Romanian producers of solutions and suspensions for oral administration
- One of the largest manufacturers of tablets and capsules in Romania.



HISTORY AND MILESTONES

Biofarm is one of the most important manufactures in Romania with almost 100 years history of expertise and performance.

Year of expansion

Biofarm opens the first factory in the country where plant extracts, tinctures, pure substances and veterinary products are produced: "Galenica Drug Factory".

1956



Trading on the stock exchange

Biofarm starts trading on the RASDAQ market under the symbol BIOF.

1996

Production lines certification

All production lines are certificated GMP "Guide to good manufacturing practice", the quality standard for medicines at the European level.

2004



Year of ISO and OHSAS certification

Two important certifications: "Certificate for the environmental management system" and "Certificate for occupational health and safety management system".

2013



100 years of Biofarm

2021

1921

Biofarm story begins

Several drug companies are merging and Biofarm becomes one of the most important Romanian producers in the country's economy.

1969

Year of the Biofarm brand

Galenica and Biofarm drug factories are consolidated under "Biofarm drug company".

1997

Privatization year

The company is 100% privatized.



2005

Stock exchange year

In October, Biofarm shares are listed to the Bucharest Stock Exchange -Category I.



2015

Stock exchange-premium category

Starting with January, Biofarm shares entered into the Premium category.



