



CONSOLIDATED ANNUAL REPORT 2023

**Board of Administrators of
Farmaceutica REMEDIA S.A.**

Farmaceutica REMEDIA S.A.

Registered office: Deva 330040, Nicolae Balcescu Bld. no 2 (former No. 43 Dorobantilor Street), Hunedoara County,
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Branch office: Bucharest, 041836, sector 4, Bld. Metalurgiei 78, Telephone/fax: + 40 213 211 640
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Trade Register J20/700/1991, TIN: RO2115198; Share capital: RON 9.548.082

IBAN: RO61 BTRL RONC RT00 G713 3302, Transilvania Bank, Bucharest

IBAN: RO33 RZBR 0000 0600 0266 5747, Raiffeisen Unirii, Bucharest

CONSOLIDATED ANNUAL REPORT 2023

Board of Administrator of Farmaceutica REMEDIA S.A.

A. Name of the commercial company:	Farmaceutica REMEDIA S.A.														
	The total market value on 22.03.2024 is of 66.836.574 Lei, at a value of a 0,70 Lei/RMAH share														
	<table border="1"> <caption>Market value (Mill. Lei)</caption> <thead> <tr> <th>Year</th> <th>Market value (Mill. Lei)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>50,7</td> </tr> <tr> <td>2020</td> <td>94,4</td> </tr> <tr> <td>2021</td> <td>60,2</td> </tr> <tr> <td>2022</td> <td>60</td> </tr> <tr> <td>2023</td> <td>65</td> </tr> <tr> <td>2024</td> <td>66,8</td> </tr> </tbody> </table>	Year	Market value (Mill. Lei)	2019	50,7	2020	94,4	2021	60,2	2022	60	2023	65	2024	66,8
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2019	50,7														
2020	94,4														
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2023	65														
2024	66,8														
Organized market on which securities are traded	Bucharest Stock Exchange - Standard category														
Subscribed share capital:	9.548.082Lei														
Paid-up share capital:	9.548.082Lei														
Registered office:	DEVA, Nicolae Balcescu Bld. no 2,														
Tel. / Fax:	0254 223 260 / 0254 226 197														
No. and date of registration with the T.R.O.:	J20/700/25.07.1991														
Tax Identification Number:	RO2115198														
Securities:	RMAH shares (Reg. certificate No. AC-1470-7/17.06.2021)														
Type:	Dematerialized Nominative Common														
Date of registration:	17.03.1997														
Nominal value/share:	0.10 Lei														
Position in the R.N.S.C. Register:	1636														
Total number of shares:	95.480.820														
R.N.S.C. code of shares:	16368														

Date	Number of shares	Issue value (Lei)	Explanations
10.11.1999	3.370.107	337.010	Initial capital of the state, including land contributed in kind
06.09.2001	1.500.000	150.000	Cash contribution of V.TARUS RoAgencies
23.07.2003	42.402	4.240	Merger - capital of Ditafarm Trading – acquired company
05.01.2006	5.696.471	569.647	Merger - capital of V.TARUS RoAgencies – acquired company
21.12.2007	87.905.969	8.790.596	Capital increase – shareholders with pre-emption right
04.05.2009	7.574.851	757.485	Capital increase – AHG Simcor Industry S.R.L.
09.06.2021	- 10.608.980	- 1.060.898	Reduction of share capital - repurchase of shares followed by their cancellation
TOTAL	95.480.820	9.548.082	

1. Activity analysis

1.1. Overview

The consolidated financial statements of 2022 comprise the results of the companies:

- **Farmaceutica REMEDIA S.A. and,**
- **Farmaceutica REMEDIA Distribution & Logistics S.R.L., a company owned 100% by Farmaceutica REMEDIA S.A.**
- **PHARMA EXPERTSPEDITION S.R.L., a company in which Farmaceutica REMEDIA S.A. holds 50% of the share capital under the equity method**

On **July 25th 1991**, it was established as a commercial company with fully state-owned capital by reorganization of Oficiul Farmaceutic Deva.

On **October 13th 2000**, V.TARUS RoAgencies S.R.L. acquired from FPS the majority of shares (55,802 %) for 9.053.102.492 Lei (ROL) (equivalent to 369.665 USD, exchange rate BNR LEU / USD: 2,4490). At that time Farmaceutica REMEDIA SA was operating through 12 pharmacies.

On **January 1st 2006**, Farmaceutica REMEDIA S.A. merged by absorption with V.TARUS RoAgencies S.R.L. resulting in a share capital of 10.608.980.000 lei (ROL), the activity being carried out through 25 pharmacies.

According to Law 95/2006, republished in August 2015, companies were prohibited from carrying out, at the same time, wholesale and retail distribution of medicines. (Art. 800 paragraph 2). Therefore,

On **January 1st 2016** Farmaceutica REMEDIA S.A. completed the transfer to Farmaceutica REMEDIA Distribution & Logistics S.R.L., a new company, 100% owned, of the wholesale distribution activities of medicines together with related activities (logistic services, registration of pharmaceutical products, promotion and marketing of medicines, etc.),

Farmaceutica REMEDIA S.A. kept the operation of the chain of 100 pharmacies and local officines.

Following the change of the main activity object imposed by the above-mentioned legislation, the company had to redeem from the market (in 2015) a number of 300.100 shares at a price established by an authorized evaluator.

In **April 2022**, Farmaceutica REMEDIA SA purchased a 50% participation in the share capital of the Romanian legal entity PHARMA EXPERTSPEDITION S.R.L., with registered office in Bucharest, Bd. Metalurgiei, nr. 130E, Sector 4, registered at the Commercial Register of Bucharest with nr. J40/20206/2005, with TIN 18178346, in order to develop and strengthen the distribution and logistics activity.

In **February 2023**, Farmaceutica REMEDIA SA sold 1 pharmaceutical license related to the pharmacy Remedie Aviației in Bucharest.

On **02.03.2023**, Farmaceutica REMEDIA SA completed a share buyback operation carried out for the purpose of a Stock Option Plan. The number of shares repurchased on 02.03.2023, according to ASF Decision 122/08.02.2023 is 2,864,425 shares, representing 3% of the share capital. Total number of shares subscribed in the operation: 2,864,425 shares, representing 100% of the Offer. The total amount paid by Farmaceutica REMEDIA was 2,148,319 Lei. Repurchase price: 0.75 Lei per share.

In **August 2023**, Farmaceutica REMEDIA SA closed the pharmacy Sf. Augustin in Roșiori, jud. Bihor, for the profitability of the activity and cost reduction.

In **September 2023**, Farmaceutica REMEDIA Distribution & Logistics SRL closed the logistics warehouse in Craiova, as a measure to optimize its operational costs.

In **December 2023**, Farmaceutica REMEDIA SA sold to Farmaceutica REMEDIA Distribution & Logistics SRL, 1 pharmaceutical license related to Remedie Metalurgiei pharmacy in Bucharest and the automatic storage system for pharmaceutical products.

1.2. Elements of general evaluation

593.358.927 Lei net turnover.

13.704.020 Lei EBIDTA

7.201.648 Lei net profit.

Other operating income (4.921.303 Lei) was also recorded, mainly from the real estate investments, as well as financial income worth 1.298.237 Lei (mainly dividends from non-controlled companies, exchange rate differences and discounts for advance payments).

590.669.892 Lei - total costs (excluding corporate tax), of which:

- **590.124.539 Lei** - Operating expenses, of which:
 - 544.918.479 Lei - is the net cost of sold merchandise (including received commercial discounts)
- **545.353 Lei** - Financial expenses, of which:
 - 67.988 Lei – operational leasing interests (IFRS 16)
 - 143.570 Lei – exchange rate differences
 - 280.224 Lei – share of loss from investments accounted for using the equity method

As of **31.12.2023**, the liquidity of the companies (available in bank accounts and in cash offices) has reached 34.498.036 Lei. On the same date, the companies (FR and FRDL) had at their disposal a multi-currency credit line in the amount of 90 million Lei, used on 31.12.2023 exclusively for bank letters of guarantee for tenders and for the good performance of contracts, as well as for guarantees for the payment of goods suppliers

1.3. Evaluation of company's income

587.774.154 Lei - The **net income** from the sale of merchandise (99 % from the net turnover) with the following allocation on distribution channels:

- 365.349.051 Lei - Distribution
- 211.054.300 Lei - Hospitals
- 11.370.803 Lei - Remedie Pharmacies

- **5.584.773 Lei** - From the activities with added value, of which:
 - 1.874.989 Lei - logistics and warehousing services
 - 1.869.835 Lei - invoiced rents
 - 1.839.949 Lei - BD Rowa services and other services

1.4. Evaluation of the sales and marketing activity

The main business line of the company is the distribution of medicines, with national coverage, with more than 3000 customers, pharmacies, warehouses and hospitals, with a

portfolio of more than 4,000 items of medicines and parapharmaceutical products from about 250 suppliers.

REMEDIA has strengthened its position as a national distributor by increasing its product portfolio, diversifying the services offered to customers such as independent pharmacies and regional chains, ensuring availability and continuity in stock.

