

## EBI Report

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company

PHARMENA

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### March 2013 monthly report

The Management Board of Pharmena S.A. hereby presents its monthly report for March 2013

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

To the best knowledge of the Management Board, in February 2013 no trends or events occurred in the Issuer's market environment which could significantly influence financial results of the company.

In March 2013, Pharmena accomplished sales revenue from its dermatological cosmetics in the amount of over 1.7 million PLN, which constitutes a doubled result when compared to March 2012. Such considerable increase of revenue was possible thanks to a launch of new products, as their share in sales in March constituted almost 25% of global sales, as well as thanks to promotional activities carried out among distributors.

In March 2013, the Issuer published Separate Annual Report 2012 (annual report no. 14/2013 of 29<sup>th</sup> March 2013) and Consolidated Annual Report 2012 (annual report no. 15/2013 of 29<sup>th</sup> March 2013), which summarised the accomplishments of the Issuer's Capital Group, presented financial results in 2012 (at a separate and consolidated level), as well as included auditor's opinions on financial statements.

The Issuer's Management Board wishes to highlight the fact that in the year 2012, the Capital Group mainly focused on the realisation of its previously determined objectives, both within the area of dermatological cosmetics, as well as clinical research on the innovative anti-atherosclerosis medicinal product. In accordance with the company's updated strategy published in April 2012, the third area of the Group's operations concentrates on placing on the market of an innovative dietary supplement used in the prevention of atherosclerosis. The realisation of the updated strategy will enable a rapid increase of sales revenue in the next few years.

In the area of dermatological cosmetics, the company managed to increase its revenue by 23% in comparison to 2011, in spite of a 2% decline in the value of domestic market in 2012 (according to PMR). This dynamic growth of the company's sales was possible mostly thanks to the expansion of distribution in the channel of pharmacy stores, as well as entering a new distribution channel, i.e. the segment of health and beauty retail chain stores.

The Capital Group commended its cooperation with Rossmann and Hebe health and beauty retail chain stores.

Moreover, the Company launched eight new Dermena® and Allerco® products onto the market, which allowed to build a specialized group of products extensively approaching the problem of excessive hair loss and atopic skin.

In the area of dermatological cosmetics, the Capital Group marked a considerable improvement of its financial results at all levels. The value of the operating profit almost tripled and reached the amount 1,998,000 PLN, whereas the net profit increased more than two times to the amount of 1,453,000 PLN. Significant impact on the Company's results had the improved sales gross profitability, which was possible due to lower manufacture costs of ready products and keeping sales costs at the same level as in 2011. On the other hand, the Group's operations in 2011 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 generated only costs. Therefore, the Capital Group at a consolidated level demonstrated net loss in the amount of 4,100,000 PLN. 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 in the future, and this will have a significantly beneficial influence on the Capital Group's financial results and position.

In line with its updated strategy, the Capital Group commenced in 2012 activities related with placing on the market of the innovative dietary supplement used in the prevention of atherosclerosis. The world market of dietary supplements undergoes a rapid growth, which is caused by healthy lifestyle trends, increased awareness of the need of prevention, and the fact that people live longer and become increasingly prosperous. It is estimated that only in Poland there are 18 million people threatened with atherosclerosis, of which only 8 million is aware of that fact. Atherosclerosis is one of the

most significant civilisation diseases, and together with cancer, it is one of the most common causes of death in the world. The market of OTC products in Poland in the category "Heart and vascular system" was estimated at 271 million PLN in 2011 (according to IMS). The company intends to carry out the process of registration of the product as new foodstuff within the European procedure, which in result will enable to place the product on EU markets. The Company intends to register the dietary supplement in 2013.

In the area of clinical trials, the Capital Group continued its research works over the innovative medicinal product to be used in dyslipidemia. In October 2012, the capital Group obtained funds through a new issue of shares in the amount of 5 million PLN to finance bioavailability tests. Bioavailability testing is indispensable for carrying out phase II of clinical trials ("Proof of Concept") of anti-atherosclerotic medicinal product 1-MNA, in order to confirm its efficacy and absence of adverse side effects with increased doses. The clinical trials will be carried out in Canada.