BIOFARM WORLDWIDE

*Biofarm operates in **Romania** and exports to 12 other countries.*

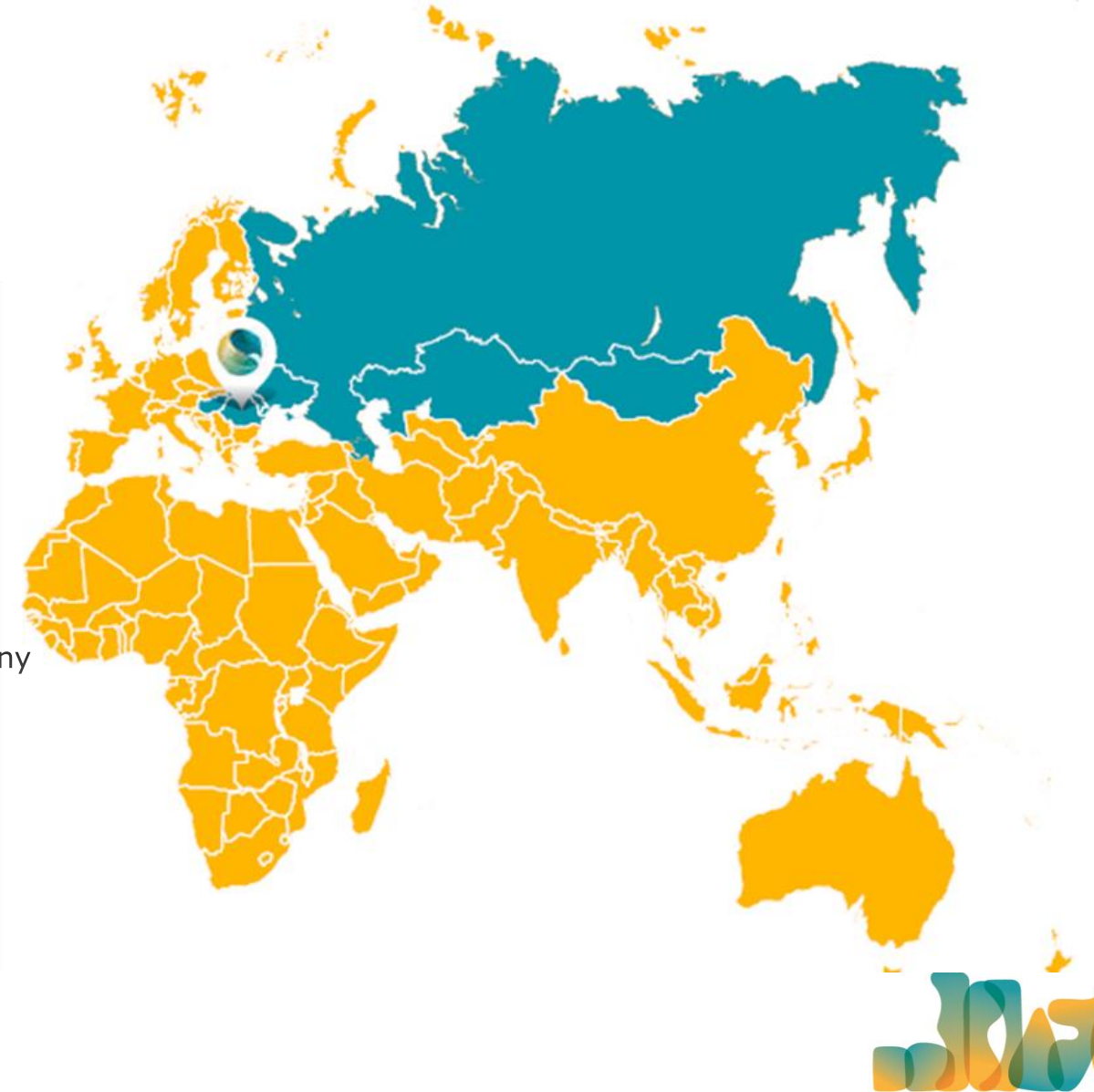
CORE MARKET - ROMANIA

EXPORT MARKETS

Azerbaijan, Czech Republic, Cyprus, Georgia, Iraq, Lithuania, Malta, **Moldova**, Russia, Hungary, Ukraine and Kyrgyzstan.

External markets long-term strategy includes:

- Export sales represent at least 10% of the total units sales of the company
- Registration of new product dossier abroad
- Opening of new branches
- Entering new markets



BIOFARM BRANDS

Biofarm portfolio consists of over 200 products that covers over 60 therapeutic areas

