



# UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2020

Prepared in accordance with the requirements of the  
international financial reporting standards  
as adopted by the European Union

Olaine, 2021



**FORWARD**  
WITH THE  
NEW STRATEGY  
2020-2025

## Olainfarm Group

JSC Olainfarm is the leading manufacturer in the chemical and pharmaceutical sector of the Baltic States with more than 45 years of experience. Portfolio contains over 60 FDFs, 25 APIs and more than 20 Intermediates.

The key areas of specialization in FDFs include neurology, cardiology, infectiology and allergology. JSC Olainfarm has a long-standing technological and know-how advantage in adamantane, quinuclidine and nitrofurans chemistry.

JSC Olainfarm is licensed manufacturer of chemical and pharmaceutical products, endowed with modern technologies and certified in accordance with the requirements of the EU and Russia' Good Manufacturing Practice, ISO 14001:2015 Environmental Management System, in certain categories - in accordance with the U.S. standards (FDA), Australian standards (TGA), Japan standards (PMDA).



### CORPORATE MISSION:

We improve customers' lives and create value to our organization by providing sustainable healthcare products and services leveraging on our manufacturing and commercial expertise.

### VISION:

By the year 2025 we are the TOP 10 CEE manufacturing company sustainably delivering healthcare products and services in specific therapeutic areas in CEE, CIS and beyond.

## Corporate information

	Joint stock company OLAINFARM
Information on Parent company of the Group	Manufacturing and distribution of chemical and pharmaceutical products Unified registration number 40003007246 Registration: Riga, 10 June 1991 (re-registered on 27 March 1997) Address: Rūpnīcu iela 5, Olaine, Latvia, LV-2114
Largest subsidiaries (100%)	SIA Latvijas Aptieka – pharmacy chain SIA Silvanols – Latvian food supplement company SIA Tonus Elast – producer of elastic and compression medical products
Financial year	1 January – 31 December 2020
Interim reporting period	1 January – 31 December 2020

## Corporate Governance

### SUPERVISORY COUNCIL

(Elected for the term from 1 April 2019 to 31 March 2024)

<b>Gundars Bērziņš</b> Chairman of the Supervisory Council	Positions held in other companies: none Shareholding in other companies: SIA MeadowMe (99.96 %)
<b>Jānis Buks</b> Deputy chairman of the Supervisory Council	Positions held in other companies: SIA JV Holdings, Board member AS Spring Holding, Board member SIA LNK Asset Management AIFP, Chairman of the board AS Latvijas balzams, Member of the supervisory council (from 29 July 2020) Shareholding in other companies: SIA JV Holdings (50 %)
<b>Kārlis Krastiņš</b> Deputy chairman of the Supervisory Council (change of position on 22 September 2020) Member of the Supervisory Council (from 1 April 2019 to 22 September 2020)	Positions held in other companies: SIA Xiexie, Chairman of the board SIA Prudentia Advisers, Chairman of the board AS Prudentia, Chairman of the board SIA Prudentia Private Equity Partners, Board member SIA D & A Konsultanti, Board member (until 9 September 2020) SIA Pharma Invest, Board member (from 2 January 2020 to 8 April 2020) Shareholding in other companies: SIA Xiexie (100 %) SIA Prudentia Advisers (44.49 %) AS Prudentia (18.63 %) SIA Prudentia Private Equity Partners (100 % from 24 March 2020) SIA Tavs kapitāls 23 (80 % until 10 March 2020)
<b>Haralds Velmers</b> Member of the Supervisory Council	Positions held in other companies: SIA VH Invest, Board member (from 11 June 2020) Shareholding in other companies: SIA Compor (7.73 %) SIA Nami un būves (40 %) SIA VH Invest (100 % from 11 June 2020)
<b>Andrejs Saveljevs</b> Member of the Supervisory Council	Positions held in other companies: SIA B28, Board member Shareholding in other companies: SIA RAAP (45 %) SIA Dzīvokļu īpašumi (16.67 % from 20 May 2020)

### AUDIT COMMITTEE

(Elected for the term from 1 April 2019 to 31 March 2021)

Members	Agris Auce - Chairman of the Audit Committee Kārlis Krastiņš - Member of the Audit Committee, Deputy chairman of the Supervisory Council Viesturs Gurtlavs - Member of the Audit Committee
---------	--







### REMUNERATION COMMITTEE

(Elected for the term from 12 November 2020 until term of the Council)

Members	Gundars Bērziņš - Chairman of the Remuneration committee, Chairman of the Supervisory Council Agris Auce - Member of the Remuneration Committee Jānis Buks - Member of the Remuneration Committee, Deputy chairman of the Supervisory Council Haralds Velmers - Member of the Remuneration Committee, Member of the Supervisory Council Evita Osīte - Member of the Remuneration Committee
---------	--

**MANAGEMENT BOARD**

The Supervisory Council of the company elects the Management Board of JSC Olainfarm for five years. When selecting the members of the Management Board, the Supervisory Council assesses the experience of candidates in team management, in particular – in the area of responsibility of a candidate and in the pharmaceutical sector in general.

	<p><b>Jeroen Hidde Weites</b></p> <p>Chairman of the Management Board Since 28 November 2019</p>		<p><b>Elena Bushberg</b></p> <p>Board member Since 5 December 2019</p>
	<p><b>Milana Beļeviča</b></p> <p>Board member Since 4 April 2019</p>		<p><b>Zane Kotāne</b></p> <p>Board member Since 2 July 2020</p>
	<p><b>Signe Baldere-Sildedze</b></p> <p>Board member Since 4 April 2019</p>		<p><b>Raimonds Terentjevs</b></p> <p>Board member Since 28 December 2017</p>

**CHANGES IN THE MANAGEMENT BOARD DURING THE REPORTING PERIOD**

Lauris Macijevskis	Board member until 12 June 2020
Mārtiņš Pūriņš	Board member until 1 August 2020

**Shares and Shareholders**

Share capital of JSC Olainfarm consists of 14 085 078 ordinary shares, which are booked in Nasdaq CSD depository and are listed on the Nasdaq Riga Baltic Main List. All shares have equal rights and each share has one voting right respectively. In the reporting period the total number of shares has not changed. The company does not own any treasury shares and no share buyback program has been approved.

ISIN	LV0000100501
Exchange Code	OLF1R
List	Riga, Baltic Official List
Nominal Value	1.40 EUR

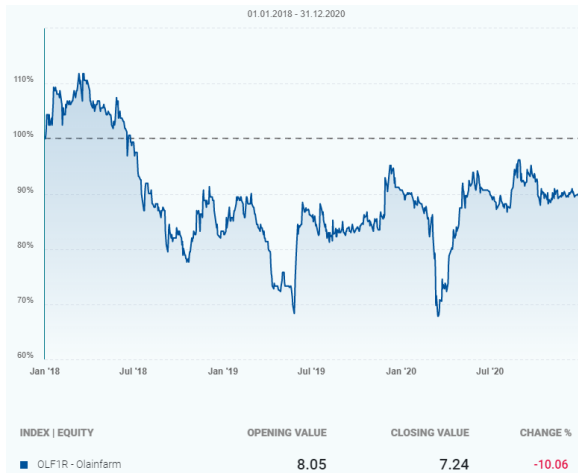
Total shares	14 085 078
Shares on public quotation	14 085 078

Source: Nasdaq Riga

**TRADING**

During twelve months of 2020 JSC Olainfarm average share price was EUR 7.08 per 1 share and traded in a range of EUR 5.36 to 7.78 per share. During this period 10 858 transactions with 1 157 029 shares with total value of EUR 8 047 532.30 took place.

JSC Olainfarm share price changes for the past three years until the end of the reporting period

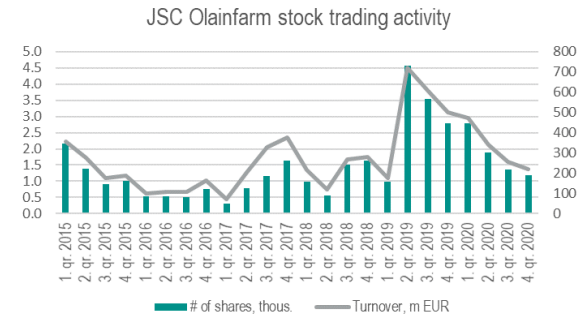


During the last 12 months until end of the reporting period OMX Riga index increased by 9.67 % and the share price of JSC Olainfarm decreased by 0.82 %.

