

type of report	<b>Current report</b>
number	14/2014
company	PHARMENA

### February 2014 monthly report

The Management Board of Pharmena S.A. hereby presents its monthly report for February 2014.

#### 1. Information on trends and events occurring in the Issuer's market environment

To the best knowledge of the Management Board, in February 2014 no trends or events occurred in the Issuer's market environment, which could significantly influence financial results of the company.

In February 2014, Pharmena accomplished sales revenue from its dermatological cosmetics in the amount of over 940,000 PLN, which constitutes an increase by 37% when compared to the revenue achieved in an analogical period of the previous year. Higher sales in February 2014 resulted mainly from marketing actions carried out in points of sale and via pharmaceutical distributors.

In the said period, Pharmena S.A. enhanced the availability of its products and carried out marketing actions in order to increase sales profit from marketed products. Therefore, cooperation in Poland with the following companies started:

1) Dr. Max Polska pharmacy chain; the cooperation involves the sale of Dermena line products and conducting marketing activities. Dr. Max Polska is one of four largest pharmacy chains in Poland. The company is well established on pharmaceutical market and is a part of an international holding Dr. Max, which operates also in the Czech Republic and Slovakia. In Poland, Dr. Max pharmacies handle over 450,000 customers per month via its 101 outlets across the country. The company also specialises in the cooperation with health centres and medical practices supporting everyday work of healthcare professionals.

2) Mediq Apteka pharmacy chain; the cooperation involves the sale of Dermena line products and conducting marketing activities. In 2012, sales revenue of Mediq Apteka pharmacy chain amounted to 140 million EUR. The network of Mediq Apteka pharmacy chain comprises of 190 directly owned outlets and 79 franchise outlets.

The Management Board of Pharmena S.A. estimates that the cooperation with the above-mentioned pharmacy chains will, over the next few years, significantly contribute to the increase of the Company's revenue, due to their dynamic growth in Poland. Terms of cooperation were established on the market conditions.

On 14<sup>th</sup> February 2014, the Issuer published Q4 2013 quarterly report that presented separate, as well as consolidated financial data.

In Q4 2013, at a separate level the dynamic increase in revenue (14.95%) as well as within other spheres of the profit and loss account took place mainly owing to the following factors:

- placing on the market of Dermena gift sets, which increased the sale considerably,
- a promotional and marketing campaign of Dermena Complex dietary supplement,
- promotional and marketing activities of the remaining Allerco Dermena line products,
- lower cost of manufacture vs. Q4 2012,
- higher exchange rate vs. Q4 2012,
- higher costs of sale resulting from, among others, settlements of annual bonuses for contractors for realizing certain turnover levels in 2013 (the dynamic increase of turnover translated into higher annual bonuses for contractors).

In Q3 2013, an increase in profit from operating activities (higher operating profit from 17.1% to 24.14% and net profit from 12.55% to 14.43%) took place mainly owing to lower cost of manufacture vs. Q3 2012, as well as lower sales costs and lower costs of general management when compared to Q3 2012.

At a separate level, the Issuer's accrued results for four quarters of 2013 demonstrate a dynamic growth in revenue (by 39.19%), profit from operating activities (by 49.20%) and net profit (by 39.44%). Sales revenue for four quarters of 2013 exceeded 15 million PLN, and net profit exceeded 2 million PLN.

During four quarters of 2013, the dynamic increase in revenue as well as within other spheres of the profit and loss account took place mainly owing to the following factors:

- 1) extension of product range in the offer,
- 2) promotional activities conducted among distributors, in points of sale, as well as advertising campaigns directed to end users,
- 3) sales results accomplished thanks to new products introduced in 2013 with the value of ca. 3 million PLN,
- 4) lower cost of manufacture vs. four quarters of 2012,
- 5) lower cost of costs of general management within the revenue vs. four quarters of 2013.