REMEDIA customers in 2023:

- 2,364 pharmacies as legal entities and 4,749 related work points;
- 527 health units/hospitals (public and private)

Nationwide distribution has been optimised by reducing the number of local warehouses and providing national coverage through 5 logistics hubs as follows:

- 2 central warehouses: Bucharest and Deva
- 3 regional warehouses: Brasov, Iasi, Pitesti

Farmaceutica REMEDIA Distribution & Logistics SRL (FRDL) offers the following services for the local pharmaceutical market:

- distribution services;
- diversified logistics services at national level for a number of leading manufacturers;
- marketing and medical promotion services for pharmaceutical companies with expertise in various therapeutic areas: cardiovascular and diabetes, dermatocosmetic, family medicine and transplantation;
- medicine registration services (regulatory affairs);
- marketing of packaging materials from international manufacturers Perlen to local pharmaceutical manufacturers;
- promotion and marketing of BD Rowa and TouchPoint Medical automation and digitization solutions for pharmaceutical processes in pharmacies, warehouses and hospitals, ensuring traceability of medicines from the hospital pharmacy to the patient's bedside.

Marketing activities are also promoted through the publications *British Medical Journal* - Romanian edition, in the national top of specialized journals since 1998, *Medica Academica*, published under the auspices of the Romanian Academy of Scientists since 2009 and *Maedica* since 2014.

All REMEDIA actions were based on customer needs and expectations.

Through constant research and analysis of the market, continuous monitoring of the evolution of the specific domestic and international environment REMEDIA has adapted in real time to the market requirements..

The diversification of the company's business through digitization solutions was also supported by the event "Digitized Medication Management - Improving Patient Safety and Medication Traceability" to promote automation solutions dedicated to hospitals, organized by REMEDIA in partnership with BD Rowa and TouchPoint Medical, both renowned US companies. The event was hosted by the US Embassy in Bucharest.

REMEDIA is in the process of updating and modernizing its online sales platform www.farmacia.remedia.ro, focused on customer satisfaction, allowing easy navigation, selection and completion of product orders.

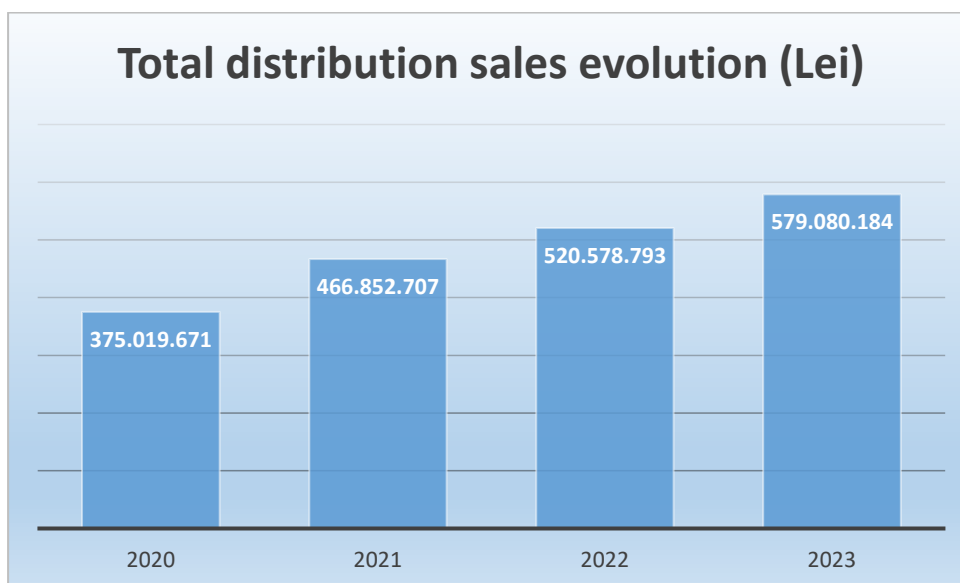
Pharmaceutical market data 2023 vs 2022:

According to the results of the Pharma & Hospital Report study, Cegedim Customer Information, in 2023 the sales of the pharmaceutical market grew by 13.1% in value in the pharmacy segment and 9.1% in value in the hospital segment.

The accelerated value growth of the market is due to the listing of innovative drugs used in the treatment of serious diseases with an extremely high cost of therapy, products that REMEDIA does not have in its portfolio.

FRDL recorded an increase in sales compared to the previous year, structured as follows:

Lei	2020	2021	2022	2023	Growth 2023 compared to 2022
Total	375.019.671	466.852.707	520.578.793	579.080.184	11%
Pharmacy distribution	256.870.867	296.568.656	316.730.390	367.862.990	16%
Hospitals	118.148.804	170.284.051	203.848.403	211.217.195	4%



For the Pharmacy Distribution Division, REMEDIA's growth was 16% over the previous year, above the market average of 13%. Total sales to pharmacies also grew twice as much as the average growth of 7.9% for the independent pharmacy customer segment.

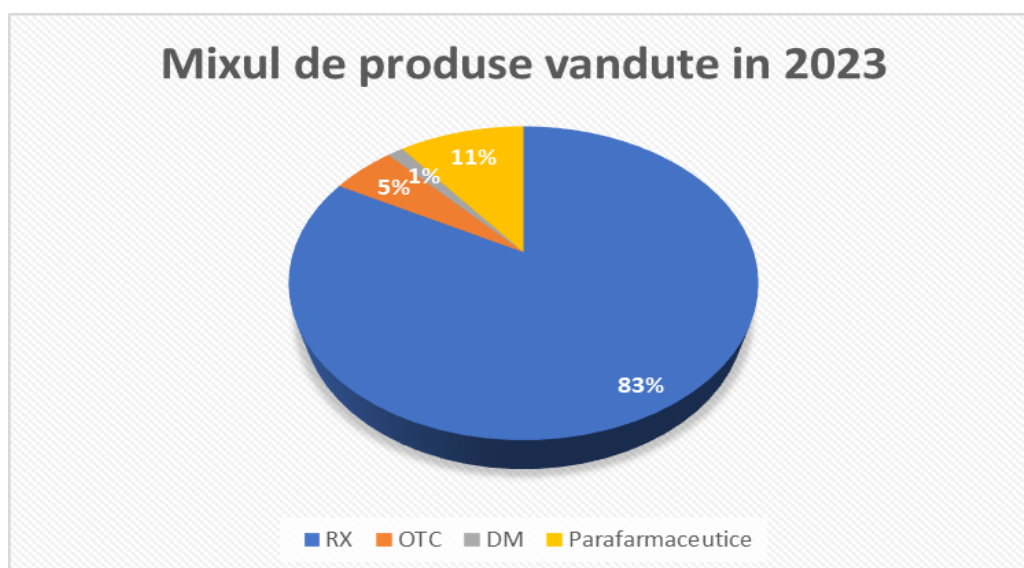


Evolution of the pharmacy segment in value volume compared 2023 vs 2022 - CEGEDIM data

* PPP: Pharmacy Purchase Price

REMEDIA's success is based on:

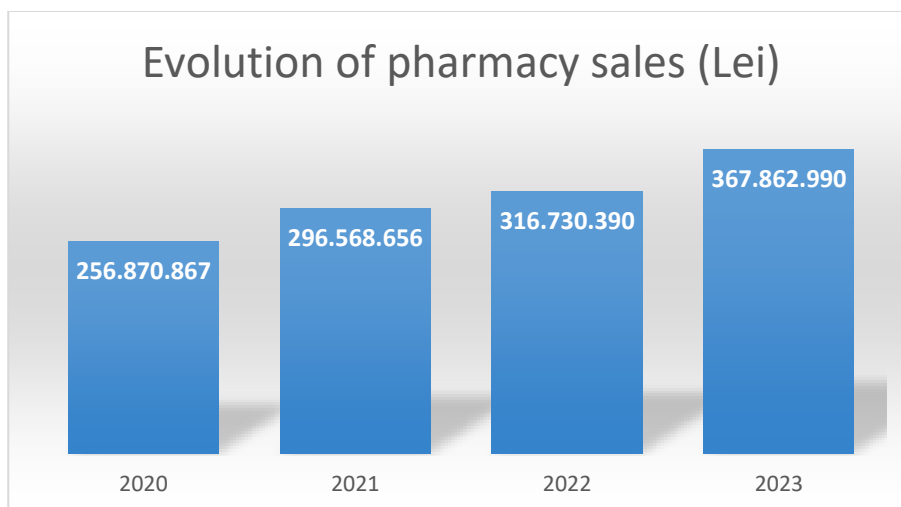
- The increased number of products sold;
- Focus on independent pharmacy customers and targeting available stock resources with priority to this customer segment.
- Prioritizing medium and small pharmacy customers in Urban and Rural Large with limited access to the full assortment of medicines;
- Reliable information sources and thorough market analysis. (CEGEDIM, ANMDMR, EMEA, FDA, OMS, IMS).



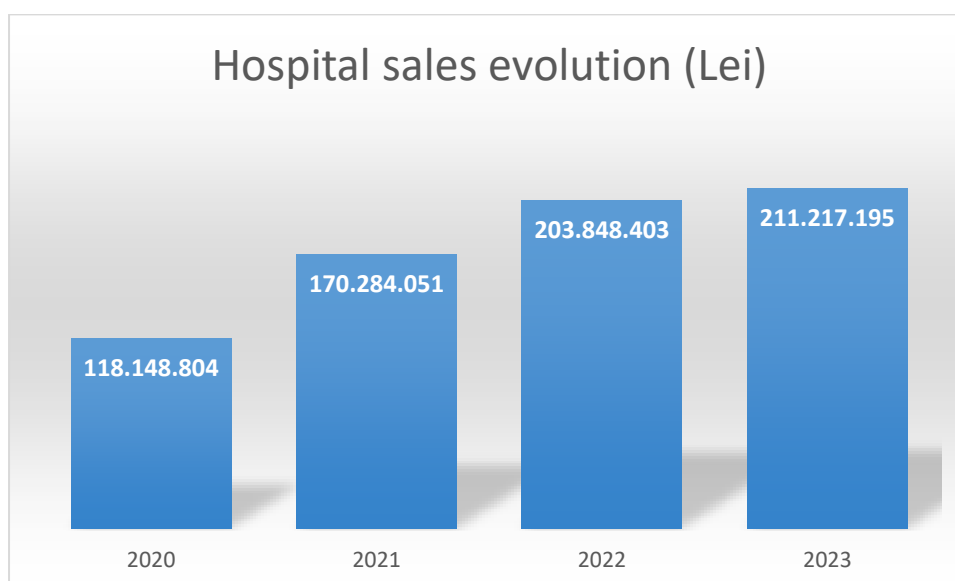
In 2023, discontinuities in the supply chain for a number of common products have become more acute, with the biggest challenge being to maintain stock continuity to ensure the supply of the medication in short supply.