The next chart shows share price of JSC Olainfarm on the Nasdaq Riga stock exchange relative to OMX Riga index over the last 12 months until the end of the reporting period.



During the fourth quarter of 2020, more than 190 thousand shares of JSC Olainfarm, with a total value of EUR 1.4 million, were traded on Nasdaq Riga. Compared to the same period in 2019, the number of traded shares was lower by 57 %, while traded value was lower by 56 %.



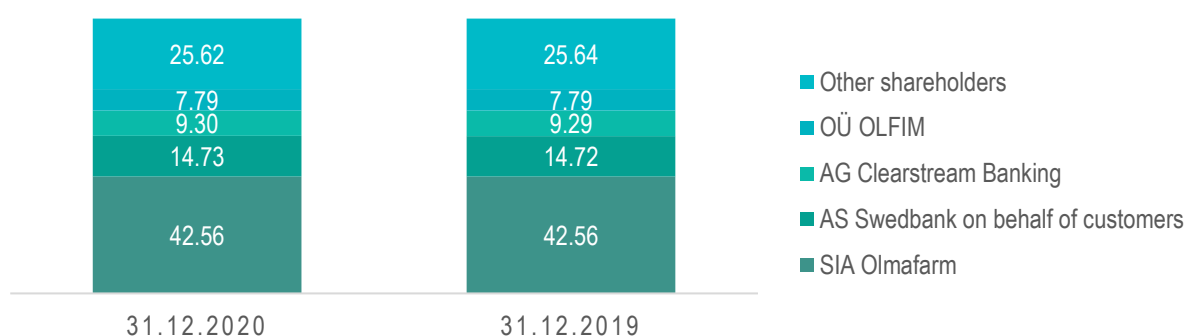
## RESULTS OF SHARE TRADING

	2020	2019	2018
Share price (EUR):			
The first	7.30	6.70	8.05
Highest	7.78	7.80	9.10
Lowest	5.36	5.44	6.20
Average	7.08	6.75	7.71
The last	7.24	7.30	6.70
Changes (between the first and the last price)	2.42	2.36	2.90
Number of transactions	10 858	6 515	3 740
Shares traded	1 157 029	1 898 995	747 883
Turnover (mil. EUR)	8.05	12.54	5.51
Capitalization (mil. EUR)	101.98	102.82	94.37

## SHAREHOLDER STRUCTURE AND LARGEST SHAREHOLDERS

As of 31.12.2020 JSC Olainfarm had 1 721 shareholders, out of which 1 530 are individuals and 192 legal entities, incl. nominal account holders. Investors from the Baltic States comprised 97% of total number of shareholders, the most represented are Latvian residents, Estonian and Lithuanian investors hold the second and the third place respectively.

## THE LARGEST SHAREHOLDERS, % OF TOTAL SHARES



## JSC OLAINFARM SHARES OWNED BY THE GOVERNANCE STRUCTURE (31 DECEMBER 2020)

Management Board		
Chairman of the Board	Jeroen Hidde Weites	None
Board member	Elena Bushberg	None
Board member	Milana Beļeviča	None
Board member	Zane Kotāne	None
Board member	Raimonds Terentjevs	None
Board member	Signe Baldere-Sildedze	directly: 297 manages 1 097 026 shares of JSC Olainfarm as a natural guardian of the minor shareholder Anna Emīlija Maligina
Supervisory Council		
Chairman of the Supervisory Council	Gundars Bērziņš	3
Deputy Chairman the Supervisory Council	Jānis Buks	None
Deputy Chairman the Supervisory Council	Kārlis Krastiņš	None
Member of the Supervisory Council	Haralds Velmers	None
Member of the Supervisory Council	Andrejs Saveljevs	None

## Management Report

### OPERATING ENVIRONMENT

At the beginning of 2020, most of the Group largest markets showed positive trends in the business environment, based on the Group financial budget forecasts. But starting in February, the Covid-19 virus began to spread rapidly in Europe and other countries around the world. This created unprecedented social and economic challenges with a significant drop in business. The economies of the European Union and other countries are shrinking and are likely to show a drop in GDP and a rising unemployment rate in 2020. Currencies of developing countries lost their value against EUR in first nine months of 2020, for example, the value of the Russian Ruble dropped by 32%.

During the 1st quarter of 2020, the Group reviewed a list of cooperation partners in all the major markets in order to attain business with the largest and most stable Tier 1 wholesalers. At the beginning of this year there was a temporary disruption of sales in Ukraine but since February there has been an agreement in place with a new distributor. Changes in logistics in Belarus facilitated direct supplies to the biggest distributors. Positive tendencies shown in Uzbekistan and Tajikistan due to active cooperation with market leaders.

In February, 2020 the Group established a subsidiary in Russia with the aim to facilitate promotion and distribution of products, market research and to increase JSC Olainfarm commercial presence, which previously were provided by third parties. This step allowed the company to better manage commercial processes and have better control over expenses. Operational kick-off and recruitment was slightly

delayed by Covid-19 spring lockdown in Russia. New subsidiary in Russia established a robust digital communication channels, created patient support programs for anxiety discussions, and developed educational platform for healthcare professionals, with already 7000 registered users since 01 September 2020.

It has been intended that since 1st January 2020 a new regulation would be enforced in Russia regarding traceability of medical products (the so called serialization) through the entire supply chain therefore the largest distributors of JSC Olainfarm purchased additional inventory of final dosage forms in order to safeguard sales during the 1st quarter of 2020. Such circumstances created additional sales of approximately EUR 6 million on top of the planned sales in the 4th quarter of 2019. In 2019, the goods were delivered to the cooperation partners and sales were recognized in the Group accounts, although the goods concerned were released for consumption in beginning of 2020 thus decreasing first quarter supplies to the Russian market. The introduction of the new framework has been postponed several times and entered into force since 1st July 2020.

### RUSSIAN RUBLE VALUE DECREASE, NEW TRACEABILITY REQUIREMENTS IN RUSSIA AND COVID19 ARE IMPACTING GROUP RESULTS IN 2020

The Group has successfully implemented new traceability regulation requirements. First supplies of serialized products have been sent and accepted in October. Serialization and traceability regulation secures better products' movement control and patient protection from falsification of medicinal products.

### THE IMPACT OF COVID-19

The Group's vertically integrated mode of action was a major advantage in the ability to ensure the production of both chemical components and final dosage forms. It points out once again that full control of the production cycle is a competitive advantage to be used as a basis for the introduction of a new strategy. During the reporting period, the Group continued to implement the precautionary measures initiated during the first quarter in the production premises, the administration and sales structures.

Several of the Group companies used the opportunity provided by the Latvian State to receive financial support for Covid-19 crisis mitigation and the motivation of medical personnel. In total, in 2020, the Group companies have received State financial support amounting to EUR 529 thousand.

Covid-19 world-wide penetration significantly hindered scheduled sales and marketing activity in several regions. The ability for medical representatives to conduct face to face meetings in some countries even until now remains limited, and the customers in the markets operated by the Group have a different level of readiness to on-line and digital promotion. Significant resources have been involved to establish and implement digital channels in reported period, which will ensure healthcare specialists with continuous and high-quality information flow also in 2021. Product distribution mostly was organized with help of digital tools – internet platforms, remote conferences and seminars.

Pandemic penetration left impact on Group subsidiaries' results. Decrease in sales volume relates to breaks in production (idle), impact from borders' closing on material supplies and export of manufactured production, cancellation of planned medical surgeries. Serious challenge in 2020 has been a decrease in consumer purchasing power to buy medical products, especially OTC ("over-the-counter" or non-prescription medications) and compression products. Largest changes in demand were experienced by the compression product segment, which carries products meant to be used after performing medical manipulation.

Covid-19 restrictions have significantly influenced the volume and the terms of Group planned investments, especially restricting possibility of conducting clinical trials, as well as travel necessary for new product acquisitions.

## FINANCIAL RESULTS

Reported financial and alternative performance measure indicators represent main criteria used for information and performance analysis purposes and are presented or calculated based on the data disclosed in the Financial Statements and in the stock exchange [www.nasdaqbaltic.com](http://www.nasdaqbaltic.com) under ticker OLF1R. Neither the Parent Company or the Group has set the specific targets of the above indicators except for the Net revenue and the Net profit as the operating plan of the Parent Company and the Group for the reporting year. Information presented in this management report on sales by markets of the Group and sales by products of the Parent Company are direct components of the Net revenue providing additional dimension of the Net revenue for the performance of the reporting year as well as for the risk analysis purposes with comparative information described only in case of material changes.

