

GALENKA – FITOFARMACIJA A.D.

Batajnicketi drum bb

11080 Zemun

ID No: 07725531

Tax ID No: 100001046

SIX - MONTH CONSOLIDATED REPORT 2020

GALENKA – FITOFARMACIJA A.D.



Dear shareholders,

here is Six - month Consolidated Report 2020, prepared in accordance with Art. 52 of the Capital Market Law („Official Gazette of RS”, no. 31/2011, 112/2015 and 108/2016) and in accordance with the Rules on the content, form and the way of publication annual, six - month and quarterly reports of public companies („Official Gazette of RS“, no. 14/2012, 5/2015 and 24/2017).

CONTENT OF ANNUAL REPORT

I Financial Consolidated Report for the first half of 2020

II Business Report in the first half of 2020

III Statement of persons responsible for the preparation of Six – month Consolidated Report



I FINANCIAL CONSOLIDATED REPORT 2020

**BALANCE SHEET (IN 000 RSD)**

	30-Jun-19	30-Jun-20
ASSETS		
Property, plant and equipment (PP&E)	1,759,056	1,731,037
Intangible assets	4,586	3,301
LT financial placements	635,376	253,551
<i>Fixed assets</i>	<u>2,399,018</u>	<u>1,987,889</u>
Prepaid tax, other expenses and accrued	11,235	40,895
Inventory	1,385,981	1,170,070
Receivables	2,788,352	2,993,035
ST financial placements	2,122,419	2,784,368
Cash and cash equivalents	377,360	672,630
<i>Current assets</i>	<u>6,685,347</u>	<u>7,660,998</u>
<i>Deferred tax assets</i>	26,653	29,692
<i>Operating assets</i>	9,111,018	9,678,579
Total assets	<u>9,111,018</u>	<u>9,678,579</u>
Off-balance sheet assets	196,558	162,091
EQUITY AND LIABILITIES		
Shareholders and Other equity	3,511,200	3,511,200
Reserves	996,929	996,927
Revaluation surplus	23,406	23,073
Un-realized gains on shares trading	-2	-2
Retained earnings	3,970,703	4,851,333
<i>Equity</i>	<u>8,502,236</u>	<u>9,382,531</u>
LT reserved funds	0	0
LT Debt	71	0
Liabilities from business operations	308,611	223,054
ST financial liabilities	209	0
Liabilities for VAT and other public revenues	31,932	33,548
Other ST liabilities	267,959	39,446
Liabilities for income tax		
<i>Current (ST) liabilities</i>	<u>608,711</u>	<u>296,048</u>
Liabilities and reserved funds	<u>608,782</u>	<u>296,048</u>
Total equity and liabilities	<u>9,111,018</u>	<u>9,678,579</u>
Off-balance sheet liabilities	196,558	162,091

**INCOME STATEMENT (IN 000 RSD)**

	30-Jun-19	30-Jun-20
OPERATING REVENUES		
Sales	3,177,684	3,540,750
<i>plant protection products</i>	2,779,926	3,066,453
<i>cold-storage</i>	25,081	22,208
<i>agriculture</i>	38,646	48,188
<i>goods</i>	334,032	403,901
Other operating revenues	20,844	106,863
<i>Total operating revenues</i>	3,198,528	3,647,613
OPERATING EXPENSES		
Cost of goods sold (COGS)	269,684	348,000
Cost of material	920,915	1,064,035
Change in inventory value	631,194	673,380
Salaries / Other personal expenses	201,086	174,303
Cost of production services	130,164	194,175
Amortization expense	42,350	40,836
Other operating expenses	89,863	104,415
<i>Total operating expenses</i>	2,285,256	2,599,144
OPERATING PROFIT	913,272	1,048,469
<i>Operating profit margin</i>	29%	29%
Financial revenues	15,908	14,983
Financial expenses	13,431	5,245
<i>Financial profit/loss</i>	2,477	9,738
Revenues from assets valuation adj.	405,649	451,949
Expenses from assets valuation adj.	126,198	124,073
<i>Profit/loss from valuation adjustments</i>	279,451	327,876
Other revenues	4,658	10,712
Other expenses	3,707	4,628
<i>Non-operating profit/loss</i>	951	6,084
Earnings before tax (EBT)	1,196,151	1,392,167
Tax	66,741	65,833
NET PROFIT	1,129,410	1,326,334