3 CORE CATEGORIES



Digestive & Metabolic



Respiratory & ENT



Cardiovascular & Circulatory



Colebil®



Anghirol®



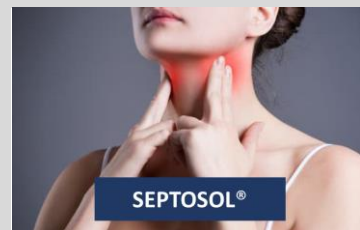
Triferment®



Hepatoprotect®



Bixtonim®



SEPTOSOL®



Carmol®



Bioflu



SennaLax



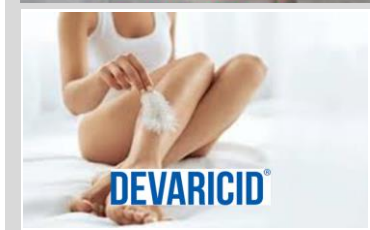
Carbocit®



anti
spasmin



Protecardin



DEVARICID®



Extravalerianic
Biofarm Cardio



NERVOCALMIN



NERVOCALMIN



MAGNEFORT® B6



Cavit



Cavit

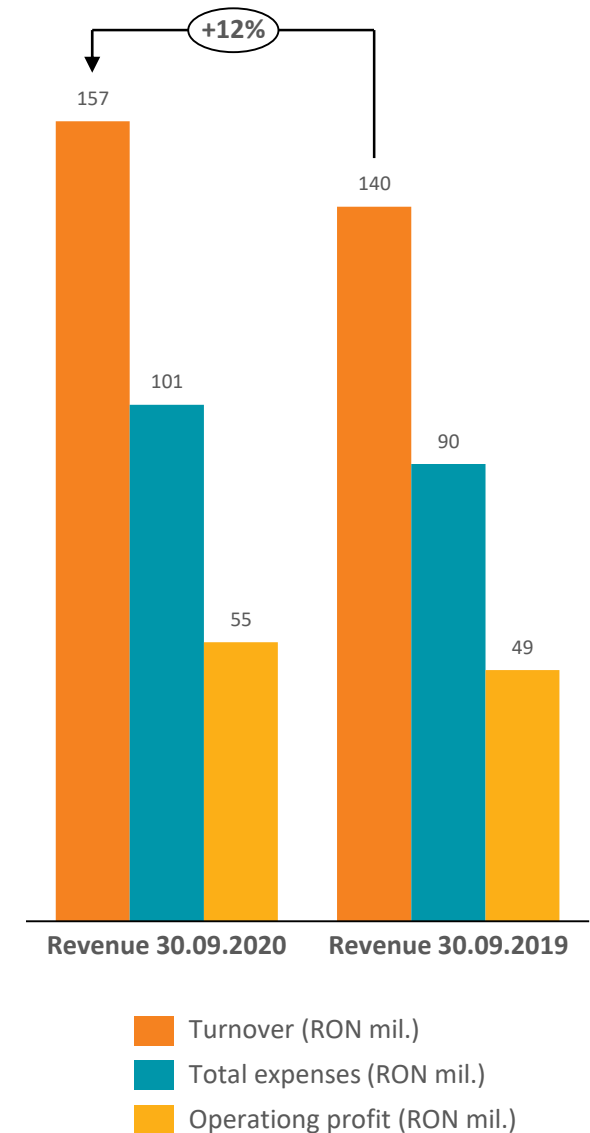


BIOLAND®



Executive Summary 30.09.2020

- **Turnover for Q3 2020** (no impact IFRS 15) is with 12% higher than 2019
- **Total expenses** are with 13% higher than 2019
- **Operating profit** is ca. RON 54.7 Mil. increasing with 11% than Q3 2019
- **Net profit** is RON 45.5 Mil. increasing with ca. 13% than Q3 2019
- **Number of employees** remained constant at ca. 368



Agenda

- Global Result Statement
 - Financial Position Statement
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Global Result Statement on 30.09.2020

- RON-

Income and expenses statement	Revenue 30-Sept -2020	Revenue 30-Sept-2019	Revenue 2020/ 2019	Revenue 2020/ 2019
Income from sales	156.923.978	140.143.660	16.780.318	12%
IFRS 15 adjustment income	-3.132.342	-4.627.703		
Other operating income	168.192	632.251	-464.059	-73%
Changes in inventories	2.113.021	2.878.818	-765.797	-27%
Raw material and consumables	29.556.296	27.812.644	1.743.652	6%
Personnel Expenses	26.609.167	22.101.394	4.507.773	20%
Amortization	8.160.135	4.933.536	3.226.599	65%
Other operating expenses	37.024.284	34.868.037	2.156.247	6%
Operating profit/(loss)	54.722.967	49.311.415	5.411.553	11%
Net financial income/(costs)	1.005.282	1.102.754	-97.473	-9%
Profit before tax	55.728.249	50.414.169	5.314.080	11%
Expenses with taxes	10.176.326	10.258.239	-81.913	-1%
Profit / (Losses)	45.551.923	40.155.930	5.395.993	13%



Global Result Statement

Sales income	30-Sep-20	30-Sep-19	Revenue 2020/ 2019	Revenue 2020/ 2019
Sales of finished products	191.844.976	166.783.967	25.061.009	15%
Sales of merchandise	751.841	1.703.546	(951.705)	-56%
IFRS 15 adjustment income	(3.132.342)	(4.627.703)	1.495.361	-32%
Income from the sale of waste	8.084	10.536	(2.452)	-23%
Commercial discounts	(35.680.923)	(28.354.389)	(7.326.534)	26%
TOTAL	153.791.636	135.515.957	18.275.679	13%

Other operating income	30-Sep-20	30-Sep-19	Revenue 2020/ 2019	Revenue 2020/ 2019
Services income	-	57.097	(57.097)	-100%
Rent income	22.400	4.050	18.350	453%
Income from revaluation of fixed assets	-	-	-	0%
Exchange rate differences	49.879	162.193	(112.314)	-69%
Other operating income	95.914	408.911	(312.997)	-77%
TOTAL	168.193	632.251	(464.058)	-73%