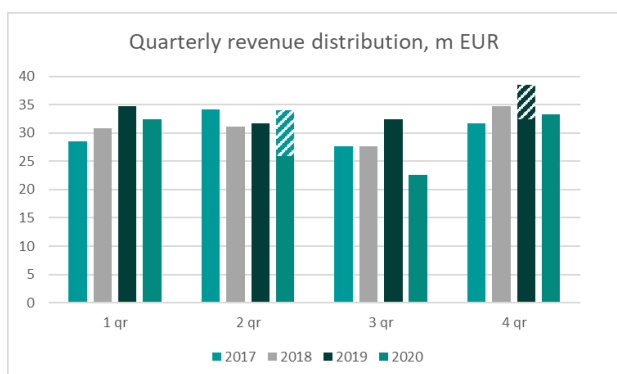
Financial indicator for the period	01.01.2020 - 31.12.2020	% to prior period	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
			(restated)	
Sales, EUR '000	122 157	89 %	137 219	124 256
Net Profit, EUR '000	9 478	43 %	22 263	10 731
EBITDA, EUR '000	24 861	83 %	29 959	20 927
EBIT, EUR '000	15 774	74 %	21 264	14 077
Gross margin	59.3 %		61.8 %	60.2 %
EBITDA margin	20.4 %		21.8 %	16.8 %
EBIT margin	12.9 %		15.5 %	11.3 %
Net margin	7.8 %		16.2 %	8.6 %
DSCR	4.0		2.5	2.1
Net Debt-to-EBITDA	-0.3		0.2	1.1
ROA	5.6 %		14.1 %	7.3 %
ROE	7.4 %		19.3 %	10.2 %
P/E	10.8		4.5	8.8
EPS, EUR	0.67	43 %	1.58	0.76
Financial indicator at the end of reporting period	31.12.2020	% to prior period	31.12.2019 (restated)	31.12.2018
Current ratio	3.2		3.0	1.7
Share price at period end, EUR	7.24	99 %	7.30	6.70
Market capitalization, EUR '000	101 976	99 %	102 821	94 370
P/B	0.8		0.8	0.9



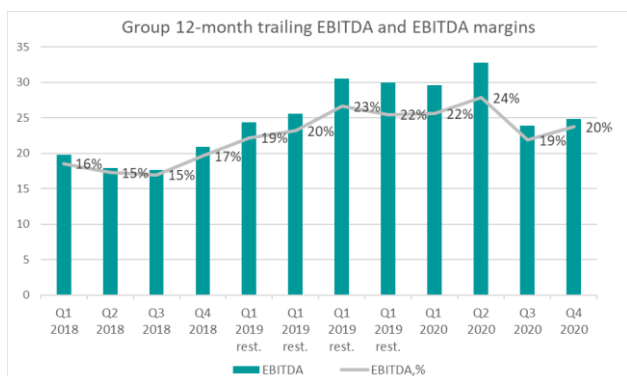
Additional data for EBITDA calculation	01.01.2020– 31.12.2020	% to prior period	01.01.2019– 31.12.2019	01.01.2018 - 31.12.2018
<b>Depreciation:</b>	<b>9 087</b>	<b>105 %</b>	<b>8 695</b>	<b>6 850</b>
Intangible assets	741	108 %	683	695
Fixed assets	6 553	106 %	6 190	6 118
Rights-of-use assets	1 757	106 %	1 658	-
Investment properties	36	22 %	164	37
Value impairments	-		-	-

During twelve months of 2020 the Group's sales reached EUR 122 157 thousand, which is 11% less than same period of last year. Gross profit, in turn, was EUR 72 404 thousand, which shows a decline by 12 403 thousand EUR or 14.6% compared to same time period last year. Decrease in gross profit is explained by timing change of deliveries to Russia due to introduction of new regulation and Covid-19 negative impact. Gross profit margin in 2020 is 59.3 %, which is 2.5 p.p. drop compared to 61.8 % reached same period last year.

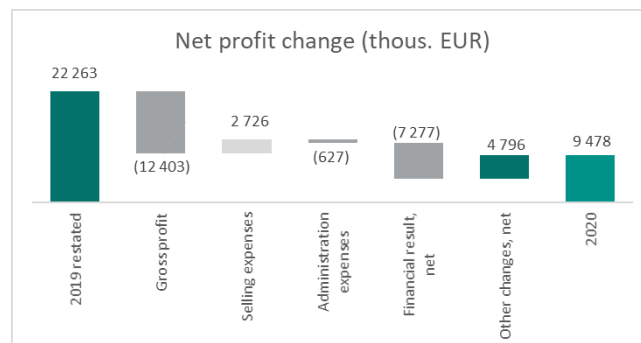
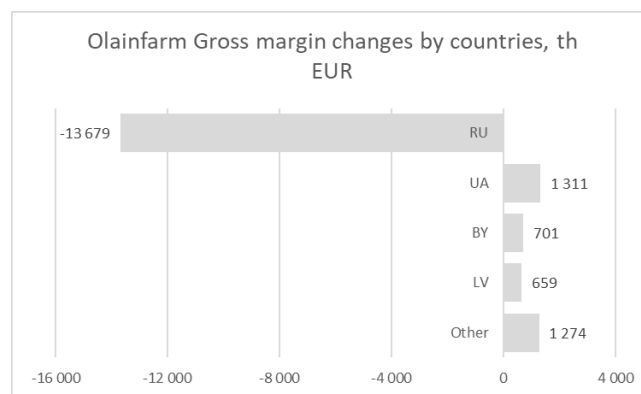
The chart below presents quarterly revenue distribution - this financial indicator allows to even out the impact of one-off events over several quarters and is more appropriate as a long-term trend indicator.



The Group's EBITDA figure for twelve months 2020 was EUR 24 861 thousand, which is 17 % or EUR 5 098 thousand EUR less than the result of the same period of 2019. EBITDA margin of the Group is 20.4 %.



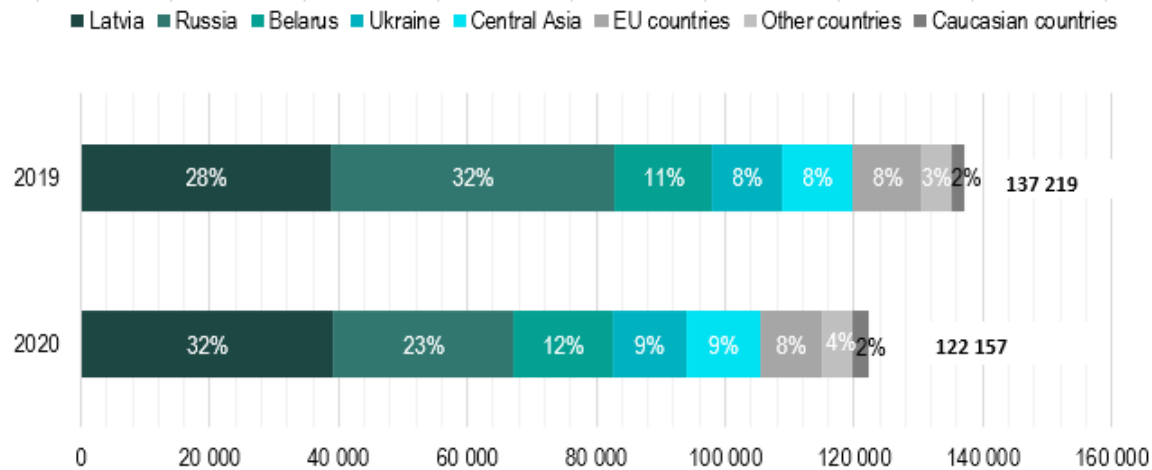
The profit of twelve months was significantly influenced by a number of factors, including gross margin changes by countries. The major impact comes from gross margin decrease in Russia, related to significant decline in sales. Selling expenses for the period decreased by EUR 2 726 thousand compared to 2019, as the marketing model in major markets was revised and there were physical limitations for performing marketing activities. The impact of exchange rate fluctuations is the second most significant negative factor compared to 2019 (Russian Ruble drop by 32% in twelve months 2020).