REMEDIA has perfected its stock retention system for deficient products, widening their access to as many customers as possible, in an equitable manner, but at a maximum quantity of units per product, being committed to ensuring access to a more diversified range of products for as many customers as possible.

The evolution of sales generated by the Retail Division (pharmacy distribution) over the last 4 years is shown in the graph below:



The evolution of the turnover generated by the Hospitals Division over the last 4 years is shown in the graph below:



Constant market analysis, continuous monitoring of the evolution of the specific domestic and international environment have allowed us to adapt in real time to market requirements, REMEDIA managing to meet the needs of its customers at a high level of professionalism.

The debts of the entire portfolio of clients belonging to the pharmacy distribution division are insured through the insurer Euler Hermes, thus eliminating the risk of non-collection of debts..

11.370.803 Lei were the sales achieved in 2023 through the **22 REMEDIA pharmacies** in 4 (four) counties, in Hunedoara, Alba, Sibiu and Bucharest, including the online pharmacy.

At the same time, REMEDIA pharmacies facilitated direct and continuous access to the necessary medication, ensuring correct information and health advice to patients.

Special attention is also paid to increasing the quality of processes, monitoring GDPR procedures and securing information exchange for compliance with EU Regulation 2016/679 on the protection of individuals with regard to the processing of personal data.

1.5 Evaluation of merchandise acquisition

As a strategic partner for a number of manufacturers active in the Romanian pharmaceutical market, REMEDIA currently collaborates with world leaders in manufacturing, research and innovation, as well as with national leaders in pharmaceutical manufacturing. Thus, REMEDIA offers its customers a portfolio of over 4,000 items from about 250 foreign and domestic manufacturers.

Focused on diversifying its product portfolio, REMEDIA has put emphasis in 2023 on strengthening the relationship with current suppliers and opening new partnerships with international and indigenous producers and is continuously pursuing the following directions:

- Identification of new molecules of interest for the local market in collaboration with the registration and clinical trials department;
- active involvement in the product registration process;

The mechanism of the acquisition planning strategy takes into account the following requirements:

- ensuring the continuity of products in stock;
- a better retention of the product in stock, over a longer period of time and in parallel a better national availability;
- evaluation of stocking times and stock levels for the products in the portfolio;
- reducing overstocking for slow-moving products;
- setting maximum quantitative stock levels for each product, resulting in improved cash flow for the company.

A new purchasing software application has been implemented, with the aim of optimising stock levels and planning supply orders efficiently, with traceability throughout the entire workflow. It also ensures the identification of deviations from established performance standards within the organisation, implementation and monitoring of appropriate corrective actions..

Performance indicators set for the procurement department are:

- Missing products: the indicator measures the loss of sales generated by the lack of stock;

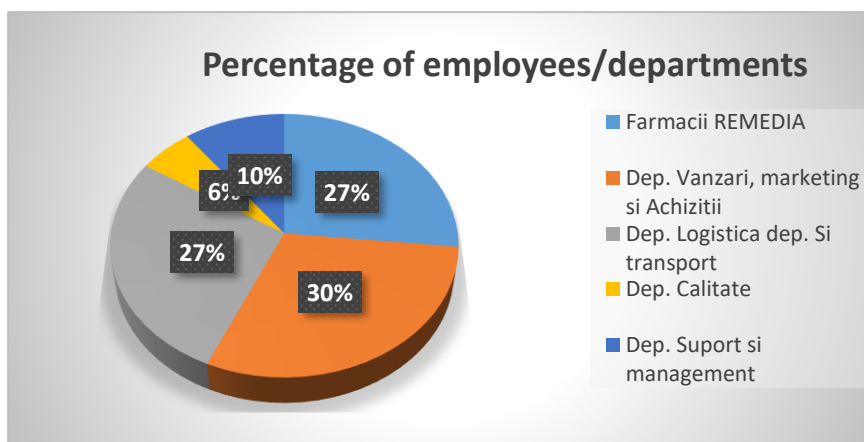
- Overstock: The indicator measures the volume of stock with a SRT (stock rotation time) greater than 3, at company level.
- Expired: the indicator measures the amount of expired, uncompensated products sustained by the company;

As of 31.12.2023, the stocks of merchandise of the two companies, of which 99% is represented by merchandise, amounted to 44,334,576 lei, and the parts and components dedicated to BD Rowa robots amounted to 161,126 lei.

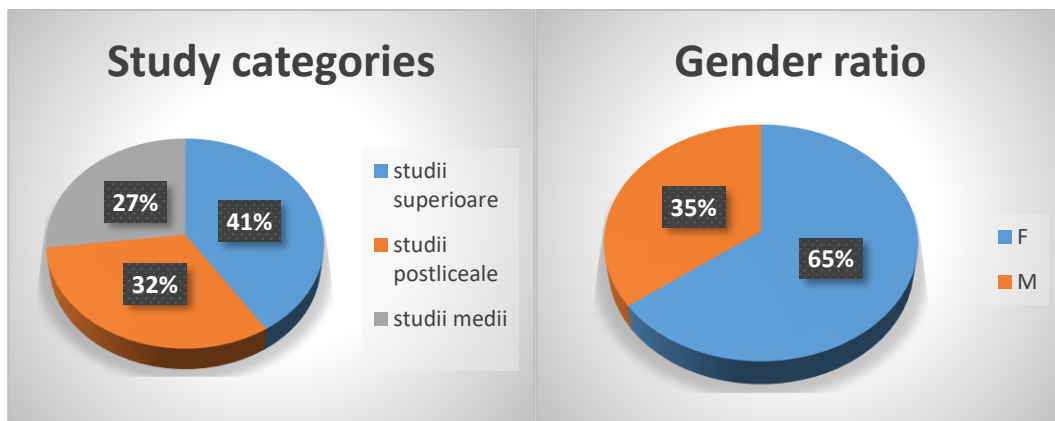
1.6. Evaluation of aspects related to the company's personnel

Farmaceutica REMEDIA S.A. and Farmaceutica REMEDIA Distribution & Logistics S.R.L had together, as of 31.12.2023, **230 employees**, of which: 62 at Farmaceutica REMEDIA SA, and 168 at Farmaceutica REMEDIA Distribution & Logistics SRL. Their distribution by department was as follows:

- REMEDIA pharmacies - 62 people
- Sales, marketing and purchasing departments - 70 people
- FRDL logistics departments (warehouses and transport) - 64 people
- Quality department - 13 people
- IT - 3 people, plus 4 external collaborators
- Support and management departments (Accounting, HR, Administration, Management, etc.) - 18 people

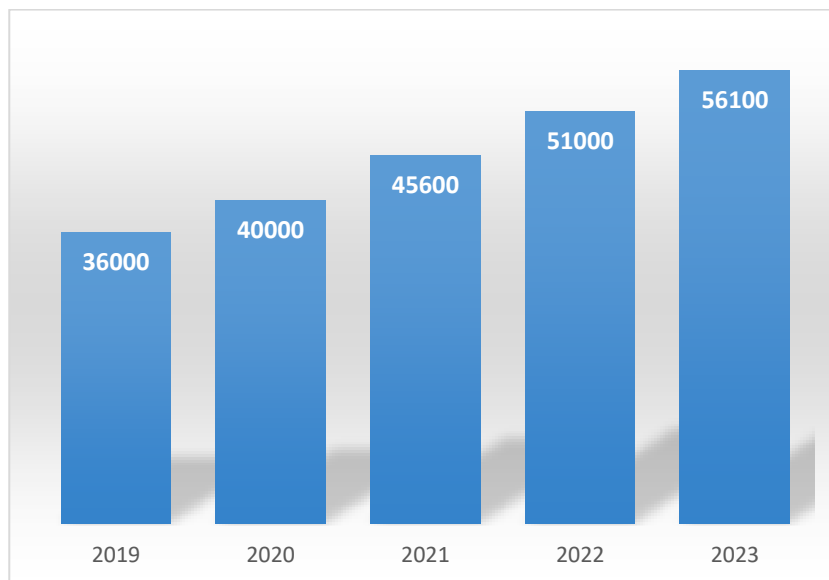


Of the 230 employees, 41% have a university degree, 32% have a post-secondary education and 27% have a secondary education

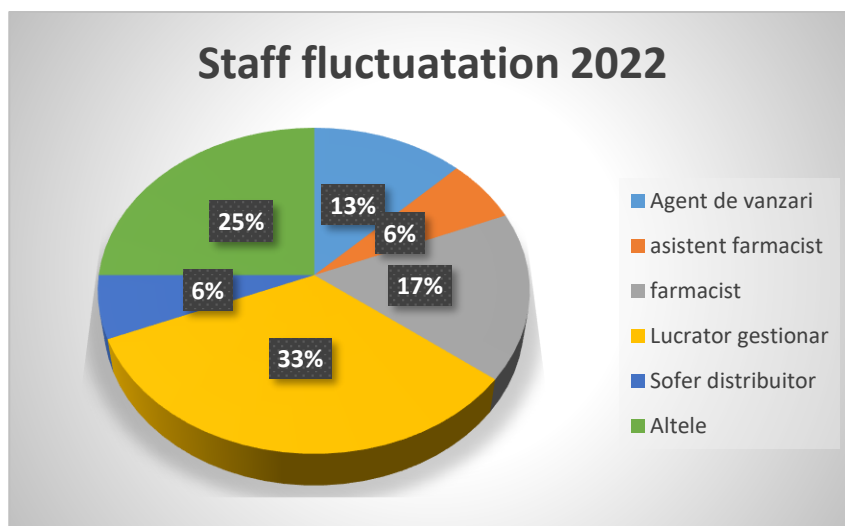


REMEDIA promotes a fair policy of promoting all categories of staff, regardless of gender, religious or other orientation or disadvantaged persons.