Raw materials and consumables	30-Sep-20	30-Sep-19	Revenue 2020/ 2019	Revenue 2020/ 2019
Raw materials	19.646.480	17.997.219	1.649.261	9%
Auxiliary materials	8.720.972	8.679.394	41.578	0%
Merchandise	529.288	929.315	(400.027)	-43%
Inventory objects	375.176	87.462	287.714	329%
Other consumables	284.380	119.254	165.126	138%
TOTAL	29.556.296	27.812.644	1.743.652	6%

Personnel Expenses	30-Sep-20	30-Sep-19	Revenue 2020/ 2019	Revenue 2020/ 2019
Wages	22.282.376	18.177.189	4.105.187	23%
Civil contracts	4.555.541	3.781.498	774.043	20%
Fees and social contributions	1.123.316	873.499	249.817	29%
Other benefits	(1.352.066)	(730.792)	(621.274)	85%
TOTAL	26.609.167	22.101.394	4.507.773	20%

Amortization	30-Sep-20	30-Sep-19	Revenue 2020/ 2019	Revenue 2020/ 2019
Amortization expenses	8.160.135	4.933.536	3.226.599	65%
TOTAL	8.160.135	4.933.536	3.226.599	65%

- The income (no impact IFRS15) increase with 12%/13% for increase (after impact IFRS 15) compared with the same period of 2019, majorly results from the sales increase of the final products. The share, in value (RON) of the three products' categories manufactured by Biofarm (food supplements, OTC, RX) is as follows: over-the-counter have a share of 57.5%, food supplements have a company's portfolio share of 40% , and the share of prescription drugs (RX) is 2.5%.

- Cost of raw materials increased by just 9% compared to the same period of 2019, mainly due to the reanalysis of the main raw materials and packaging suppliers, in order to ensure the best possible added value for the company.

- Total salary expenses increased by approx. RON 4.5 Mil (20% more than 2019) due to the salary increases achieved during 2020.



Global Result Statement

Other Operating Expenses	30-Sep-20	30-Sep-19	Revenue 2020/ 2019	Revenue 2020/ 2019
Utilitati	3.154.254	3.455.401	(301.147)	-9%
Rents	1.121.716	999.215	122.501	12%
Chirie	-	85.356	(85.356)	-100%
Insurance	571.114	1.010.078	(438.964)	-43%
Bank fees	28.646	44.582	(15.936)	-36%
Advertising and promotion of products	22.636.767	22.100.102	536.665	2%
Travel and transport	317.656	654.796	(337.140)	-51%
Post and telecommunications	355.010	427.757	(72.747)	-17%
Other services provided by third parties	5.410.332	4.510.742	899.590	20%
Other taxes and duties	1.761.513	2.622.505	(860.992)	-33%
Protocol	549.453	762.498	(213.045)	-28%
Expenses from disposal of assets	-	17.970	(17.970)	0%
Losses and adjustments for doubtful receivables	568.622	(3.253.903)	3.822.525	-117%
Inventory adjustments	(1.805.009)	(290.382)	(1.514.627)	522%
Donations and grants	1.515.462	571.109	944.353	165%
Other operating expenses	838.748	1.150.211	(311.463)	-27%
TOTAL	37.024.284	34.868.037	2.156.247	6%

(2.156.247)

Corporate Tax Expenses	30-Sep-20	30-Sep-19	Revenue 2020/ 2019	Revenue 2020/ 2019
Interest income	1.005.286	1.102.763	(97.477)	-9%
Interest costs	(4)	(9)	5	-53%
TOTAL	1.005.282	1.102.754	(97.472)	-9%

Cheltuieli cu impozite	30-Sep-20	30-Sep-19	Revenue 2020/ 2019	Utilities 020/ 2019
Current profit tax expense	10.037.959	9.817.670	220.289	2%
Deferred tax expense/(income)	138.367	440.569	(302.202)	-69%
TOTAL	10.176.326	10.258.239	(81.913)	-1%

- Biofarm is the most important Romanian manufacturer of softgel capsules, between the first 3 Romanian manufacturers of solutions and suspensions for oral administration and one of the largest manufacturers of tablets and sugar-coated tablets in Romania. In order to maintain this position and to succeed in progress, the company is certified and recertified periodically at the highest international standard for all systems, production lines and any other aspect regarding its promise – the best quality of the products.
- Biofarm has over 150 products in its portfolio and covers over 60 therapeutic areas. On 9 of them, Biofarm is a market leader, a record that honours the company and forces it to do more.
- The profit tax to be paid was calculated considering the influences of non-deductible expenses, respectively of taxable income, of tax incentives as well as of provisions effects for profit tax.