**MARKETS**

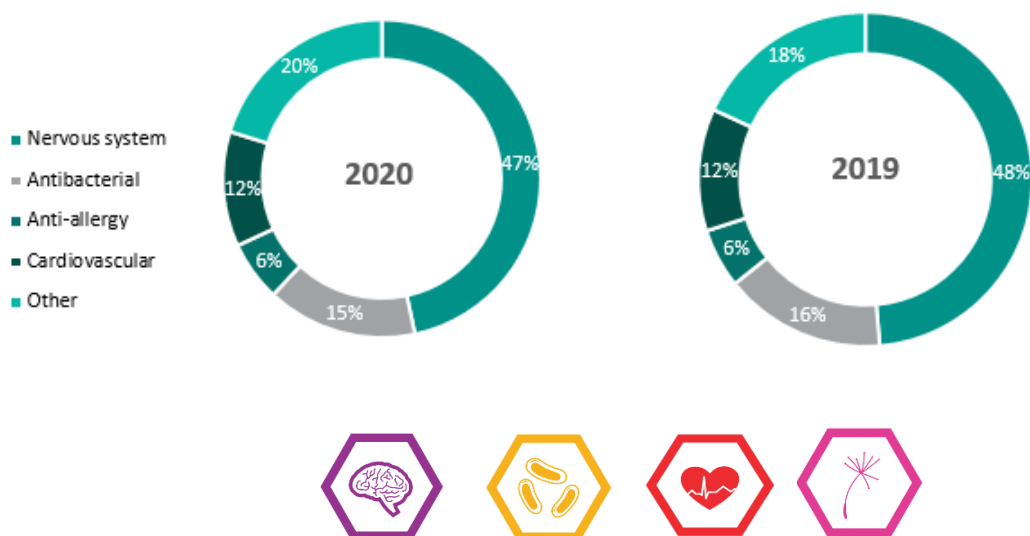
In 2020, the Group continued its ongoing activity in major markets. The highest sales in twelve months in 2020 was in Latvia, reaching 39 184 thousand EUR, which is 384 thousand EUR or 1% higher than the same period year ago. Latvia sales represent 32% in Group revenues. Sales in Russia for the twelve months period in 2020 amount to 28 024 thousand EUR which is decrease by 16 058 thousand EUR or 36% compared to last year. This ratio is influenced by Covid-19 consequences, additional 6 mlj Eur supplies, done in 2019 and released for consumption in 2020, as well as significant drop of Russian Ruble value versus Euro by 32%. Sales results in Belarus resulted in 104 thousand EUR or 1% increase vs. prior year. Performance in Ukraine is 745 thousand EUR or 7% increase compared to previous year with total sales 11 455 thousand EUR. Now the top brands in neurology, cardiology, and anti-infectives outperforming the market in the relevant therapeutic categories. Finally, Central Asia countries present sales increase by 408 thousand EUR or 4% vs same period of last year.

Group sales in major markets during twelve months of 2020 and the comparison with 2019 resulted in the following turnover breakdown:

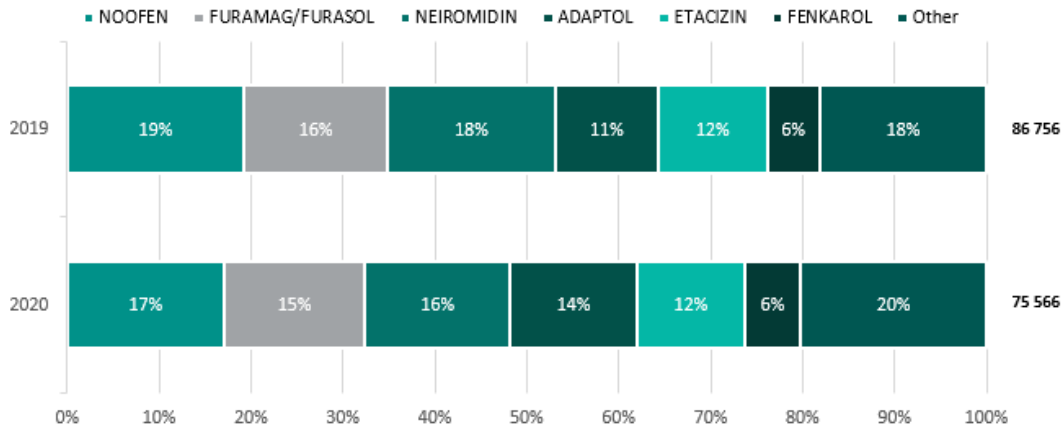


**PRODUCTS**

In 2020, the Group continued the marketing and development of primary therapeutic area medicinal products. The most important therapeutic areas for the Group are medicine for health of nervous system, antibacterial medicine, medicine for cardiovascular health and anti-allergy medicine.



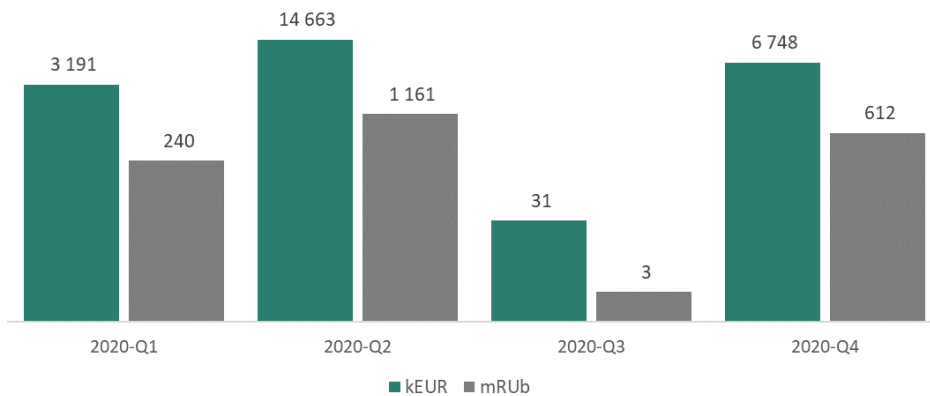
The following chart shows JSC Olainfarm final dosage form sales of most demanded medicine in the reporting period, compared to nine months in 2019.



**RUSSIA MARKET IN 2020**

Olainfarm sales in Russia in 2020 have been negatively impacted by the fluctuations of the foreign exchange rates, as a result, although growth in local currency (Q4 compared to Q1) constituted 155%, the same period growth in Euro was only 111%, or 43% lower respectively.

Olainfarm Standalone Russia Sales in 2020



Russian pharmaceuticals retail market in 2020 achieved its lowest point in Q2, however maintained recovering growth during the consequent quarters. When comparing Euro and local currency sales, significant role was played by the foreign exchange rate fluctuations, as local currency sales volume change increased by 11% (Q4 compared to Q1), while for the same period Euro volume decreased by 10%, which was strongly reflected in 2020 performance of companies exporting to Russia.

EUR/RUB exchange rate



In 2020, Russian Ruble depreciated by 32% versus Euro, with exchange rate growing from 69.3 in the beginning of the year, up to 91.5 at the end of the year. Exchange rate fluctuation remains one of the key factors affecting sales volume for companies exporting their production to Russia.

## BUSINESS SEGMENTS

Group's companies manufacture a wide range of pharmaceutical and chemical products, food supplements, compression materials, cosmetic products, as well as provide medical services, offer retail of medicines in pharmacies as well as act as wholesalers for other manufacturers' medical products.

Main Group's segments operated with profit in twelve months of 2020. The largest profit before tax was generated by the medicine and chemical segment, which earned EUR 13 332 thousand, in wholesale the segment profit was EUR 2 143 thousand, retail (pharmacies) made EUR 781 thousand. The compression material segment generated a negative profit before tax of EUR 93 thousand, and also in other segments the profit before tax was negative and reached EUR 389 thousand.

### *Medicine production segment*

The main business segment is Medicine production segment. Final dosage forms are manufactured by the Parent company in Olaine. In addition, the Parent company manufactures chemical components that are sold to other pharmaceutical companies covering a wide geographical area. In twelve months of 2020, segment' sales worth EUR 74 701 thousand, which is 15 % or EUR 11 416 thousand decrease if compared to the same time period of 2019. This segment's share in the Group's total revenue in the reporting period reached 61 %, which is 2 % decrease vs. prior year indicator.

### *Retail segment*

Within the Group, SIA Latvijas Aptieka manages and develops pharmacies in Latvia where the Pharmacy

segment in nine months of 2020 generated a revenue increase by 4 % compared to the same time period of 2019 and reached EUR 26 472 thousand. This segment's share in the Group's total revenue during the reporting period increased to 22 % (+3 p.p.) compared to the same time period of 2019.