II SIX-MONTH CONSOLIDATED BUSINESS REPORT 2020



I GENERAL INFORMATION

1. Basic info

Company name:	GALENKA – FITOFARMACIJA a.d., Batajnički drum bb, 11080 Beograd - Zemun
No. of Decision of Serbian Business Registers Agency:	BD 307/2005 dated January 27, 2005
ID No.:	07725531
Tax ID No.:	100001046
Registered activity:	Manufacture of agricultural chemicals, Activity Code 2020
Web site & email:	www.fitofarmacija.rs ; office@fitofarmacija.rs
Share capital:	RSD 3.511.200.000 at June 30, 2020
Number of issued shares:	2.640.000 (ordinary); ISIN No: RSFITOE21521; CFI code: ESVUFR; BELEX: FITO
Number of own shares:	None
Parent company:	Agromarket d.o.o., Kragujevac, ID No. 07593252, Activity Code 4690 Non-specialized wholesale trade
Subsidiaries:	<ul style="list-style-type: none">• ENVIPACK d.o.o., Belgrade, ID No 2080115, Activity Code 7022 Consultancy activities in connection with business and other management;• GALENIKA-FITOFARMACIJA zastupanje i trgovina d.o.o. Ljubljana, ID No 6813313000, Activity Code 46.900 Non-specialized wholesale trade• HOLDING GALENIKA d.o.o., Belgrade, ID No 07092920, Activity code 6820 Renting of own or leased real estate and management thereof.
Auditor:	UHY REVIZIJA d.o.o., Belgrade, ID No.: 17082175

2. Company Management

During the period from January 10th up to July 24th 2020, members of the Board of Directors were:

Non-executive directors:

- Mirjana Bogicevic, president, independent director;
- Dusan Mojsilovic, owner of Agromarket d.o.o.
- Zivorad Vojinovic;
- Branislav Medakovic;

Executive directors:

- Dragan Nenadovic, Chief Executive Officer, owner of 6,58% of the Company shares;
- Slavica Pekovic, Chief Corporate Affairs Officer.



3. Ownership structure

Information on ownership structure may be found at the web site of Central Securities Depository and Clearing House (www.crhov.rs). Ownership structure on June 30, 2020 was shown in following tables:

No. of shareholders by share in capital	No. of entities		No. shares		% of total issued	
	local	foreign	local	foreign	local	foreign
0% to 5%	754	35	268,071	8,047	10.15%	0.30%
5% to 10%	1	0	173,718	0	6.58%	
od 75% do 100%	1	0	2,190,164	0	82.96%	
Total:	791		2,640,000		100%	

Type of shareholder	No. shares	%
Owned by individuals	391,939	14.85%
Owned by legal entities	2,202,392	83.42%
Nominee or custodial accounts	45,669	1.73%
Total:	2,640,000	100%

Top ten shareholders by number of shares and votes:

No.	Shareholder	No. shares	%
1.	Agromarket d.o.o.	2,190,164	21.56%
2.	Nenadovic Dragan	173,718	16.64%
3.	OTP banka Srbija - Custodial Account	27,557	8.79%
4.	Nenadovic Milomir	5,544	8.33%
5.	Vojvodjanska banka a.d. Novi Sad - Nominee Account	5,002	6.58%
6.	Vukov Bosko	4,152	6.39%
7.	Security Kapitalanlage	3,300	3.81%
8.	Vukov Zoran	3,222	2.73%
9.	Komercijalna banka a.d. - Custodial Account	2,814	2.13%
10.	Raiffeisen banka ad Beograd - Custodial Account	2,636	1.24%
	Total:	2,418,109	91.60%

4. General information of subsidiaries

4.1

Company name:	ENVIPACK d.o.o. Batajnicki drum bb, 11080 Belgrade - Zemun
Id No.:	20801115
Tax ID No.:	107430272
Registered activity:	Consultancy activities in connection with business and other management, Activity Code 7022
Legal representative:	Aleksandar Sosevic
Web site & email	www.envipack.rs; office@envipack.rs

ENVIPACK d.o.o was founded in February 2012. godine in 100% owned by GALENIKA – FITOFARMACIJA a.d..

ENVIPACK is the operator for hazardous and non-hazardous waste. The primary focus of ENVIPACK is the management for pesticide packaging.



4.2

Company name:	GALENKA – FITOFARMACIJA, zastupanje i trgovina, d.o.o., Trzaska cesta 515, 1351 Brezovica pri Ljubljani, Republica of Slovenia
Id No.:	6813313000
Tax ID No.:	90008847
Registered activity:	Non-specialized wholesale trade, Activity Code 46.900
Legal representative:	Slavica Pekovic

GALENKA – FITOFARMACIJA d.o.o., Slovenija, was founded in March, 2015 in 100% owned by GALENIKA – FITOFARMACIJA a.d., for administrative purposes of registration of the products from the parent company product range in the EU member countries.