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Financial Position Statement

Assets	30-Sep-2020	31-Dec-2019	Revenue 2020/ 2019	Revenue 2020/ 2019
Tangible assets	132.502.118	126.454.307	6.047.810	5%
Real estate assets	11.533.330	11.533.330	-	0%
Intangible assets	547.190	839.771	(292.581)	-35%
Other fixed assets	9.095	7.095	2.000	28%
Deferred tax	4.853.036	4.991.403	(138.367)	-3%
Fixed assets	149.444.769	143.825.906	5.618.863	4%
Inventories	37.648.510	18.289.407	19.359.103	106%
Trade receivables and similar	80.208.884	93.372.718	(13.163.834)	-14%
Cash and cash equivalents	83.893.540	91.128.639	(7.235.099)	-8%
Current assets	201.750.934	202.790.764	(1.039.830)	-1%
TOTAL ASSETS	351.195.703	346.616.670	4.579.032	1%
Debts				
Commercial debts and similar	31.319.267	54.542.504	(23.223.237)	-43%
Debts on corporate tax	4.188.016	2.436.362	1.751.654	72%
IFRS 15 advance income	28.627.507	25.495.165	3.132.342	0%
Provisions	3.615.040	6.305.310	(2.690.270)	-43%
Current debts	67.749.831	88.779.341	(21.029.511)	-24%
Provisions	606.998	606.998	-	0%
Long-term debts	606.998	606.998	-	0%
TOTAL DEBTS	68.356.829	89.386.339	(21.029.511)	-24%
NET ASSETS	282.838.874	257.230.331	25.608.543	10%
Share capital and reserves				
Share capital	98.537.535	98.537.535	-	0%
Own shares	(813)	(813)	-	0%
Premiums related to the issuance/redemption of own shares	(173.154)	(173.154)	-	0%
Revaluation reserves	1.967.642	1.967.642	-	0%
Reserves	23.350.438	101.914.398	(78.563.960)	-77%
Retained earnings	113.605.303	5.548.864	108.056.439	1947%
Current result	45.551.923	50.881.819	(5.329.896)	-10%
Profit distribution	-	(1.445.960)	1.445.960	-100%
TOTAL CAPITALS	282.838.874	257.230.331	25.608.543	10%



Financial Position Statement

TANGIBLE ASSETS	30-Sep-2020	31-Dec-2019	Revenue 2020/ 2019	Revenue 2020/ 2019
Lands and constructions	57.047.705	55.517.011	1.530.694	3%
Technical installations and machines	37.747.144	39.087.509	(1.340.365)	-3%
Other installations, machinery and furniture	300.521	262.767	37.754	14%
Tangible assets under execution	37.406.748	31.587.020	5.819.728	18%
TOTAL	132.502.118	126.454.307	6.047.811	5%

Inventories	30-Sep-2020	31-Dec-2019	Revenue 2020/ 2019	Revenue 2020/ 2019
Raw materials and consumables	27.509.003	11.543.155	15.965.848	138%
Adjustments of raw materials and consumables	(495.662)	(1.953.042)	1.457.380	-75%
Production under progress and semi-finished products	1.727.199	2.082.698	(355.499)	-17%
Finished products	8.998.494	6.527.309	2.471.185	38%
Merchandise	265.952	793.393	(527.441)	-66%
Adjustments	(356.476)	(704.106)	347.630	-49%
TOTAL	37.648.510	18.289.407	19.359.103	106%