### *Compression materials*

Group's company SIA Tonus Elast manufactures a wide range of compression materials and sells products in Latvia and abroad. Revenue of this segment in twelve months of 2020 was EUR 6 474 thousand that is a decrease by 36 % than the year before. This segment's share in the Group's total revenue in the reporting period was 5 % (-1 p.p.).

### *Wholesale*

Within the Group, the Parent company manages the wholesale of medical products since it has a medicine wholesale license, which allows to purchase products from other manufacturers and to deliver them to SIA Latvijas aptieka as well as other cooperation partners. Revenue of this segment in twelve months of 2020 was EUR 5 062 thousand, which is 6% decrease compared to last year ratio.

### *Other*

This segment combines SIA Silvanols, SIA DiaMed and SIA OlainMed medical facilities, the Belarussian manufacturing company NPK Biotest and others which generated EUR 9 448 thousand in revenue in twelve months of 2020 and is 22 % less than in the same period of 2019. This segment's share in the Group's total revenue during the reporting period was 8 %, same level as last year.

## INVESTMENTS AND DEVELOPMENT (R&D)

In the beginning of November 2020 JSC “Olainfarm” received Russian certificate of Good Manufacturing Practice (GMP) which confirms the company’s care for the quality system, including the maintenance of requirements for the production and quality control and compliance according to Russian market. Receiving the certificate ensures the company’s ability to function properly on the market of Russia, which is one of the most significant export markets for JSC “Olainfarm”.

In 2020 investments were made in the project co-financed by the EU “Reduction of Greenhouse Gas Emissions by Reconstruction JSC Olainfarm Refrigeration station and its Engineering System”. In the framework of this project, the conversion works of the production shop No 6, the supply and assembly of the cold station technological equipment and the reconstruction work of the external cold nets of the cold station have been carried out. Objective of the project: increasing energy efficiency and improving the technical situation.

During the reporting period, investments have been made in pre-clinical and clinical trials, including the EU co-financing of the “Pre-clinical and clinical trials” project. The investments made are fully financed by the Group’s cash flow.

In 2020 four Phase 1 clinical trials (pharmacokinetics and bioavailability) were completed, while one Phase 1 clinical trial was deferred to H1 2021, taking into account the Covid-19 pandemic and following the guidelines issued by the European Medicines Agency in the implementation of clinical trials on 20 March 2020.

## FINANCIAL AND LIQUIDITY MANAGEMENT

The Group’s financial position during 4<sup>th</sup> quarter of 2020 is stable. The Group’s successful operations allowed it to accumulate EUR 24 451 thousand in cash at the end of December 2020. This is a significant precondition to limit the effect of uncertainty within the sales markets as well as allows to safeguard supply of raw materials in order to maintain stable operations. Also accumulated cash allows continued financing for fixed asset investments as well as investments into research and development activities linked to completing clinical trials.

The Group continues cooperation with AS SEB banka where the Group has short-term exposure as well available credit line facility and with AS BlueOrange Bank where it has a long-term loan.

## SOCIAL RESPONSIBILITY

Every year Pharmacists’ Society of Latvia (PSL) rewards best specialists, providing honorary title “Pharmacist of the Year”. 12 laureates have been nominated for “Pharmacist of the Year 2020” at yearly PSL conference, including two pharmacists from “Latvijas aptieka” Ltd (Olainfarm Group). The honorary title “Pharmacist of the Year 2020” is granted for contribution to pharmacists’ professional education, for

Planning activities have been held during 2020 for four Phase 3 clinical trials. Within the limits and risks associated with the Covid-19 pandemic, the implementation of Phase 3 clinical trials (clinical part) is scheduled to start in 2021.

During the reporting period, investments have also been made in the reconstruction of production facilities as well as in the modernization of production equipment.

Covid-19 pandemic restrictions and economic consequences significantly influenced the possibilities of the Group to realize planned investment receiving and expenditure, and partly to postpone it to 2021. Total realized CAPEX in 2020 was only 50% from the budgeted amount.



Taking into account that Russia is one of the key markets where JSC Olainfarm sells its products, the Company has reviewed its possibilities of reducing foreign exchange risk, related to transactions in Russian Rubles. Starting 2021, JSC Olainfarm uses foreign currency forward contracts, in order to maintain fixed exchange rates on already existing sales receivables and to reduced overall foreign currency exposure.

The Group’s Debt service coverage ratio (DSCR) in the twelve months of 2020 was 4.0. Net Debt-to-EBITDA ratio was -0.3 due to cash balance exceeding net debt.

active participation in “Latvijas aptieka” Ltd realized projects with aim to develop effective pharmaceutical care services, for strengthening of the role of the clinical pharmacist in primary healthcare sphere.

JSC “Olainfarm” continued to support new industry professionals’ development and growth with grants to the honor of the University of Latvia – high potential chemists. In

cooperation with the University of Latvia (LU) foundation JSC "Olainfarm" has granted scholarships for educational years 2020 and 2021 to two new high-potential professionals. This support opens new perspectives and encourages further achievements for students, allows them to become "an added value" for the whole society.

Due to Covid-19 penetration in the country and world-wide a large portion of social activities has been cancelled, including international pharmaceutical exhibition "CPHI Worldwide 2020".

In order to provide support for the treatment of persons infected by the Covid-19 virus and taking into account the emergency situation announced in the country, JSC Olainfarm made a decision regarding the provision of aid to the VSIA Paula Stradiņa klīniskā universitātes slimnīca in the purchase of lung artificial ventilation equipment for the treatment of persons infected by the Covid-19 virus amounting to EUR 100 thousand EUR, which has been donated to the hospital. Similarly, JSC Olainfarm transferred to the medical treatment institution half a ton of isopropyl alcohol to be used for disinfecting purposes and to limit the outbreak of the Covid-19 virus.

In the interests of the health of the residents of Olaine municipality and the restriction of the spread of Covid-19 infection, the municipality of Olaine, in cooperation with JSC Olainfarm, carried out an informative campaign by distributing materials prepared by the Ministry of Health, in

which people were reminded of how they can protect themselves and others, as well as containing other useful information.

In cooperation with the Latvian Institute of Organic Synthesis (OSI), a production technology for synthesis of the active pharmaceutical substance is being developed to limit the spread of the disease caused by Covid-19, followed by technological approval and introduction in production at JSC Olainfarm. It is planned to acquire the active pharmaceutical substance. The next step is developing manufacturing technology for the ready-made pharmaceutical form. Medicinal products on the Latvian market could be registered after the completion of the documentation process. The project has just been launched and the research process is ongoing. Successful implementation of the project depends on the clinical adjunctive effects and effectiveness of the medicinal product.

While continuing to support students at the Riga Stradiņa University (RSU) Pharmaceutical Faculty, the RSU Alumni Association, in cooperation with JSC Olainfarm, has been awarding JSC Olainfarm Excellence grants for the tenth year in a row. Monthly grants of EUR 200 for the entire fifth year of the pharmaceutical program have been awarded to three students on a competitive basis.

## FUTURE PERSPECTIVES

In 2021, JSC Olainfarm Parent Company expects net turnover in amount of 101 million EUR, while Groups Consolidated revenues planned to be 140 million EUR.

It is forecasted that in 2021 research and development expenses will be 10% from planned JSC Olainfarm Parent Company net turnover. These investments in amount of 10.2 million EUR, will be dedicated to the development of new working environment and purchase of new equipment, as well as it will support continuous market positioning of already existing product list in new markets. Operational investments in support and maintenance of daily operations are planned to be 13.8 million EUR.

JSC Olainfarm Parent Company expect to achieve 6.5 million net profit in 2021, while the Group's planned net consolidated profit is planned at 8.6 million EUR level.

In accordance with approved dividend policy, dividends shall constitute at least 20% from Parent Company last year's audited profit. Given results of 2020, the Management Board after approval of audited reports expects suggesting at shareholders meeting to pay out dividends amounting to 2 394 463 EUR, or 0.17 euro per share.

## EVENTS AFTER REPORTING DATE

Since the end of the reporting period until the approval date of these financial statements there have been no other significant events with effect on the financial position or financial results of the Group as at the balance sheet date.

