

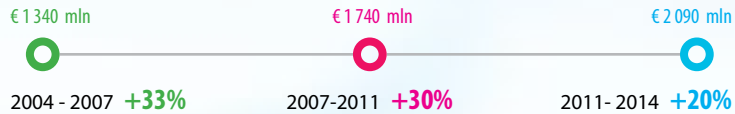
PHARMACEUTICAL INDUSTRY HIGHLIGHTS IN CZECH REPUBLIC, as of September 2014

MARKET VALUATION

€ 2 090 mln
market value
est. 2014

€ 627 mln export / 30%
€ 1463 mln import / 70%
est. 2014

€ 291 mln - Latvia
€ 1 119 mln - Slovakia
€ 3 941 mln - Switzerland
€ 26 122 mln - Germany



PAYMENT MECHANISMS

Prescription / Compulsory

Free-market

Compulsory payment through insurance system in 2011:

€ 117 mln - Latvia
€ 894 mln - Slovakia
€ 1 387 mln - Czech Republic
€ 29 556 mln - Germany

PRODUCTION & DISTRIBUTION

71% sold
through
pharmacies

2 839
pharmacies
in 2014

29% sold
through
hospitals

188
hospitals
in 2014

4 main pharmaceutical producers

- Zentiva
- IVAX
- Pliva Lachema
- Farmak

4 largest networks of pharmacies

- Moje Lekarna
- Dr Max
- Alphega
- Benu

4 largest distributors

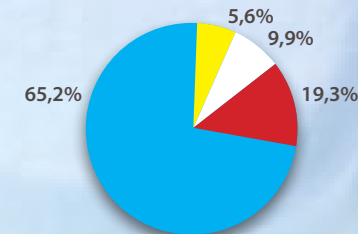
- Phoenix
- Pharmos
- AllianceUniChem
- ViaPharma / GEHE (since 2013)

PRICE FORMATION

Cost structure

Pricing

Manufacture
Wholesaler
Pharmacist
State



Wholesaler:
margin = from 5% - 36%

Pharmacist:
margin = regulatory fee (€20) * (0,25 * [manufacture selling price / 50 - 2,5] + 1,6)

State:
VAT = 10% of the wholesale price (instead of standard 20%)

MARKET ENTRY PROCEDURE FOR FOREIGN EU MANUFACTURES

Company set-up
(min €8 000 fixed capital)

Up to 3 months
establishment

Registration completed

Supervision from the State
Institute for Drug Control

Contracts with distributors

---> pharmacies
---> pharmacies
---> pharmacies

If authorised manufactures from EU country, no additional registration needed