Trade and Other Receivables	30-Sep-2020	31-Dec-2019	Revenue 2020/ 2019	Revenue 2020/ 2019
Trade receivables	91.768.189	102.728.069	(10.959.880)	-11%
Adjustments for trade receivables	(18.202.739)	(17.634.117)	(568.622)	3%
Employees	(5.467)	(2.886)	(2.581)	89%
Other receivables from the State Budget	4.748.897	5.992.995	(1.244.098)	-21%
Sundry debtors and other receivables	764.987	421.091	343.897	82%
Adjustments for other receivables	(211.757)	(211.757)	-	0%
Interest to be collected	16.401	207.792	(191.391)	-92%
Advances	530.721	807.271	(276.549)	-34%
Accrued expenses	799.652	1.064.261	(264.609)	-25%
TOTAL	80.208.884	93.372.718	(13.163.834)	-14%

- In the first nine months of 2020, the value of the acquisitions of tangible assets was of RON 14 Mil, due to the additional investments for starting the activity at the new factory from 202-232 Gura Badicului Street.
- Stocks increased compared to 2019 mainly due to securing the need for raw materials and packaging stocks in the context of SARS-Cov-2 Pandemic (Covid-19), orders being launched taking into account the supply duration for each item.
- Trade receivables decreased due to maintaining the collection term at an average of 120 days. As a result of reclassification of receivables that will no longer be collected, trade receivables adjustments have increased.



Financial Position Statement

Cash and cash equivalents	30-Sep-2020	31-Dec-2019	Realizat 2020/ 2019	Realizat 2020/ 2019
Cash in bank	39.091.061	12.249.251	26.841.810	219%
Cash and cash equivalents	9.881	4.769	5.112	107%
Deposits	44.792.598	78.874.619	(34.082.022)	-43%
TOTAL	83.893.540	91.128.639	(7.235.099)	-8%

Commercial debts and similar	30-Sep-2020	31-Dec-2019	Realizat 2020/ 2019	Realizat 2020/ 2019
Commercial debts	20.111.944	36.706.704	(16.594.761)	-45%
Suppliers of assets	1.552.876	695.943	856.932	123%
Debts in relation to employees	709.636	862.997	(153.361)	-18%
Taxes and social contributions	2.980.462	1.589.025	1.391.436	88%
Other tax debts	147.113	248.779	(101.666)	-41%
Other debts	1.461.575	1.597.565	(135.990)	-9%
Dividends	3.921.184	12.856.523	(8.935.339)	-70%
Advances	434.477	(15.032)	449.510	-2990%
Advances incomes	-	-	-	0%
TOTAL	31.319.267	54.542.504	(23.223.238)	-43%

Venituri in avans IFRS 15	28.627.507	25.495.165	3.132.342	-
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Reserves	30-Sep-2020	31-Dec-2019	Realizat 2020/ 2019	Realizat 2020/ 2019
Fixed assets revaluation reserves	1.967.642	1.967.642	-	0%
Legal reserves	19.707.507	19.707.507	-	0%
Other reserves	3.642.931	82.206.891	(78.563.960)	-96%
TOTAL	25.318.080	103.882.040	(78.563.960)	-76%

Provisions	30-Sep-2020	31-Dec-2019	Realizat 2020/ 2019	Realizat 2020/ 2019
Other debts	-	1.338.203	(1.338.203)	0%
Short term salary provision	3.615.040	4.967.107	(1.352.067)	-27%
Long term salary provision	606.998	606.998	-	0%
TOTAL	4.222.038	6.912.308	(2.690.270)	-39%

- Cash decreased compared to the end of 2019 due to dividend payments amounting to RON 29 Mil. Taking into account external purchases or raw materials and equipment, to reduce the impact of exchange rate fluctuations, the company's management decided that part of the cash in RON to be converted into currencies.
- As a result of the fact that the policy of Biofarm S.A. is to ensure that it will always have enough cash to enable it to fulfil its obligations when due, the commercial debts have decreased. The company has no outstanding obligations to the state budget.
- According to the OGMS of 28.04.2020, the reclassification of the amount of Lei 78 Mil. was decided, from the "Other reserves" category to the "Retained earnings" category for a more accurate presentation of the capital structure component of Biofarm SA.
- The amount constituted as a salary provision 30.09.2020, represents salary bonuses that shall be paid to the company's employees, to the sales marketing team, as well as to the management team, executive management of Biofarm SA for the activity performed in 2020.