On behalf of the Management Board of JSC Olainfarm:

\_\_\_\_\_  
(signature)  
Jeroen Hidde Weites  
Chairman of the Management Board

\_\_\_\_\_  
(signature)  
Zane Kotāne  
Member of the Management Board

February 26, 2021

**DEFINITIONS****DSCR** – EBITDA / Debt service payments (Inc. Interest)**EBIT** - Profit before tax and before finance income, finance expense for the reporting period**EBITDA** - Profit before tax and before finance income, finance expense, depreciation and amortization charge, incl. non-financial asset value impairments, for the reporting period**FDA** – Food and Drug Administration**OTC** – Over The Counter**P/E** – Share Price / Net Profit per 1 share**ROA** – Net Profit / Average Asset value**ROE** – Net Profit / Average Equity Value**TGA** – Therapeutic Goods Administration**EBITDA margin** – EBITDA / Revenue**EBIT margin** – EBIT / Revenue**Net margin** – Net profit / Revenue

## Statement of responsibility of the management

The Management Board of JSC Olainfarm prepares interim condensed consolidated financial statements for each quarter which give a true and fair view of the JSC Olainfarm group's (hereinafter - the Group) assets, liabilities and financial position as of the end of the respective interim period, and the financial results of the Group for that respective period. Interim condensed consolidated financial statements are prepared based on International Financial Reporting Standards as adopted by the EU in respect of interim financial statements. In preparing those financial statements, management:

- selects suitable accounting policies and then apply them consistently;
- makes judgments and estimates that are reasonable and prudent;
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Management Board of JSC Olainfarm is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flows of the Parent Company and the Group and enable them to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by the EU.

On behalf of the Management Board of JSC Olainfarm:

(signature)  
Jeroen Hidde Weites  
*Chairman of the Management Board*

(signature)  
Zane Kotāne  
*Member of the Management Board*

February 26, 2021



**INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Interim consolidated statement of comprehensive income**

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019 (restated)	01.01.2019 - 31.12.2019
	EUR '000	EUR '000	EUR '000
Revenue	122 157	137 219	137 219
Cost of goods sold	(49 753)	(52 412)	(52 412)
<b>Gross profit</b>	<b>72 404</b>	<b>84 807</b>	<b>84 807</b>
Selling expenses	(27 462)	(30 188)	(30 188)
Administrative expenses	(28 742)	(28 115)	(26 750)
Other operating income	2 880	2 363	2 363
Other operating expenses	(3 283)	(7 684)	(7 684)
Share of (loss) / profit of an associate	(23)	81	81
Finance income	76	2 260	2 260
Finance expense	(6 017)	(924)	(924)
<b>Profit before tax</b>	<b>9 833</b>	<b>22 600</b>	<b>23 965</b>
Corporate income tax	(413)	(387)	(387)
Deferred corporate income tax	58	50	50
<b>Profit for the reporting period</b>	<b>9 478</b>	<b>22 263</b>	<b>23 628</b>
<b>Other comprehensive income for the reporting period</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:</i>			
Exchange differences on translation of foreign operations	(700)	212	212
<b>Other comprehensive (loss) / income for the reporting period, net of tax</b>	<b>(700)</b>	<b>212</b>	<b>212</b>
<b>Total comprehensive income for the reporting period, net of tax</b>	<b>8 778</b>	<b>22 475</b>	<b>23 840</b>
Profit attributable to:			
The equity holders of the Parent company	9 478	22 263	23 628
Non-controlling interests	-	-	-
	<b>9 478</b>	<b>22 263</b>	<b>23 628</b>
Total comprehensive income attributable to:			
The equity holders of the Parent company	8 778	22 475	23 840
Non-controlling interests	-	-	-
	<b>8 778</b>	<b>22 475</b>	<b>23 840</b>
Basic and diluted earnings per share, EUR	0.67	1.58	1.68

The accompanying notes form an integral part of these financial statements.

On behalf of the Management Board of JSC Olainfarm:

(signature)  
\_\_\_\_\_  
Jeroen Hidde Weites  
Chairman of the Management Board

(signature)  
\_\_\_\_\_  
Zane Kotāne  
Member of the Management Board

February 26, 2021

**Interim consolidated statement of financial position**

<b>ASSETS</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2019</b>
		<b>(restated)</b>	
<b>NON-CURRENT ASSETS</b>	<b>EUR '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
<b>Intangible assets</b>	<b>40 843</b>	<b>38 414</b>	<b>38 422</b>
<b>Property, plant and equipment</b>	<b>40 994</b>	<b>41 989</b>	<b>42 442</b>
<b>Right-of-use assets</b>	<b>7 198</b>	<b>7 069</b>	<b>7 069</b>
<b>Investment property</b>	<b>217</b>	<b>253</b>	<b>253</b>
<b>Other long-term investments</b>			
Investments in associated companies	402	504	504
Loans to management, employees and shareholders	210	203	203
Prepayments and next period expenses	-	10	10
Other non-current assets	1	1	1
Deferred corporate income tax assets	104	64	64
<b>TOTAL</b>	<b>717</b>	<b>782</b>	<b>782</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>89 969</b>	<b>88 507</b>	<b>88 968</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Raw materials	5 569	5 209	5 209
Work in progress	12 632	10 170	10 170
Finished goods and goods for sale	12 065	12 210	12 210
Prepayments for goods	659	658	658
<b>TOTAL</b>	<b>30 925</b>	<b>28 247</b>	<b>28 247</b>
<b>Receivables and other current assets</b>			
Trade receivables	20 572	31 280	31 280
Prepayments and next period expenses	930	1 383	1 383
Other receivables	1 751	975	975
Corporate income tax	721	919	919
Loans to management, employees and shareholders	1 688	1 610	1 610
Contract assets	655	519	58
<b>TOTAL</b>	<b>26 317</b>	<b>36 686</b>	<b>36 225</b>
<b>Cash</b>	<b>24 451</b>	<b>15 230</b>	<b>15 230</b>
<b>TOTAL CURRENT ASSETS</b>	<b>81 693</b>	<b>80 163</b>	<b>79 702</b>
<b>TOTAL ASSETS</b>	<b>171 662</b>	<b>168 670</b>	<b>168 670</b>

The accompanying notes form an integral part of these financial statements.

On behalf of the Management Board of JSC Olainfarm:

(signature)  
\_\_\_\_\_  
Jeroen Hidde Weites  
Chairman of the Management Board

(signature)  
\_\_\_\_\_  
Zane Kotāne  
Member of the Management Board

February 26, 2021

## Interim consolidated statement of financial position

EQUITY AND LIABILITIES	31.12.2020	31.12.2019 (restated)	31.12.2019
EQUITY	EUR '000	EUR '000	EUR '000
Share capital	19 719	19 719	19 719
Share premium	2 504	2 504	2 504
Reserves	(712)	(12)	(12)
Retained earnings:			
brought forward	99 426	81 670	81 670
for the period	9 478	22 263	23 628
<b>TOTAL EQUITY</b>	<b>130 415</b>	<b>126 144</b>	<b>127 509</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans from credit institutions	6 401	7 004	7 004
Lease liabilities	5 359	5 173	5 173
Deferred income	3 923	3 194	3 194
Taxes payable	25	-	-
TOTAL	<b>15 708</b>	<b>15 371</b>	<b>15 371</b>
<b>Current liabilities</b>			
Loans from credit institutions	4 630	6 723	6 723
Lease liabilities	1 766	1 763	1 763
Other loans	-	1 082	1 082
Trade payables	10 248	9 896	9 896
Contract liabilities	730	479	479
Taxes payable	1 122	1 504	1 504
Deferred income	529	495	495
Accrued liabilities	6 514	5 213	3 848
TOTAL	<b>25 539</b>	<b>27 155</b>	<b>25 790</b>
<b>TOTAL LIABILITIES</b>	<b>41 247</b>	<b>42 526</b>	<b>41 161</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>171 662</b>	<b>168 670</b>	<b>168 670</b>

The accompanying notes form an integral part of these financial statements.