The Issuer's Capital Group operations in the area of dermatological cosmetics is profitable at all levels of results, whereas, the Group's operations within the area of clinical trials over the innovative anti-atherosclerosis medicinal product and the area of placing on the market of an innovative dietary supplement is generating only costs which, from the financial point of view of the Capital Group, constitute significant expenditure. This results in the fact that, at a consolidated level, the Capital Group demonstrates negative profitability results. In the event of commercialisation of the anti-atherosclerosis medicinal product and placing on the market of the dietary supplement, these areas will generate considerable revenue which will have a significantly beneficial influence on the Capital Group's financial results and

position.

Detailed financial data with Management's comments can be found in Q4 2013 report.

In the area of clinical trials on innovative anti-atherosclerosis medicinal product, during the period covered by this report, the following events occurred:

1) on 5<sup>th</sup> February 2014, the Issuer increased share capital of subsidiary company Cortria Corporation by 1,500,000 USD (through the issue of 15,000 new shares). The share capital increase is financed from the Issuer's own funds obtained from the issue of series D shares. The funds from the share capital increase will be allocated to further financing of phase II clinical trials of innovative anti-atherosclerosis medicinal product (1-MNA).

2) on 21<sup>st</sup> February 2014, CORTRIA CORPORATION, a subsidiary company of PHARMENA S.A. received notification that it was granted a patent no. 2008-520987 by Japan Patent Office. The patent will provide protection for the use of 1-methylnicotinamide (1-MNA) in combination with statins in the treatment of lipid profile disorders (by lowering the levels of triglycerides and increasing the level of the so-called "good" cholesterol HDL) in Japan.

This patent is of great importance to the process of commercialisation of the 1-MNA project. Dyslipidemia is a disease characterized by lipid profile disorders. Statins are medications that lower the levels of lipoproteins, in particular total cholesterol, LDL lipoproteins, VLDL lipoproteins. Potentially, 1-MNA in combination with statins may provide complete treatment, through correction of all lipid profile parameters.

Moreover in February 2014, the Issuer's Capital Group continued its research and development work on new products and searched for new applications for active substances protected by patents and patent applications owned by the Issuer's Capital Group. Company.

#### 2. Achievement of the goals of an issue

In February 2014, Pharmena S.A. did not make any money expenditure directly on issue-related purposes. However, in the reported period, a subsidiary company Cortria Corporation spent its funds on, among others, phase II clinical trials over the innovative anti-atherosclerosis medicinal product 1-MNA and patent services.

#### 3. A list of all information published by the Issuer in the form of current reports in the reporting period from 1<sup>st</sup> February 2014 to 28<sup>th</sup> February 2014.

During the period covered by this report, Pharmena S.A. published the following reports in EBI system:

- Current report no. 3/2014 of 05-02-2014 - Share capital increase of Cortria Corporation
- Current report no. 4/2014 of 14-02-2014 - January 2014 monthly report
- Current report no. 5/2014 of 14-02-2014 - PHARMENA S.A. - Q4 2013 quarterly report
- Current report no. 6/2014 of 14-02-2014 - Commencing cooperation with Dr. Max pharmacy chain
- Current report no. 7/2014 of 14-02-2014 - Commencing cooperation with Mediq Apteka pharmacy chain
- Current report no. 8/2014 of 21-02-2014 - Obtaining a patent in Japan

During the period covered by this report, Pharmena S.A. did not publish any reports in ESPI system.

#### 4. Investor's calendar for March 2014

14<sup>th</sup> March 2014 – publication of separate and consolidated annual reports for 2013.

Until 14<sup>th</sup> April 2014 – publication of March 2014 monthly report.

Legal basis: Resolution No. 795/2008 of the Warsaw Stock Exchange Management Board dated 31<sup>st</sup> November 2008 concerning the adoption of the codes of best practice applicable on the NewConnect market, Appendix 1, point 16.

#### Representatives of the company:

- Konrad Palka - President of the Board
- Marzena Wiczorkowska - Vice President of the Board