Evolution of salaries over the last 5 years (average gross annual salary)::



In 2023, the fluctuation indicator in REMEDIA was 19,46% (number of employees leaving during 2023, compared to the average number of employees in 2023), of which 2,21% is due to the closure of the activity of the warehouses in Craiova and the sale of the pharmaceutical business of REMEDIA Aviatiei in Bucharest



In order to consolidate the workforce in the company, the Human Resources Department acted in the following directions:

- **Recruitment and selection** - a priority is the internal promotion of qualified employees through direct promotion or transfer from one department to another;
- **Promotion of high performing employees** to management positions - REMEDIA encourages employees to develop personally and professionally. Promotion is achieved through participation in assessment centres where their skills and competences are checked, as well as their match with the job profile;
- **Annual assessment** - evaluation of individual performance by analysing the results of the annual evaluation grids.

1.7. Evaluation of the aspects related to the impact of the basic activity of the company on the environment

Farmaceutica REMEDIA S.A. and Farmaceutica REMEDIA Distribution & Logistics S.R.L. comply with the legislation in the field of environmental protection.

There are no litigations regarding the violation of the environmental protection legislation.

The company contributes to the protection of the environment through the selective collection of the waste resulting from its own activity, in order to be recycled. In 2023, about 4.75 tons of cardboard and paper packaging waste and about 1.42 tons of plastic packaging waste were handed over to the authorized companies for valorisation in accordance with the legal regulations in force. All REMEDIA pharmacies collect waste selectively.

Waste tracking and management services at national level are outsourced to a specialized provider, who prepares the necessary documents and reports them centrally on time to the National Agency for Environmental Protection (Regional/County) in the

online electronic Waste Statistics SIM application PRODDES..

Farmaceutica REMEDIA collects expired medicines, delivering them centrally (in 2023 about 3.55 tons) to the authorized companies for their destruction, according to legal obligations. The expired medicines were collected from the population until the date of the change of the legislation in force (14.10.2023).

In compliance with the EU Directives adopted since April 2019, Farmaceutica REMEDIA has stopped purchasing plastic carrier bags and has introduced biodegradable or recyclable bags, thus implementing measures to reduce waste and comply with the relevant legislation.

Starting in December 2020, REMEDIA has started a new project with an authorized company for the selective collection of batteries and small electronics for recycling, by placing specially designed bins in REMEDIA workplaces.

Starting September 2022, REMEDIA has started a new project with a licensed company for the collection and recycling of toner and chip printer cartridges, managing to recycle in 2023 a quantity of about 0.09 tons.

Farmaceutica REMEDIA Distribution & Logistics SRL has implemented an environmental management system according to SR EN ISO 14001:2015, certified by RINA - SIMTEX OC and has allocated funds to maintain the certification and improve the EMS.

A sustainability manager will be appointed to adapt and comply with sustainability regulations, in line with European standards, and will be responsible for coordinating and implementing sustainability initiatives in all operational aspects of the business.

1.8. Evaluation of logistics activity

The two companies continued during 2023 the process of modernization and improvement of activities in the logistics centers and optimization of IT and logistics flows, as follows:

- a. Optimization of flows by finalizing the capital repair of the conveyor belt installed in the Bucharest warehouse.
- b. Upgrade of Zebra scanning equipment, used in conjunction with WMS, Calamari for KPI tracking (serialization, storage, replenishment, inventory);
- c. Introduction of order merge function in the TMS to reduce the number of parcels delivered per customer in order to reduce costs;
- d. In 2023, ISO certification was maintained, according to SR EN ISO 9001:2015. In terms of meeting the requirements of the environmental standard SR EN ISO 14001:2015, the company's own remaining fleet has been switched predominantly to petrol fuel.
- e. Logistics cost efficiency by seeking and finding the best delivery options, together with the development and improvement of WMS (Warehouse Management System)

& TMS (Transport Management System) remained the main logistics objectives for 2023.

- f. Purchase of a new battery for the Jungheinrich VNA equipment operating in the Bucharest warehouse and recycling of the used one.
- g. Completion of the product nomenclature with new logistic data on box sizes.
- h. Construction of an area dedicated to special products inside the Bucharest warehouse.
- i. Reorganisation and re-geocoding of storage area 2-8 C in order to store a larger volume of products.
- j. Reorganisation and re-geocoding of the storage area for psychotropic and narcotic products in the Bucharest warehouse.
- k. Implementation of multiple serialisation through the Calamari application, in order to achieve higher volumes of serialised products;
- l. Purchase and implementation of a new software for the generating of the necessary supply for REMEDIA Distribution & Logistics;
- m. Taking over the entire logistics activity of the Craiova warehouse in the Bucharest warehouse, increasing the number of orders and reducing transport, logistics and energy costs.

Outsourcing of transport and delivery activities was done through Pharma Expertspedition SRL which developed its own network of 11 transport hubs.

In order to make the best use of the transport capacity and to reduce the carbon footprint, the transport activity was also extended with the contract beneficiary Ahead Translog Solutions SRL for the counties of Bucharest and Buzau.

Renewal of the fleet with three more Renault vans, one for the interdepo route and two for the delivery of emergencies.

The main development objectives for logistics and IT activities for 2024 are:

- Continuation of flow optimization by upgrading PLC conveyor software and interfacing with WMS;
- Purchase and configure two new servers for ERP, WMS and TMS activities;
- Integration of Iasi and Brasov warehouses logistic activity in Bucharest warehouse for further cost reduction;
- Design of new storage spaces at the Bucharest warehouse, in order to equip it with a robot to optimize the supply, storage and picking flow;
- Reorganisation of the merchandise flows in the Bucharest and Deva warehouses;
- Expansion of the Bucharest warehouse;
- Purchase and implementation of a new management software for the M78 Metallurgy pharmacy;

1.9. Activity evaluation regarding the quality aspects

The work on quality aspects was ensured by a professional and continuously improved team (which is trained annually in BPD), consisting of 5 Responsible Pharmacists, 6 Substitute Responsible Pharmacists and a quality auditor.

A quality management system is implemented in REMEDIA pharmacies. Maintained updated and improved in order to document the best practices to meet the requirements and expectations of patients in compliance with the regulations in force in the pharmaceutical field and according to ISO 9001: 2015 certified by RINA-SIMTEX OC.

The Quality Manual has been updated with new procedures:

- a) which were the basis for the reauthorization of pharmacies by the College of Pharmacists;
- b) operational procedures for warehouses;
- c) procedures for the hospital department;
- d) procedures for Medical Devices which were the basis for the renewal of the Operating Licence for DM.

In the wholesale distribution activity within REMEDIA, procedures have been implemented and respected, so that the distribution activity is carried out at the highest quality standards, according to SR EN ISO 9001:2015 and according to the Good Practice Guidelines for Wholesale Distribution of Medicines for Human Use.

In 2023, ISO certification was maintained, according to SR EN ISO 9001:2015. In terms of meeting the requirements of the environmental standard SR EN ISO 14001:2015, the company's remaining fleet has been predominantly switched to petrol fuel.

REMEDIA has been externally audited by partner ALPHA MED Austria, both for compliance with the BPD Wholesale Guidelines and for pharmacovigilance issues. The external audit was completed in 2023 without deficiencies..

REMEDIA conducted a Second Party Audit at the transport provider PHARMA EXPERTSPEDITION SRL regarding transport routes, means and hubs, with focus on transport and cold storage, existence of qualification reports according to BPD and ANMDMR requirements. The audit ended with a compliance plan accepted by the partners.

The carrier Ahead Translog Solution SRL was also added to Annex 1.8 ADA for the coverage of the nodes Bucharest, Buzau, Fetesti, and the audit ended with a compliance plan, accepted by the partners.

In 2023, no critical or major deficiencies were recorded in the quality management system.

1.10. Evaluating the activity on risk management

The main risk categories identified in 2023 were:

- Risk of non-collection of receivables
- Cashflow risk
- Risk of cyber attacks

Over 90% of REMEDIA pharmacies' sales to individual customers are reimbursed by the County Health Houses, the Bucharest Health House, OPSNAJ. Thus, thanks to the timely payment by the Health Houses, in 2022, we can say that the risk of non-payment is extremely low.

The receivables of REMEDIA Distribution & Logistics Pharmaceuticals are insured by Euler Hermes and the risk of non-recovery is also low in this case.

To counter the cash-flow risk, the two companies have a multi-currency credit line of 90 million Lei. This is mainly used for issuing letters of guarantee for participation in tenders and good execution, as well as for payment in favour of suppliers of goods, but also to cover working capital needs when needed.

