



## CURRENT REPORT

Pursuant to Law no. 24/2017 and FSA Regulation no. 5/2018

Report date: 23.09.2021

Name of the issuing company: ROPHARMA S.A.

Headquarters: Braşov, 55 Iuliu Maniu Street, 500091, Braşov

Sole Registration Code: 1962437

Registration number: J08/2886/2007

Subscribed and paid capital: 51.126.741,30 RON

Regulated market: BVB Standard (symbol RPH)

### **Important event to be reported:**

#### **Reporting of transactions with affiliated parties in accordance with Art. 108 of Law no. 24/2017R**

In 2020, Ropharma SA entered into / carried out transactions with a single affiliated person that cumulatively exceed 5% of the company's net assets according to the individual financial statements of Ropharma SA as of December 31, 2020, as follows:

- Transactions of Ropharma SA with Ropharma Logistic SA totaling 281,832,549 lei, which represent the purchase of medicines, nutritional supplements and other products sold in Ropharma SA pharmacies.
- Transactions of Ropharma SA with Ropharma Logistic in the amount of 2,088,267 lei, representing the re-billing of some expenses for which Ropharma SA is the contractor.

The re-invoiced expenses were represented by the specific costs of some parts of 3 buildings owned by Ropharma SA in which the logistics warehouses (running costs, depreciation, security, consumables used, taxes and duties related to buildings and insurance), direct costs related to the maintenance of Ropharma SA trucks through which Ropharma Logistic supplies products (driver salaries, vouchers, insurance, fuel, taxes and

repairs) as well as a part of the rental of a headquarter where part of the activities of Ropharma Logistic support departments is carried out.

- Ropharma Logistic receivables to be collected from Ropharma SA on December 31, 2020: 99,386,381 lei;
- Ropharma SA receivables to be collected from Ropharma Logistic on December 31, 2020: 239,281 lei.

In the context of transactions for the purchase of medicines and pharmaceutical drugs, we would mention that Ropharma both dispensed drugs to the population via its own pharmacy network and also distributed pharmaceutical wholesalers via drug depots.

In 2015, Law 91/2015 amending and supplementing Law 95/2006 on health reform was published, which provides that legal entities who are authorized to dispense drugs to the population are not allowed, in accordance to national legislation, to also carry out wholesale trade in drugs.

In this context, starting with November 2015, the pharmaceutical wholesaling was separated from the retail trade and carried out within the company Ropharma Logistic.

The shareholders of Ropharma Logistic SA are the companies Ropharma SA (90%) and Aesculap Prod SRL (10%).

The present transaction between Ropharma Logistic and Ropharma SA is carried out based on the Purchase Contract no. CM 651015 / 01.10.2015 together with the additional documents, concluded following the granting of discounts by Ropharma Logistic for Ropharma SA.

The sales prices set by Ropharma Logistic in relation to Ropharma SA as part of this transaction were set at the level of the list prices that Ropharma Logistic practices both with affiliated customers and with third-party customers (i.e. pharmacies or stores outside the Ropharma Group).

For prescription drugs („RX”), Ropharma Logistic generally uses the maximum retail price allowed at the level of an RX drug distributor under Romanian law. The drug prices have a regulated character and the maximum prices from the national price catalog published by the Ministry of Health apply for the prescription of human drugs that are approved for marketing.

The contract value is given by the total value of the tax invoices issued by the seller based on the buyer’s orders.

The term of payment is different for each product group and is noted on every invoice.

No collateral has been set for these transactions.

For the credit line contracted from ING Bank in the form of working capital, both companies have a collateral set in the form of a joint and several guarantee and real estate mortgages on the receivables, stocks and accounts opened with the bank.

In the course of 2020, Ropharma Logistic issued a number of around 430,000 invoices to Ropharma SA, sold and ensured in a proportion of 81 % the supply of the 147 subscriber's pharmacies.

In 2020, the number of parts supplied by Ropharma SA from Ropharma Logistic was 8,855.

For 2020, the company has prepared the transfer pricing file in accordance with the requirements of the Order no. 442/2016 and Law no. 227/2015 on the Tax Code.

In accordance with these requirements, Ropharma SA obtained a rate of return in 2020 that was within the limits of the comparison interval determined by obtaining a sample of 7 independent and comparable companies from the perspective of activity.

The tested part was Ropharma SA and the transfer price method chosen was the Net Margin Method.

In this context, we would like to point out that in the transactions carried out in 2020, Ropharma SA interests with regard to the offers of the same type available on the market at the time of the transactions were protected.

In 2020, the Company entered into / conducted transactions with other affiliated legal entities, but these did not exceed 5% of the Company's net assets.

These transactions are shown in the individual financial statements of Ropharma SA.

We further mention that the company prepares consolidated financial statements and the results of Ropharma Logistic are integrated into the consolidated financial statements.

We attach the audit report prepared in accordance with the provisions of art. 108 of Law no. 24/2017 R.

**Președintele Consiliului de Administrație al S.C. ROPHARMA S.A.**

**Dr. Farm. Mihai Miron**