In accordance with applicable regulations of the EU, in order for a company to be able to submit an application for registration of plant protection product in the EU (the applicant company), it must have its registered office in one of the EU member states, and a company in which the plant protection product is produced (place of production) may be located anywhere in the world.

4.3

Company name:	HOLDING GALENIKA d.o.o., Masarikov trg 8a, 11080 Zemun
Id No.:	07092920
Tax ID No.:	100096575
Registered activity:	Renting of own or leased real estate and management thereof, Activity code 6820
Legal representative:	Slavica Pekovic

GALENKA HOLDING doo is the legal successor of the SOE Holding company Galenika DP in bankruptcy. In June 2016, as the only bidder at the public tender for the sale of a debtor, GALENIKA – FITOFARMACIJA a.d. became the owner of this company. After completing legal formalities of suspension of bankruptcy, in early November we registered changes in the Business Registers Agency of Serbia. The holding company “Galenika” dp in bankruptcy had no employees and did not have any business activities. The primary motive for purchasing this entity was the fact that it is the owner of commercial property in a building on street Masarikov trg 8a in Zemun, which is majority owned by GALENIKA-FITOFARMACIJA a.d..

II BUSINESS PERFORMANCE IN FIRST HALF OF 2020

Detailed Six-month Report on the operations of GALENIKA – FITOFARMACIJA a.d. in 2020 is an integral part of the Six-month Report for 2020 and can be found on the web site of the Belgrade Stock Exchange and the web site of the Company, in the part *For investors / Reporting*.

Business operations of ENVIPACK d.o.o.

The previous year was marked by problems related to the disposal of contaminated packaging waste in Serbia, caused by the closure of local facilities for the treatment of hazardous waste, which transferred to the beginning of 2020 and caused a significant increase in the price of services. In our country, there is still no possibility of treatment of packaging waste, and export is extremely expensive and limited, both due to the epidemic and conditions imposed by foreign operators.

Despite the difficult circumstances due to the epidemic, the state of emergency, restrictions on movement and limited operation of the warehouse, ENVIPACK actively collected waste from the field, from end users.

ENVIPACK has so far increased the number of collection sites for packaging waste from 383 in 2019 to 402 in 2020. Increasing the number of collection sites was achieved mainly due to the contractual cooperation with agricultural holdings which applied for subsidies through the IPARD fund. The number of clients for waste disposal from other industries has also increased. (from 28 in 2019 to 30 in the first half of 2020).



The total amount of collected and disposed waste is 183 t so far (112 t were collected in the same period in 2019, i.e. 192 t in 2018), as follows:

- **90 t** of packaging waste from plant protection products at collection sites in the field (an increase compared to 2019 when only 28 t were collected in the same period, which is better than in 2018 when it is collected 69 t)
- **56 t** of packaging waste from raw materials for the production of plant protection products - industrial packaging waste (increase compared to 44 t in 2019 and decrease compared to 66 t to the same period in 2018),
- **21 t** of chemical waste from the rubber industry in 2020 (in 2019 there was no collection of this type of waste),
- **16 t** of different types of waste (oils, emulsions, filter materials, etc.) from other industries (rubber, paint and varnish industry, pharmaceutical, food, etc.), which is significantly less of this type of waste in 2020 compared to the same period in 2019, when it was disposed 39 t of waste.

Business operations of GALENIKA – FITOFARMACIJA d.o.o., Slovenia

Administrative activities related to the registration of the existing products with EU registrations were conducted in the countries where registration process haven't been finished yet.

Business operations of HOLDING GALENIKA d.o.o.

There were no significant business activities during the last period.

III SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

There were no significant transactions with related parties during the last period.



Six-month Financial Consolidated Report 2020, according to the best of our knowledge, have been prepared with the application of relevant International Financial Reporting Standards and give us a true and objective information about the assets, liabilities, financial position and operations, profits and losses, cash flows and changes in equity.

Six-month Financial Consolidated Report 2020 has not been, nor will it be audited by external auditors.

Six-month Consolidated Report 2020 was approved by Board of Directors on meeting held on August 19th, 2020.

Chief Officer,
M.Sc. Slavica Pekovic

Chief Executive Officer,
B.S.Ec. Dragan Nenadovic

In Belgrade, August 19th, 2020