In the view of the Issuer's Management Board, the year 2013 is undoubtedly yet another challenge for the Group. In the area of dermatological cosmetics, the group intends to continue its expansion of distribution channels and enhancement of its products' availability. Also, it plans to undertake a number of marketing actions concerning the launch of new Dermena® and Allerco® products. In the area of the innovative dietary supplement used in the prevention of atherosclerosis, the Group intends to conduct a registration process of 1-MNA as new foodstuff within the European procedure. Placing of the innovative dietary supplement on the market will promote a dynamic growth of the Group's sales revenue in the next few years. In the area of research over the innovative dyslipidemia medicinal product, the Group intends to finance phase II clinical trials through a new issue of shares. The estimated budget related to the aforementioned trials equals to 13 million PLN, and once the trials are successfully carried out, the Group will stand a better chance to commercialise its product among major innovation-led pharmaceutical companies.

On 22<sup>nd</sup> March 2013, Cortria Corporation, Issuer's subsidiary company, received notification that it was granted a patent no. EP 2026651 by European Patent Office.

The above patent will provide protection for the oral use of 1-methylnicotinamide (1-MNA) in combination with non-steroidal anti-inflammatory drugs in treatment of pain and inflammations of various origins on leading European markets, including: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Holland, Hungary, Ireland, Island, Italy, Liechtenstein, Lithuania, Luxemburg, Monaco, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom.

NSAIDs are a vast and very popular group of medicinal products with anti-inflammatory, analgesic, and antipyretic effect. The group includes such popular medicinal products as: aspirin, diclofenac, ibuprofen, and naproxen. They are used for symptomatic treatment of inflammation, fever or pain of various origins. They are available over the counter which adds to their popularity among patients. However, a prolonged use of NSAIDs may lead to gastrointestinal complications. Patients using medicinal products of this group observe abdominal pain, discomfort, heartburn, nausea, and increased risk of stomach ulcers. Concomitant use of NSAIDs and 1-MNA may prevent such complications.

This patent is of great importance to the process of commercialisation of the 1-MNA project, due to the fact that global market of pain-relief treatments will amount to 38 billion USD in 2012 (according to BCC Research). The segment of NSAIDs constitutes 28% of that market.

The Issuer's Management Board informs that in accordance with a communication dated 26<sup>th</sup> March 2013, the company Pharmena S.A. was qualified to the NC Lead segment.

The nomination to this prestigious segment of companies resulted from high free float of PHARMENA S.A shares, as well as the company's dutiful fulfilment of informational requirements and corporate governance rules.

Moreover in March 2013, 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.

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.

## 2. Achievement of the goals of an issue

In March 2013, Pharmena S.A. did not make any money expenditure directly on issue-related purposes. However, a subsidiary company Cortria Corporation spent in its funds on the production of tablets for phase II clinical trials and patent protection.

## 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> March 2013 to 31<sup>st</sup> March 2013

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

- Current report no. 11/2013 of 14<sup>th</sup> March 2013 – February 2013 monthly report
- Current report no. 12/2013 of 22<sup>nd</sup> March 2013 – Obtaining a patent in Europe
- Current report no. 13/2013 of 26<sup>th</sup> March 2013 – Change in date of publication of the 2012 annual report
- Annual report no. 14/2013 of 29<sup>th</sup> March 2013 – Separate Annual Report 2012
- Annual report no. 15/2013 of 29<sup>th</sup> March 2013 – Consolidated Annual Report 2012
- Current report no. 16/2013 of 29<sup>th</sup> March 2013 – Qualification of PHARMENA S.A. to NC Lead segment

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

- Current report no. 4/2013 of 29<sup>th</sup> March 2013 – Disclosure of shareholding – decreasing of the share held by a shareholder under 5% of the total number of votes
- Current report no. 5/2013 of 29<sup>th</sup> March 2013 – Disclosure of shareholding – exceeding 5% of the total number of votes by a shareholder

#### 4. Investor's calendar for April 2013

Publication of April 2013 monthly report until 14<sup>th</sup> May 2013.

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 Wieczorkowska – Vice President of the Board