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Financial Indicators

CAPITAL PROFITABILITY AND RETURN			LIQUIDITY AND WORKING CAPITAL		
	30-Sep-20	31-Dec-19		30-Sep-20	31-Dec-19
Efficiency of available capital			General liquidity rate		
Profit before interest and tax (A)	55.728.249	62.468.452	Current assets	201.750.934	202.790.764
Available capital (B)	283.445.872	257.837.329	Current obligations	67.749.831	88.779.341
A/B	19.66%	24.23%	(A/B)	2.98	2.28
Equity efficiency			Rapid liquidity rate		
Net profit (A)	45.551.923	50.881.819	Current assets	201.750.934	202.790.764
Equity (B)	282.838.874	257.230.331	Inventories	37.648.510	18.289.407
A/B	16.11%	19.78%	Current obligations	67.749.831	88.779.341
Operational profit rate			(A-B)/C	2.42	2.08
Profit before interest and tax (A)	55.728.249	62.468.452	Client collection period		
Operating income (B)	156.072.850	200.005.067	Trade receivables (A)	73.565.450	85.093.952
A/B	35.71%	31.23%	Net turnover (B)	156.923.978	202.755.811
Net profit rate			(A/B)*270 days	127	153
Net profit (A)	45.551.923	50.881.819	Period of inventory immobilization		
Total income (B)	157.078.131	201.581.510	Inventories of finished products and merchandise (A)	37.398.010	26.902.629
A/B	29.00%	25.24%	Net turnover (B)	156.923.978	202.755.811
Total assets rate			(A/B)*270 days	64	48
Profit before interest and tax (A)	55.728.249	62.468.452	Period for suppliers' payment		
Total assets (B)	351.195.703	346.616.670	Suppliers (A)	20.111.944	36.706.704
A/B	15.87%	18.02%	Material and external expenses (B)	79.230.891	121.771.349
			(A/B)*270 days	69	110
SOLVABILITY	30-Sep-20	31-Dec-19			
Debt rate					
Total obligations (A)	68.356.829	89.386.339			
Total assets (B)	351.195.703	346.616.670			
A/B	19.46%	25.79%			
Rate of financial autonomy					
Equity (A)	282.838.874	257.230.331			
Total assets less net current debts (B)	283.445.872	257.837.329			
A/B	99.79%	99.76%			



Cash Flows

- RON-

	30-Sept-2020	31-Dec-2019
Flows from operating activities		
Profit before tax	55.728.249	62.468.452
Adjustments for:		
Receivable adjustment	568.622	(4.625.149)
Adjustment of inventories	(1.805.009)	71.933
Amortisations and provisions	8.160.136	8.095.349
Modification of the real estate investments value	-	(195.521)
Loss / (profit) from the disposal of assets	(94.671)	(210.738)
Adjustment of other provisions	(2.690.261)	1.940.090
Other financial income	(1.005.286)	(1.576.452)
Financial costs	4	10
Profit before the modification of the working capital	58.861.784	65.967.974
Decrease / (increase) of receivables	12.537.347	1.119.533
Decrease / (increase) of inventories	(17.554.097)	472.686
Increase / (decrease) of debts	(11.231.655)	17.051.189
Cash from operating activities	42.613.379	84.611.382
Paid profit tax	(8.286.305)	(11.651.653)
Net cash from operating activities	34.327.074	72.959.729
Flows from investments activities		
Acquisitions of tangible assets	(13.974.802)	(19.795.610)
Collections from the sale of fixed assets	94.671	228.710
Collected interest	1.196.677	1.542.476
Net flows from investment activities	(12.683.454)	(18.024.424)
Flows from financing activities		
Paid dividends	(28.878.719)	(9.439.244)
Net flows from financing activities	(28.878.719)	(9.439.244)
Cash net increase/(decrease)	(7.235.099)	45.496.061
Cash and cash equivalents at the beginning of the period	91.128.639	45.632.578
Cash and cash equivalents at the end of the period	83.893.540	91.128.639



Thank you!