In order to counter the risk of non-collection of receivables and cash flow, the management of Farmaceutica REMEDIA S.A. and Farmaceutica REMEDIA Distribution & Logistics S.R.L. has taken a series of measures such as:

- Periodic review (every 6 months) of the credit limits of all customers (for 2023 the review will be done quarterly), together with the insurance of balances for the risk of non-collection with a prestigious firm in the field.
- More frequent analysis of clients' debts and financial situations
- Strict control of costs with a positive impact on cash flow.

1.11. Elements of perspective on the company's activity

The main objectives of the company are to develop and improve the distribution activity, to start collaborating with new manufacturers, to supply products that are discontinued on the market to the patients in Romania, to increase the coverage area of pharmacies, to strengthen the sales team and to integrate digital B2B with as many pharmacies as possible. In this way we intend to remain a supplier with a wider portfolio of products and optimize the flow of access to medicines for Romanian patients.

We will pay special attention to the efficiency of the logistic activity, including the implementation of technical solutions to improve the quality of the services provided to our partners..

In the context of a national pharmaceutical retailing consolidation process, REMEDIA will continue to develop commercial relationships with independent pharmacies.

At the same time, we continue the process of optimizing logistics activities by reducing operating costs and rents, by identifying optimal delivery solutions.

Special attention will be paid to increasing the quality of processes. We aim to consolidate the company's digital transformation and optimize services by developing new

platforms - BI, machine learning, B2B, e-shop - and integrating IT&C platforms - WMS, TMS, ERP. To this end we will implement a new sales platform, built to optimize workflow and a new WMS.

As a digital solution in the direction of automation and optimization of pharmaceutical processes, REMEDIA, in partnership with BD Rowa™, after the launch in October 2021 of the first Smart Robot installed at the REMEDIA pharmacy in Bd. Metalurgiei nr. 78, Bucharest, has continued during 2022-2023 the implementation of 10 (ten) robotic systems in pharmacies in Romania.

REMEDIA will develop the direction of automation and optimization of pharmaceutical processes, will continue the implementation of **BD Rowa™** automation in pharmacies, warehouses, as well as expanding the portfolio of automation solutions to ensure digital management and traceability of medication in hospitals in Romania, Bulgaria and Moldova.

REMEDIA provides installation, commissioning and training of beneficiaries, as well as service and maintenance of robotic equipment with its own specialized teams of BD Rowa manufacturer. The professionalism of our own technical team has qualified REMEDIA to install 8 (eight) automated systems in pharmacies in Slovakia, Austria, Germany, Italy.

BD Rowa™, with more than 13,000 robots installed in more than 60 countries from Japan to Argentina, with a market share of about 65% globally, is currently the world leader in pharmacy, warehouse and hospital automation solutions.

To this end, REMEDIA is developing the www.pharmacy-automation.ro platform to both facilitate communication with pharmacists and customers and answer questions about the benefits of robotic pharmacy, as well as to inform on directions in digitizing transformation and increasing the safety and efficiency of medication management from pharmacy to bedside in hospital units.

Another priority objective of the company is to develop online sales by implementing its own solution, in partnership with companies specialized in e-commerce.

REMEDIA develops the www.farmacia.remedia.ro platform, focused on customer satisfaction, which ensures easy shopping and fast navigation, diversification of the product portfolio and security of online transactions.

Communication with the company's own management information system ensures the real-time transfer of data on products, orders, stock and customer invoicing.

Through the Regulatory Affairs (RA) activity, a wide range of services is provided for the registration of medicines, medical devices, food supplements and cosmetics in Romania, for international partners in Germany, Austria, Finland, Czech Republic, etc.

During 2023, for the Pharmaceutical Registration (RA) activity, we have witnessed an increase in the complexity of legislative requirements in this area, which is reflected in the work of the RA department.

2. Fixed assets of companies

46.768.058 Lei represent **Fixed assets** (at the remaining value) having the following structure:

45.463.319 Lei - Tangible fixed assets (land, buildings, equipment, means of transport, commercial furniture, etc.)

1.181.360 Lei - Intangible fixed assets (pharmacy licenses and software licenses)

123.380 Lei - Financial fixed assets (deposits made, guarantees paid, *shareholdings outside the group*).

Within tangible fixed assets, buildings and land account for 91.2%. These are valued at market level each year by an authorised valuer. The valuation at the end of 2023 showed an appreciation of 2,621,129 lei for these fixed assets. (land + 317,401 lei, buildings +2,303,727 lei).

3. Shares and shareholding

The shares issued by Farmaceutica REMEDIA SA were traded in 2023 on the regulated market of the Bucharest Stock Exchange, Standard category.

Farmaceutica REMEDIA S.A. shares are registered shares with a value of 0,1 Lei/share, in the number of 95.480.820 shares with the following synthetic ownership structure as of 31.12.2022, (information provided by the Central Depository):

Shareholders	No. of shares	Share from the share capital (%)
Valentin-Norbert TARUS	77.765.079	81,4458
Farmaceutica REMEDIA SA	3.164.525	3,3143
Natural persons	13.260.320	13,8879
Legal entities	1.290.896	1,3520
Total	95.480.820	100

La 31.12.2023 Farmaceutica REMEDIA SA avea un număr total de 3.633 acționari, din care

As of 31.12.2023, Farmaceutica REMEDIA SA had a total number of 3.633 shareholders, of which:

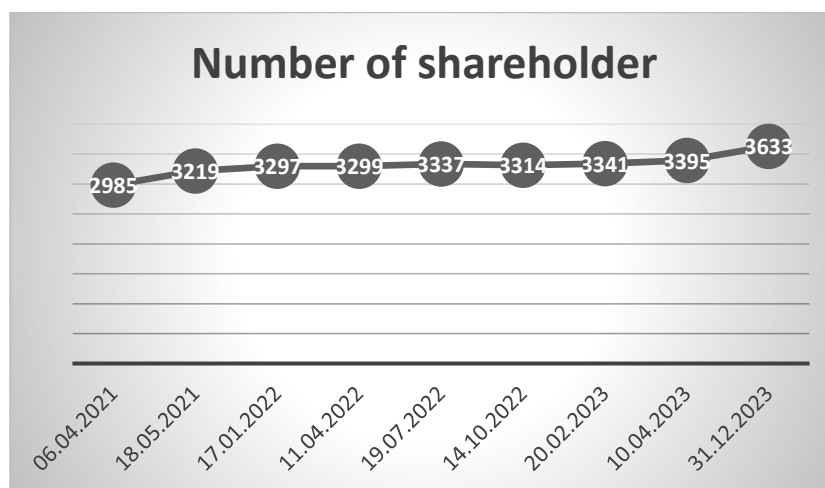
- 3.615 natural persons, with a total percentage of 95,34% of the share capital (of which 81,45% held by Valentin-Norbert TARUS)
- 18 legal entities, with a total percentage of 4,66% of the share capital of which 3,32% held by Farmaceutica REMEDIA SA).

According to the territorial criteria, in the top 5 counties where REMEDIA shareholders come from are the following counties:

- Hunedoara : 1.818 shareholders
- Bucuresti : 460 shareholders
- Alba : 247 shareholders
- Cluj : 123 shareholders
- Timis : 65 shareholders

Over the last 2 years the number of REMEDIA shareholders has steadily increased, so that while in 2021, at the reference date for the AGM on 15.04.2021, 2985 shareholders were registered, at the end of 2023 a total of 3633 shareholders were registered with the Central Depository

The evolution of the number of shareholders over the last 2 years is shown in the following graph:



The company has no subsidiaries and has not issued bonds or other debt securities.

4. Dividende

For 2022, the Board of Administrators has proposed the distribution of **4.733.076** Lei, to dividends, in order to grant a gross dividend of 0,05 lei/share.

Thus, the Board of Directors proposed the distribution of the net profit obtained in 2023 in the amount of:

4.374.862 Lei to dividends, as well as the distribution to dividends of the amount of **358.214** Lei from other reserves.

In the medium term, the company intends to maintain the policy of distributing up to 50% of net profit to dividends.

The amount of dividends due (distributed from profit), paid and accrued (unpaid) is as follows:

	2018	2019	2020	2021	2022	2023	2024
Initial balance	214.756	241.226	209.353	117.155	327.582	379.265	436.551

Brotto dividends distribution	1.060.898	1.591.347	2.121.796	14.277.108	4.759.036	4.616.675	*4.733.076
Tax on the paid dividends	52.675	78.995	104.900	711.866	237.353	368.751	
Paid dividends	981.753	1.544.225	2.109.093	13.354.815	4.470.000	4.190.037	
Dividends to be paid	241.226	209.353	117.155	327.582	379.265	436.551	

* 4.374.862 lei of current year's profit

* 358.214 lei from other reserves (profit of previous years)

In the case of Farmaceutica REMEDIA Distribution & Logistics S.R.L., the Board of Administrators proposes the distribution of the net profit (8.625.767 Lei) on the following destinations:

- 6.000.000 Lei – dividends to be paid to Farmaceutica REMEDIA S.A.
- 2.625.676 Lei – undistributed profit

5. Management of Farmaceutica REMEDIA S.A.

During the financial year 2023, Farmaceutica REMEDIA S.A. was led by a Board of Administrators with the following composition:

01.01.2023 – 30.04.2023	01.05.2023 – 31.12.2023
"TARUS" - Valentin Norbert TARUS e.U., Represented by Mr. Valentin-Norbert TARUS - Chairman	"TARUS" - Valentin Norbert TARUS e.U., Represented by Mr. Valentin-Norbert TARUS - Chairman
NIPA CONSULTANCY SRL (anterior denumita NIPA STEURBERATUNG SRL), Represented by Mr Adrian-Marcel PARVU	Cristian PLOCON
Elena CODREAN	Elena CODREAN

1. **"TARUS" - Valentin Norbert TARUS e.U.**– Chairman of the Board of Administrators represented by Valentin Norbert TARUS, executive director, non-independent, member of the Audit Committee and Chairman of the Remuneration and Nomination Committee for the period 15.04.2021-30.04.2024

In the 1990s he laid the foundation for the first companies in Romania specialized in distribution, import, export, consulting and marketing of pharmaceutical products. In 2000 he acquired from FPS the majority of shares of Farmaceutica REMEDIA S.A., developing a successful business with national coverage and integrated services: marketing and distribution of medicines, as well as retail through the REMEDIA chain of pharmacies (taken over in 2020 by Phoenix Group).