On behalf of the Management Board of JSC Olainfarm:

\_\_\_\_\_  
(signature)  
Jeroen Hidde Weites  
Chairman of the Management Board

\_\_\_\_\_  
(signature)  
Zane Kotāne  
Member of the Management Board

February 26, 2021

**Interim consolidated statement of cash flow**

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019 (restated)	01.01.2019 - 31.12.2019
	EUR '000	EUR '000	EUR '000
<b>Cash flows from operating activities</b>			
Profit before taxes	9 833	22 600	23 965
Adjustments for:			
Amortization and depreciation	9 154	8 683	8 683
Loss on sale/ disposal of non-current assets	1 534	499	499
Impairment of long term investments	-	4 675	4 675
Increase in provisions and accrued liabilities	468	2 569	1 204
Share of loss/ (profit) of an associate	23	(81)	(81)
Interest expenses	702	924	924
Interest income	(74)	(74)	(74)
Income from EU projects' funds	(807)	(634)	(634)
Unrealised loss/ (profit) from fluctuations of currency exchange rates	1 189	(400)	(400)
<b>Operating cash flows before changes in working capital</b>	<b>22 022</b>	<b>38 761</b>	<b>38 761</b>
Increase in inventories	(2 891)	(2 878)	(2 878)
Decrease/ (increase) in receivables and prepaid expenses	9 618	(2 055)	(2 055)
(Decrease)/ increase in payables and prepayments received	(71)	875	875
<b>Cash generated from operating activities</b>	<b>28 678</b>	<b>34 703</b>	<b>34 703</b>
Corporate income tax paid	(160)	(195)	(195)
<b>Net cash flows from operating activities</b>	<b>28 518</b>	<b>34 508</b>	<b>34 508</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets and property, plant and equipment	(9 231)	(10 194)	(10 194)
Purchase of investment property	-	(100)	(100)
Receipt of EU grants	1 333	1 061	1 061
Dividends received	80	180	180
Proceeds from sale of intangible assets and property, plant and equipment	384	300	300
Repayment of loans granted	14	51	51
Interest received	4	1	1
Loans granted	(56)	(81)	(81)
<b>Net cash used in investing activities</b>	<b>(7 472)</b>	<b>(8 782)</b>	<b>(8 782)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	(4 507)	(1 409)	(1 409)
Repayment of loans	(5 624)	(18 035)	(18 035)
Lease payments	(1 765)	(1 829)	(1 829)
Interest paid	(749)	(872)	(872)
Proceeds from loans	1 867	8 812	8 812
<b>Net cash used in financing activities</b>	<b>(10 778)</b>	<b>(13 333)</b>	<b>(13 333)</b>
<b>Net change in cash</b>	<b>10 268</b>	<b>12 393</b>	<b>12 393</b>
Effect of movements in exchange rates	(1 047)	148	148
<b>Cash at the beginning of the year</b>	<b>15 230</b>	<b>2 689</b>	<b>2 689</b>
<b>Cash at the end of the reporting period</b>	<b>24 451</b>	<b>15 230</b>	<b>15 230</b>

The accompanying notes form an integral part of these financial statements.

## Interim consolidated statement of changes in equity

	Equity attributable to the equity holders of the Parent company					
	Share capital	Share premium	Reserves	Foreign currency translation reserve	Retained earnings	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
<b>Balance as at 31 December 2018</b>	<b>19 719</b>	<b>2 504</b>	<b>40</b>	<b>(264)</b>	<b>83 079</b>	<b>105 078</b>
Profit for the reporting period	-	-	-	-	23 628	23 628
Expenses restatement	-	-	-	-	(1 365)	(1 365)
Profit for the reporting period (restated)	-	-	-	-	22 263	22 263
Other comprehensive income	-	-	-	212	-	212
Total comprehensive income (restated)	-	-	-	212	22 263	22 475
Dividends	-	-	-	-	(1 409)	(1 409)
<b>Balance as at 31 December 2019 (restated)</b>	<b>19 719</b>	<b>2 504</b>	<b>40</b>	<b>(52)</b>	<b>103 933</b>	<b>126 144</b>
Profit for the reporting period	-	-	-	-	9 478	9 478
Other comprehensive income	-	-	-	(700)	-	(700)
Total comprehensive income	-	-	-	(700)	9 478	8 778
Dividends	-	-	-	-	(4 507)	(4 507)
<b>Balance as at 31 December 2020</b>	<b>19 719</b>	<b>2 504</b>	<b>40</b>	<b>(752)</b>	<b>108 904</b>	<b>130 415</b>

The accompanying notes form an integral part of these financial statements

**Notes to the interim condensed consolidated financial statements****1. Corporate information**

The principal activities of Olainfarm Group (hereinafter, the Group) are manufacturing and distribution of chemical and pharmaceutical products. The Parent Company of the Group, JSC Olainfarm (hereinafter, the Parent Company) was registered with the Republic of Latvia Enterprise Register on 10 June 1991 (re-registered on 27 March 1997) and with the Republic of Latvia Commercial Register on 4 August 2004. The shares of the Parent Company are listed on Nasdaq Riga, Latvia.

These unaudited interim condensed consolidated financial statements (hereinafter – the interim financial statements) were approved by the Management Board on 26 February 2021.

**2. Basis of preparation and changes to the Group's accounting policies*****Basis of preparation***

The interim condensed consolidated financial statements for twelve months ending on 31 December 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of 31 December 2019.

The interim financial statements are presented in euro (EUR), the monetary unit of the Republic of Latvia, and rounded to the nearest thousand (EUR '000 or thsd. EUR).

The interim financial statements comprise the financial statements of the Parent Company and all its subsidiaries as of 31 December 2020.

***Changes in accounting policy and disclosures***

The accounting policies are consistent with those followed in the preparation of the Group's annual financial statements for the year ending on 31 December 2019. The Group has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2020. No impact on the interim financial statements of the Group was identified.

The Group has not applied early the IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective. The Group plans to adopt these standards and interpretations on their effectiveness dates provided they are endorsed by the EU.

***Restatement of the previous period expenses***

In the year 2019 for the first time in JSC Olainfarm was set the variable remuneration of the Management Board and Supervisory Council, which is related to the achievement of specific goals. The achievement of the goals of 2019 was assessed in the year 2020 and accordingly the bonuses for the year 2019 were paid and booked in the year 2020. In the year 2020 were paid also bonuses to the management staff for the performance of 2019. During preparing process of Financial statements of 2019 no provisions were made because the amount was not significant from the point of view of the result of the year 2019. During assessing process of the result of 2020, the expenses related to the previous period had been set as significant and therefore restatement of the previous period expenses had been made in order to represent correctly comparative figures. The restatement applies to the bonuses of Management Board and management staff for the year 2019 in the amount of EUR 1 365 thsd. and it affects the position Administrative expenses in the Statement of comprehensive income and the position Accrued liabilities in the Statement of financial position.

**Statement of comprehensive income**

	2019 before restatement	Restatement	2019 after restatement
	EUR '000	EUR '000	EUR '000
Administrative expenses	(26 750)	(1 365)	(28 115)
Profit for the reporting period	23 628	(1 365)	22 263
Basic and diluted earnings per share, EUR	1.68	(0.10)	1.58

**Statement of financial position**

	31.12.2019 before restatement	Restatement	31.12.2019 after restatement
	EUR '000	EUR '000	EUR '000
Retained earnings for the period	23 628	(1 365)	22 263
Accrued liabilities	3 848	1 365	5 213

**Statement of changes in equity**

	31.12.2019 before restatement	Restatement	31.12.2019 after restatement
	EUR '000	EUR '000	EUR '000
Profit for the reporting period	23 628	(1 365)	22 263

**Statement of cash flow**

	2019 before restatement	Restatement	2019 after restatement
	EUR '000	EUR '000	EUR '000
Profit before taxes	23 965	(1 365)	22 600
Increase in provisions and accrued liabilities	1 204	1 365	2 569

**Reclassification of positions**

In the year 2020 had been made reclassification of positions (according to IFRS 15 - Revenue from Contracts with Customers), the total amount of the positions Prepayments for intangible assets and Prepayments for property, plant and equipment was reclassified to the position Contract assets. The reclassification has no impact on the total amount of the Statement of financial position. Accordingly had been reclassified also the year 2019.

	31.12.2019 before reclassification	Reclassification	31.12.2019 after reclassification
	EUR '000	EUR '000	EUR '000
Prepayments for intangible assets	8	(8)	-
Prepayments for property, plant and equipment	453	(453)	-
Contract assets	58	461	519

**3. Revenue**

Note discloses revenue from agreements with customers.