He studied Chemical Engineering - Technologies for Organic and Pharmaceutical Substances at the Polytechnic Institute of Bucharest and completed postgraduate studies in Foreign Trade, with a dissertation on world trade in medicines.

In the last 5 years he has served as a director in the trading company:

"TARUS" - Valentin Norbert TARUS e.U., Leopold Moses G. 4/2/46.

He has not been associated with bankruptcy, receivership or liquidation proceedings in the capacity of member of an administrative, management or supervisory body or general partner. Has not been convicted of fraud within the last 5 years and has not had an official public sanction pronounced against him. Has never been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from interfering in the management or conduct of the affairs of an issuer during the last 5 years.

As of 31.12.2023 he owned 81,45% of the shares of Farmaceutica REMEDIA S.A

2. Cristian PLOCON member of the Board of Administrators, executive director, non-independent, Chairman of the Audit Committee, member of the Remuneration and Nomination Committee for the period 01.05.2023-30.04.2024.

Graduate of the Academy of Economic Sciences, with a Bachelor's and Master's degree in Financial Analysis from the same faculty. He is an economist with over 25 years of experience in the field.

He has not been associated with bankruptcy, receivership or liquidation proceedings in the capacity of member of an administrative, management or supervisory body or general partner. Has not been convicted of fraud within the last 5 years and has not had an official public sanction pronounced against him. Has never been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from interfering in the management or conduct of the affairs of an issuer during the last 5 years.

As of 31.12.2022, he did not hold any shares in Farmaceutica REMEDIA S.A.

3. Elena CODREAN member of the Board of Administrators, non-independent executive administrator, member of the Audit Committee, Remuneration and Nomination during 23.12.2020-30.04.2023.

Graduated from the Academy of Economic Studies, Bucharest, specializing in Accounting and Management Informatics, she worked as an economist at multinational companies such as "HPT Humbel Productiontehnik", and Financial Controller at "Key Safety Systems". He attended postgraduate courses in the field of economics at CECCAR, Romania, and in the field of human resources.

He graduated from the Master of Management of Business Administration program at the West University of Timisoara. Fluent in English.

He has not been associated with bankruptcy, receivership or liquidation proceedings in the capacity of member of an administrative, management or supervisory body or general partner. Has not been convicted of fraud within the last 5 years and has not had an official public sanction pronounced against him. Has never been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from interfering in the management or conduct of the affairs of an issuer during the last 5 years.

As of 31.12.2022, he did not hold any shares in Farmaceutica REMEDIA S.A.

The executive management was ensured by a general manager that has in its subordination departmental directors and managers. In the fiscal year 2023, the executive management was provided by Mr. **Valentin - Norbert TARUS**.

The management of Farmaceutica REMEDIA Distribution & Logistics S.R.L.

According to Article 8 (Decisions, management, representation and control) of the articles of association of Farmaceutica REMEDIA Distribution & Logistics S.R.L, the

management of the company was ensured in 2023 by the Sole Shareholder (Farmaceutica REMEDIA S.A.) legally represented by the General Director, Valentin-Norbert TARUS, in his own name or through the administrators Elena CODREAN and Cristian PLOCON..

6. Affiliated persons of the commercial company Farmaceutica REMEDIA S.A.

On the date of the report, the list of persons affiliated to the company Farmaceutica REMEDIA S.A. is composed of:

- Valentin-Norbert TARUS - Austrian citizen
- "TARUS" - Valentin Norbert TARUS e.U. – Austrian individual enterprise
- Farmaceutica REMEDIA Distribution & Logistics S.R.L.
- TARUS MEDIA S.R.L.
- IMOBILIARA MAGHERU S.R.L.
- PHARMA EXPERTSPEDITION SRL

7. Corporate governance

In 2023, the corporate governance structures operated normally, the Company administration and representation being within the competence and responsibility of the members of the Board of Administrators (BA) and the General Director.

Farmaceutica REMEDIA complies with the shareholders' rights, providing them with a fair treatment and submitting for approval any modification of the rights conferred at the general meetings, as well as of the legal regulations.

Farmaceutica REMEDIA is among the companies that have offered the highest dividend yields in recent years, the average dividend yield offered was over 7%, ranking in the TOP 10 companies with the highest share yields in the last three years.

Company's website – www.remedia.ro - provides information and access conditions, in Romanian and English languages, at the GMS documents, financial statements, current reports to BSE, dividends, policies implemented in compliance with the provisions of the Corporate Governance Code.

In 2023, Farmaceutica REMEDIA obtained, for the third consecutive year, the **maximum score**, 10, for meeting the **VEKTOR** criteria, an assessment conducted by ARIR (Association for Investor Relations on the Romanian Stock Exchange), which examines the adoption of good corporate governance practices and communication with investors..

The **Investor Relations section**, www.remedia.ro/investitori/ has been **updated in 2022** according to ARIR communication **vektors** for shareholders and potential investors.

Constantly concerned with improving the company's sustainability performance, within the Corporate Governance section, the ESG subsection includes information related to the company's activities in the areas of Environmental, Social and Governance, where non-financial / sustainability reports are also published. Farmaceutica REMEDIA SA has an **ESG Risk Rating of 14.7** ranking 2nd in the Pharma sector, classified as having a LOW risk of facing a significant financial impact, according to Sustainalytics' assessment.,

During the financial year 2023, the Chairman of the Board of Administrators convened 17 (seventeen) meetings, statutorily convened, of the Board of Administrators.

The members of the Board of Administrators participated in person, by telephone, teleconferences or e-mail, in accordance with the Articles of Association and the Internal Regulations of the Board of Administrators.

Following the meetings of the Board of Administrators, a total of 30 (thirty) decisions were issued and communicated to the relevant departments for implementation and fulfilment during 2023.

8. Accounting financial statement (consolidated statements)

Farmaceutica Remedia		
Income Statement	dec.-23	dec.-22
(RON)	consolidated	consolidated
Sales of goods	589,976,173	530,960,392
Discounts given	-2,202,020	-2,799,654
Net Sales	587,774,154	528,160,738
COGS	555,927,973	495,526,556
Discounts Received	-11,009,494	-8,770,460
Net COGS	544,918,479	486,756,096
Gross Margin	42,855,675	41,404,642
Gross Margin (%)	7.29%	7.84%
Other Operating Revenues	10,506,076	11,040,025
Personnel	-20,619,788	-22,132,735
Third Party Expenses		
Transport		
Consumables		
Maintenance		
Rent		
Other Operating Expenses	-19,037,943	-19,498,589
Total Operating Expenses	-39,657,731	-41,631,324
EBITDA	13,704,020	10,813,343
EBITDA Margin	2.33%	2.05%
Depreciation	-5,058,187	-4,016,528
Provisions - net	-425,051	279,307
Bad debts lost	-65,092	-327,615
EBIT	8,155,691	6,748,506
EBIT Margin	1.39%	1.28%

Financial Revenues	1,298,237	844,833
Financial Expenses	-545,353	-532,927
Financial income	752,884	311,906
EBT	8,908,575	7,060,412
EBT Margin	1.52%	1.34%
Tax on Profit	-1,706,927	-1,251,279
Net Profit	7,201,648	5,809,133
Net Profit Margin	1.23%	1.10%

Farmaceutica Remedia		
Balance Sheet(RON)	dec.-23	dec.-22
	consolidat	consolidat
Total Assets	315,761,523	286,204,891
Cash	34,498,036	18,083,345
A/R (clients)	184,264,742	173,704,309
Inventory	44,334,576	46,262,314
Expenses in advance	560,447	829,696
Other Current Assets	5,335,665	2,840,680
Total Current Assets	268,993,465	241,720,345
Tangible Assets	45,463,319	42,308,176
Intangible Assets	1,181,360	798,254
Financial Investments	123,380	1,378,116
Total Long-Term Assets	46,768,058	44,484,546
A/P (suppliers)	235,343,070	209,969,435
Other ST payables	2,358,560	2,882,047
Payables to shareholders	379,265	327,582
ST Loans*		
Current Liabilities	238,080,895	213,179,064
LT Loans*	932,428	1,199,245
Other LT liabilities	5,447,866	3,175,842
LT Liabilities	6,380,294	4,375,086
Provisions	440,784	217307.02
Share capital	8,970,191	9,548,082
Reserves & others	54,687,712	53,076,219
Profit	7,201,648	5,809,133
Equity	70,859,551	68,433,434
Total Liabilities & Equity	315,761,523	286,204,891

* including financial leasing

The consolidated financial statements were audited by the independent financial auditor.

9. Economic-financial indicators 2023

LIQUIDITY AND WORKING CAPITAL	FR		FRDL	
	2023	2022	2023	2022
Current liquidity (Current assets/Current liabilities)	2,08	2,24	1,07	1,07
Current assets	15.001.185	14.367.922	258.122.314	229.095.410
Current liabilities	7.222.987	6.402.052	241.169.185	214.334.551
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%	0,00%	27,74%	0,00%
Borrowed capital (including leasing)	0	0	5.165.000	0
Equity	52.856.662	52.586.442	18.618.046	15.281.202
Turnover speed for client debit items (average customer balance/turnover *365)	72 days	64 days	103 days	103 days
Average customer balance	3.013.747	3.232.502	147.601.000	147.601.492
Net turnover	15.379.933	18.307.055	583.483.500	522.663.449
Turnover speed of liabilities (average suppliers balance/cogs*365)	86 days	68 days	27 days	31 days
Average suppliers balance	2.207.242	2.406.105	41.307.000	41.124.468
Cost of merchandise sold	9.382.832	12.981.677	550.894.000	481.954.299
Turnover speed of stocks (average stock balance/cogs * 365)	259 days	208 days	136 days	139 days
Average stocks balance	6,665,102	7.410.150	204.911.000	182.965.276
Cost of merchandise sold	9.382.832	12.981.677	550.894.000	481.954.299
Turnover speed of fixed assets (turnover/fixed assets)	0,31	0,38	395	2.456
Net turnover	15.379.933	18.307.055	583.483.500	522.663.449
Fixed assets	49.600.603	47.370.124	1.476.547	212.777
Gross profit margin (%) (gross profit/net sales)	28,44%	16 %	1,77%	2%
Gross profit	4.374.862	2.918.586	10.332.694	8.786.090
Net turnover	15.379.933	18.307.055	583.483.500	522.663.449

Note:

- 1) **Current liquidity** – the indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the companies are capable of covering their short-term liabilities based on receivables and cash availabilities.
- 2) **Degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in honoring the assumed commitments. In the calculation of this indicator, the borrowed capital comprises both bank loans and finance lease liabilities.
- 3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their liabilities to the company. Considering the dynamics of sales and the specificity of the collection of receivables in the distribution of drugs, we consider that the value of the indicator is normal for the companies of the group, under the given conditions.
- 4) **Turnover speed of liabilities** represents the average period in which suppliers are paid.
- 5) The value of the **No. of days on hand** indicator can be considered that it falls within the specifics of the activity.
- 6) **Turnover speed of fixed assets** expresses the effectiveness of the management of fixed assets, by examining the turnover generated by a certain quantity of fixed assets.

Bucharest, March 22nd 2024

Board of Administrators,

Chairman
"TARUS" - Valentin Norbert TARUS e.U
1020 Viena, Leopold-Moses Gasse, 4/42/6, Austria
FN 349134h/23.07.2010

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

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Farmaceutica REMEDIA S.A. – Consolidated financial statements
concluded as at 31.12.2023

Farmaceutica REMEDIA S.A.

**STATEMENT OF COMPREHENSIVE INCOME -
consolidated (Lei)**

		31.12.2023	31.12.2022
Net turnover	NOTE 4	593.358.927	535.850.640
Incomes from the sale of merchandise		589.976.173	530.960.392
Commercial discounts granted		-2.202.020	-2.799.654
Incomes from services provided and rents		5.584.773	7.689.902
Other operating incomes		4.921.303	3.350.123
OPERATING INCOMES - TOTAL		598.280.230	539.200.763
Material expenses	NOTE 5	547.527.853	491.419.460
Expenses with merchandise		555.927.973	495.526.556
Commercial discounts received		-11.009.494	-8.770.460
Expenses with raw materials and consumables		1.539.879	3.485.778
Other material expenses (inventory objects)		138.925	142.418
Expenses with energy and water		930.570	1.035.168
Personnel expenses	NOTE 6	20.619.788	22.132.735
Salaries and allowances		17.707.353	19.309.357
Expenses with insurance and social protection		886.176	903.217
Other personnel expenses		2.026.259	1.920.161
Amortisation and provisions		5.548.329	4.067.397
Amortisation		5.058.187	4.016.528
Net provisions		425.051	-279.307
Losses from receivables		65.092	330.175
Other operating expenses	NOTE 7	16.428.569	14.835.225
Expenses on external benefits		12.592.973	10.711.430
Expenses with other duties, taxes and similar levies		2.500.207	1.934.291
Other expenses		1.335.389	2.189.505
OPERATING EXPENSES - TOTAL		590.124.539	532.454.817
OPERATING RESULT		8.155.691	6.745.946
Financial incomes	NOTE 8	1.298.237	844.833
Interest income		869.372	386.605
Incomes from exchange rate differences		102.132	99.868
Incomes from dividends		68.305	79.826
Discounts for advance payments		258.428	257.985
Other financial incomes		-	20.549
Financial expenses	NOTE 8	545.353	532.927
Interest charges		121.559	162.298
Expenses from exchange rate differences		143.570	179.995
Advance collections discounts		-	172.434

Farmaceutica REMEDIA S.A. – Consolidated financial statements
concluded as at 31.12.2023

Other financial expenses		-	18.200
Share of loss from equity accounted investments		280.224	-
FINANCIAL RESULT		752.884	311.906
TOTAL INCOME		599.578.467	540.045.595
TOTAL EXPENSES		590.669.892	532.987.744
GROSS RESULT	NOTE 9	8.908.575	7.057.852
Corporate tax		1.706.927	1.248.719
TOTAL NET PROFIT of which distributable		7.201.648	5.809.133
Company's shareholders		7.201.648	5.809.133
Minority interest			
Other elements of the comprehensive result			
Revaluation of tangible fixed assets			
Tax afferent to other elements of comprehensive income			
Minority interest			
COMPREHENSIVE INCOME AFFERENT TO THE PERIOD - TOTAL of which attributable:		7.201.648	5.809.133
Company's shareholders		7.201.648	5.809.133
Minority interest			
Result per share (in Lei)			
- basic		0,0754	0,0608
- diluted		0,0754	0,0608

President of the Board of Administrators
"TARUS" - Valentin Norbert TARUS e.U.

by representative
Valentin – Norbert TARUS

Farmaceutica REMEDIA S.A. – Consolidated financial statements
concluded as at 31.12.2023

Farmaceutica REMEDIA S.A.

**STATEMENT OF FINANCIAL POSITION -
consolidated (Lei)**

		31.12.2023	31.12.2022
ASSETS			
Fixed assets		46.768.058	44.484.546
Tangible assets	NOTE 10	27.159.628	24.760.379
Real estate investments		16.364.407	16.545.703
Operational leasing assets		1.939.283	1.002.094
Software licenses	NOTE 11	553.105	109.054
Pharmacy licenses	NOTE 11	628.255	689.200
Participations held in group companies		-	588.620
Investments in jointly controlled entities accounted for using the equity method		21.509	-
Participations held in companies outside the group	NOTE 12	5.916	5.916
Deposits and guarantees paid	NOTE 12	95.955	783.580
Current assets		268.433.018	240.890.648
Stocks	NOTE 13	44.334.576	46.262.314
Trade receivables	NOTE 14	184.264.742	173.704.309
Other receivables		5.335.665	2.840.680
Cash and cash equivalents	NOTE 15	34.498.036	18.083.345
Accrued expenses		560.447	829.696
TOTAL ASSETS		315.761.523	286.204.891
EQUITIES AND LIABILITIES			
Equities		70.859.551	68.433.434
Share capital	NOTE 16	9.860.311	9.860.311
Issuance premiums		757.485	757.485
Reserves	NOTE 17	40.960.056	39.953.756
Current result		7.201.648	5.809.133
Result carried forward	NOTE 19	15.231.167	12.477.605
Result carried forward - restatement		-890.120	-312.229
Profit distribution			0
Own shares	NOTE 21	-2.260.996	-112.628
Long-term liabilities		5.447.865	3.175.842
Long-term leasing liabilities	NOTE 22	1.199.792	
Provisions	NOTE 23	-	
Liabilities with deferred profit tax		4.248.073	3.175.842
Current liabilities		239.454.107	214.595.615

Farmaceutica REMEDIA S.A. – Consolidated financial statements
concluded as at 31.12.2023

Bank loans	NOTE 24		
Short-term leasing liabilities		932.428	1.199.245
Suppliers and other assimilated liabilities		235.343.070	209.969.435
Provisions		440.784	217.307
Liabilities with current tax		325.137	155.049
Other short-term liabilities	NOTE 25	2.412.688	3.054.580
Total liabilities		244.901.972	217.771.457
TOTAL EQUITIES AND LIABILITIES		315.761.523	286.204.891

President of the Board of Administrators
"TARUS" - Valentin Norbert TARUS e.U.

by representative
Valentin – Norbert TARUS

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

STATEMENT OF CHANGES IN EQUITY

	Share	Legal	Revaluation	Other	Issuance	Result	Profit	Current	Own	TOTAL
	capital	reserves	reserves	reserves	premiums	carried forward	distribution	result	shares	
Balance as at 01.01.2022	9.860.311	2.122.356	21.942.203	19.990.538	757.485	6.430.144	0	7.233.158	-112.628	68.223.569
Repayment balance 2021 PES		20				232.388				232.408
Repositioning of treatments for profit account 2021						-2.086.604		1.930.977		-155.627
Profit transfer 2021 (FR) to result carried forward						859.155		-859.155		0
Profit distribution 2021(FR) to dividends				-3.899.880		-859.155				-4.759.035
Profit distribution 2021(FR) to other reserves										0
Closure of account 129										0
Profit transfer 2021(FRDL) to result carried forward						8.304.980		-8.304.980		0
Profit transfer 2021(FRDL) to dividends						-5.000.000				-5.000.000
Profit transfer 2021(FRDL) to other reserves				304.980		-304.980				0
Accounting result 2022 FR + FRDL								10.174.350		10.174.350
Retreatment of profit account						4.365.217		-4.365.217		0
Outputs buildings + lands										0
Revaluation of buildings and lands			-506.460							-506.460
Repurchase own shares									0	0
Deferred tax										0
Operational leasing retreatment (IFRS 16)						224.230				224.230
Balance as at 31.12.2022	9.860.311	2.122.376	21.435.743	16.395.639	757.485	12.165.375	0	5.809.133	-112.628	68.433.434