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	EUR '000	EUR '000
<b><i>By business segments</i></b>		
Finished form medicine	69 324	80 993
Pharmacies	26 472	25 427
Compression materials	6 474	8 794
Wholesale	5 062	5 382
Chemicals	5 377	5 124
Other	9 448	11 499
<b>TOTAL:</b>	<b>122 157</b>	<b>137 219</b>

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	EUR '000	EUR '000
<b><i>By geographical markets</i></b>		
Russia	28 024	44 082
Latvia	39 183	38 799
Belarus	15 261	15 156
Ukraine	11 455	10 709
Central Asia	11 556	11 149
EU countries	9 495	10 623
Other countries	4 748	4 596
Caucasus countries	2 435	2 105
<b>TOTAL:</b>	<b>122 157</b>	<b>137 219</b>

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	EUR '000	EUR '000
<b><i>Timing of revenue recognition</i></b>		
At a point in time:		
Sale of goods	119 160	134 172
Rendering of services	2 997	3 047
<b>TOTAL:</b>	<b>122 157</b>	<b>137 219</b>

**4. Property, plant and equipment**

During the reporting period the investments of EUR 2 118 thsd. were provided by the EU co-financed project "Reduction of Greenhouse Gas Emissions by Reconstruction JSC Olainfarm Refrigeration station and its Engineering System". Within the project, reconstruction works of production workshop No. 6, delivery and installation of technological equipment of the refrigeration system, and reconstruction works of the external cooling network were performed.

During the reporting period the investments of EUR 2 412 thsd. were provided for pre-clinical and clinical trials, including EUR 1 157 thsd. provided under the EU co-financed project "Pre-clinical and clinical trials". The investments made are fully financed from cash flows of the company.



**5. Loans from credit institutions**

During the reporting period, one of AS SEB banka loans in the amount of EUR 720 thsd. was fully repaid. JSC Olainfarm loan liabilities to the financial partner AS SEB banka as of 31 December 2020 consist of the loan in the amount of EUR 2 354 thsd. and of the unused credit line with assigned limit of EUR 1 000 thsd. The term of both Loan agreements is 30 June 2021.

During the reporting period the loan in the amount of EUR 1 867 thsd. was received from JSC BlueOrange Bank. The loan was issued for financing of the development project "Reduction of Greenhouse Gas Emissions by Reconstruction of JSC Olainfarm Refrigeration station and Its Engineering System" and for refinancing of the investments made by JSC Olainfarm in the above-mentioned project.

**6. Related party disclosures**

Related party	Type of services		Goods and services	Goods, services and	Amounts	Amounts
			delivered to/ Loans issued to related parties	loans received from related parties	owed by related parties (gross)	owed to related parties (gross)
			EUR '000	EUR '000	EUR '000	EUR '000
<b>1. Associated entities</b>						
SIA Olainfarm enerģija (AS Olainfarm share 50%)	Energy production and other services	31.12.2019	48	391	8	-
		31.12.2020	35	303	3	-
		<b>TOTAL: 31.12.2019</b>	<b>48</b>	<b>391</b>	<b>8</b>	<b>-</b>
		<b>TOTAL: 31.12.2020</b>	<b>35</b>	<b>303</b>	<b>3</b>	<b>-</b>
<b>2. Parties with significant influence</b>						
SIA Olmafarm (shareholder)	Loan and other services	31.12.2019	-	38	-	1 015
		31.12.2020	-	10	-	-
Heirs of V. Maligins	Loan and travelling services	31.12.2019	67	21	2 011	78
		31.12.2020	67	34	2 078	35
		<b>TOTAL: 31.12.2019</b>	<b>67</b>	<b>59</b>	<b>2 011</b>	<b>1 093</b>
		<b>TOTAL: 31.12.2020</b>	<b>67</b>	<b>44</b>	<b>2 078</b>	<b>35</b>
<b>3. Other Related companies</b>						
SIA Vega MS (Heirs of V.Maligins share 59.99%)	Security and other services	31.12.2019	-	367	-	-
		31.12.2020	-	26	-	-
SIA Lano Serviss (Heirs of V.Maligins share 25%)	Dry cleaning and other services	31.12.2019	11	39	1	3
		31.12.2020	8	21	-	-
SIA Olfa Press (Heirs of V.Maligins share 47.5%)	Printing and other services	31.12.2019	54	1 441	4	167
		31.12.2020	51	1 371	4	182
		<b>TOTAL: 31.12.2019</b>	<b>65</b>	<b>1 847</b>	<b>5</b>	<b>170</b>
		<b>TOTAL: 31.12.2020</b>	<b>59</b>	<b>1 418</b>	<b>4</b>	<b>182</b>

## 7. Segment information

	Medicine Production	Wholesale	Retail	Compression Materials	Other segments	Total segments	Unallocated and eliminated	Consolidated
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
<b>Revenue</b>								
External customers								
12M 2020	74 701	5 062	26 472	6 474	9 448	122 157	-	122 157
12M 2019	86 117	5 382	25 427	8 794	11 499	137 219	-	137 219
Inter-segment								
12M 2020	951	12 204	346	1 933	1 016	16 450	(16 450)	-
12M 2019	724	12 170	245	3 656	1 171	17 966	(17 966)	-
<b>Total revenue</b>								
12M 2020	75 652	17 266	26 818	8 407	10 464	138 607	(16 450)	122 157
12M 2019	86 841	17 552	25 672	12 450	12 670	155 185	(17 966)	137 219
Impairment for Investments in subsidiaries and Investment properties								
12M 2020	-	-	-	-	-	-	-	-
12M 2019	-	-	-	-	3 448	3 448	-	3 448
<b>Segment profit before tax</b>								
12M 2020	13 332	2 143	781	(93)	(389)	15 774	(5 941)	9 833
12M 2019	20 742	2 396	740	(341)	(2 273)	21 264	1 336	22 600
<b>Assets</b>								
31.12.2020	89 239	6 079	32 379	16 251	11 578	155 526	16 136	171 662
31.12.2019	89 774	6 546	31 852	18 952	16 946	164 070	4 600	168 670
<b>Liabilities</b>								
31.12.2020	20 289	3 663	8 597	2 517	6 885	41 951	(704)	41 247
31.12.2019	19 828	1 004	8 160	4 493	6 870	40 355	2 171	42 526
Capital expenditure								
12M 2020	10 567	-	270	70	146	11 053	-	11 053
12M 2019	10 312	97	453	47	829	11 738	-	11 738

Segments financial data, excluding Segment profit before tax, presented without elimination of intercompany transaction impact.

There was made reclassification from the position Unallocated and eliminated to all segments positions and accordingly were reclassified the data of the year 2019.

<b>Reconciliation of profit</b>	12M 2020	12M 2019
	EUR '000	EUR '000
<b>Segment profit before tax</b>	<b>15 774</b>	<b>21 264</b>
Unallocated financial income	76	2 260
Unallocated financial expenses	(6 017)	(924)
<b>Profit before tax</b>	<b>9 833</b>	<b>22 600</b>
<b>Reconciliation of assets</b>	31.12.2020	31.12.2019
	EUR '000	EUR '000
<b>Assets of segments in total</b>	<b>155 526</b>	<b>164 070</b>
Unallocated long term assets and eliminations	2 280	(828)
Unallocated short term assets and eliminations	(7 828)	(7 537)
Cash managed on group level	21 684	12 965
<b>Total assets</b>	<b>171 662</b>	<b>168 670</b>
<b>Reconciliation of Liabilities</b>	31.12.2020	31.12.2019
	EUR '000	EUR '000
<b>Liabilities of segments in total</b>	<b>41 951</b>	<b>40 355</b>
Interest bearing loans and borrowings	10 684	13 159
Current tax liabilities	-	(18)
Other unallocated liabilities and eliminations	(11 388)	(10 970)
<b>Total liabilities</b>	<b>41 247</b>	<b>42 526</b>

**8. Dividends**

On September 22, 2020 the General Meeting of Shareholders of JSC Olainfarm decided to pay dividends to shareholders in amount of EUR 4 507 thousand. (EUR 0.32 per share) from prior year's profit, which is stated on the balance sheet as at 31 December 2017, arranging dividends payout in the fourth quarter 2020. Dividends payout was processed on 9 October, 2020.

**9. Events after the reporting period**

In the year 2021 JSC Olainfarm changed its accounting policy regarding to measurement of the cost of inventories: for measurement of finished goods is used the standard cost method. The method of measurement of the costs for all other inventories has been changed from weighted average cost method to FIFO (first-in, first-out).

Since the end of the reporting period until the approval date of these financial statements there have been no other significant events with effect on the financial position or financial results of the Group as of the balance sheet date.