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

STATEMENT OF CHANGES IN EQUITY - continuation

	Capital	Rezerve	Rezerve	Alte	Prime	Rezultatul	Repartizare	Rezultatul	Actiuni	TOTAL
	social	legale	reevaluare	rezerve	emisiune	reportat	profit	curent	proprii	
Balance as at 01.01.2023	9.860.311	2.122.376	21.435.743	16.395.639	757.485	12.165.375	0	5.809.133	-112.628	68.433.434
Profit transfer 2022 PES		-20				-279.047		279.047		-20
Repositioning of retreatments for profit account 2022						-4.589.451		4.365.217		-224.234
Profit transfer 2022 (FR) to result carried forward						2.916.025		2.916.025		0
Profit distribution 2022(FR) to dividends				-1.699.789		-2.916.025				-4.615.814
Profit distribution 2021(FR) to other reserves										0
Closure of account 129										0
Profit distribution 2022(FRDL) to result carried forward						7.537.371		-7.537.371		0
Profit distribution 2022(FRDL) to dividends						-5.000.000				-5.000.000
Profit distribution 2022(FRDL) to other reserves										0
Accounting result 2023 FR + FRDL								13.000.629		13.000.629
Retreatment of profit account						5.798.981		-5.798.981		0
Outputs buildings + lands										0
Revaluation of buildings and lands			2.706.109							2.706.109
Accounting errors correction						-343.778				0
result carried forward - retreatment						-913.938				-913.938
Purchase of own shares									-2.148.368	-2.148.368
Deferred tax										0
Operational leasing retreatment (IFRS 16)						-34.466				-34.466
Balance as at 31.12.2023	9.860.311	2.122.356	24.141.859	14.695.850	757.485	14.341.047	0	7.201.649	-2.260.996	70.859.551

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded
as at 31.12.2023

STATEMENT OF TREASURY FLOWS (RON)		
consolidated		
	31/12/2023	31/12/2022
Cash flows from operating activities		
Collections from the sale of goods and from the provision of services	629.144.905	547.239.304
Other cash inflows	10.715.286	26.234.825
Payments to suppliers of goods and services	-577.472.329	-520.745.709
Payments to and on behalf of employees (including taxes on salaries)	-18.386.001	-20.051.312
Corporate tax payments	-1.605.020	-1.285.506
Payments of other taxes and fees	-18.847.274	-9.078.149
Paid interests	-	-65.890
Collected interests (current account)	869.372	386.605
Other cash outflows	-1.196.328	-24.622.509
Total operating cash flow	23.222.610	-1.988.341
Cash flow from investment activities		0
Collections from the sale of long-term assets and financial investments	345.513	197.700
Collected interests (from deposits)	-	0
Collected dividends	68.305	79.826
Payments for the acquisition of long-term assets	-1.382.889	-38.016
Total cash flow from investments	-969.071	239.510
Cash flow from financing activities		
Short-term loan withdrawals	-	0
Repayment of short-term loans	-	0
Net foreign exchange differences	-4.696	-54.864
Financing received from shareholders	-	0
Repayments of long-term loans, including interest	-	0
Payments to shareholders (dividends)	-4.189.777	-4.470.000
Payments of own shares	-1.503.869	0
Total cash flow from financing	-5.698.341	-4.524.864
Total cash flow	16.555.198	-6.273.695
Cash at the beginning of the period	18.083.345	24.217.749
Cash at the beginning of the associated period	-140.507	139.292
Cash at the end of the period	34.498.036	18.083.345

President of the Board of Administrators
"TARUS" Valentin Norbert TARUS e.U.
by representative
Valentin - Norbert TARUS

NOTE 1 INFORMATION ON CONSOLIDATED COMPANIES

1.1. Reporting entity

Farmaceutica REMEDIA S.A. (FR)

Farmaceutica REMEDIA S.A. ("the Company") is a commercial company with registered office in Deva, Bld. Nicolae Balcescu nr. 2 (formerly Str. Dorobantilor 43), Hunedoara County, Romania.

On **25 July 1991**, Farmaceutica REMEDIA S.A. was established as a commercial company with full state capital, through the reorganization of the Deva Pharmaceutical Office - established in 1957.

On **13 October 2000**, V.TARUS RoAgencies S.R.L. acquired from FPS the majority of shares (55,802 %).

On **01 January 2006**, Farmaceutica REMEDIA S.A. merged by absorption with V.TARUS RoAgencies S.R.L.

According to Law 95/2006, republished in August 2015, companies are prohibited from carrying out, at the same time, wholesale and retail distribution of medicines (Art. 800 paragraph 2).

On **January 1, 2016**, Farmaceutica REMEDIA S.A. completed the transfer of distribution activities to Farmaceutica REMEDIA Distribution & Logistics S.R.L., a new company, 100% owned, of the wholesale distribution of medicines, together with related activities (logistics services, registration of pharmaceutical products, promotion and marketing of medicines, etc.), Farmaceutica REMEDIA S.A. kept the operation of the chain of pharmacies and local offices.

As a result of the change in the main object of activity imposed by the above-mentioned legislation, the company had to buy back from the market (in 2015) a number of 300,100 shares at a price set by an authorized appraiser.

In **February 2023**, Farmaceutica REMEDIA SA sold 1 pharmaceutical license to Remedea Aviației pharmacy in Bucharest.

On **02.03.2023**, Farmaceutica REMEDIA SA completed a share repurchase operation carried out for the purpose of a Stock Option Plan. The number of shares repurchased on 02.03.2022, according to ASF Decision 122/08.02.2023 is 2,864,425 shares, representing 3% of the share capital. Total number of shares subscribed in the operation: 2,864,425 shares, representing 100% of the Offer. The total amount paid by Farmaceutica REMEDIA was 2,148,319 Lei. Repurchase price: 0.75 Lei per share.

In **August 2023** Farmaceutica Remedea SA closed the pharmacy Sf Augustin in Rosiori, Bihor county.

In **September 2023**, Farmaceutica REMEDIA Distribution & Logistics SRL closed the logistics warehouse in Craiova, as a measure to streamline its operational costs.

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In **December 2023**, Farmaceutica REMEDIA SA sold to Farmaceutica REMEDIA Distribution & Logistics SRL, 1 pharmaceutical license related to Remedia Metalurgiei pharmacy in Bucharest and the automatic storage system for pharmaceutical products.

1.2. Other entities participating in the consolidation

Farmaceutica REMEDIA Distribution & Logistics S.R.L. (FRDL)

Farmaceutica REMEDIA Distribution & Logistics S.R.L., formerly Sibmedica S.R.L. had its activity suspended from 16.12.2013 until 19.01.2015, when it was reactivated under the new name. The company is 100% owned by Farmaceutica REMEDIA S.A.

The main activity carried out by Farmaceutica REMEDIA Distribution & Logistics S.R.L. is the wholesale distribution of medicines, and related activities are logistics services and registration of medicines.

Farmaceutica REMEDIA Distribution & Logistics S.R.L. is a national distributor with a network of 5 warehouses located in Bucharest, Deva, Brasov, Pitesti, Iasi.

During 2023, Farmaceutica REMEDIA S.A., Farmaceutica REMEDIA Distribution & Logistics S.R.L did not participate in mergers.

NOTA 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Declaration of conformity

The consolidated financial statements of the reporting company have been prepared in accordance with the provisions of Order No. 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent amendments and clarifications.

The financial statements as at 31.12.2023 of the reporting entity were approved by the Board of Directors of the Company on 19.03.2024.

There are no significant differences between the value of economic and financial indicators determined according to the accounting directives and those resulting from the application of IFRS provisions.

The consolidated financial statements are audited, as well as the financial statements of each entity included in the scope of consolidation.

Basics of evaluation

The financial statements have been prepared on the historical cost basis except for buildings and land which are valued at fair value (market value determined by valuation by an expert valuer). Historical cost is generally based on the fair value of the consideration given for the assets.

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

Consolidated companies present in the financial statements at fair value all assets and liabilities for which fair value measurement is required, the methods used to determine fair value being inventory and revaluation (IFRS 13).

The buildings (included in the class Tangible fixed assets and investment property) and land owned by the Company are valued annually by an independent certified appraiser, member of ANEVAR, with recent and relevant experience in terms of location and category of the investment subject to valuation.

Since 2015, the revaluation method used has been the gross income multiplier method (quantifying the present value of the anticipated future benefits produced to the owner from the rental of the property). The values were estimated on the basis of public market studies and the correlation was made based on several criteria, the most important being the number of inhabitants of the locality where the property is located.

Property, plant and equipment valuations have been classified as Level 2 because their values are comparable to similar values in the active market, are adjusted and are directly observable - IFRS 13.93 (b).

The companies do not hold financial instruments that would require the use of other fair value estimation methods.

During 2023 there were no events and circumstances that led to the recognition of a significant impairment loss on property, plant and equipment.

Balances and transactions within the Group and any other unrealised income or expenses arising from transactions within the Group are eliminated in the preparation of the consolidated financial statements. Unrealised gains or losses on transactions with associates accounted for using the equity method are eliminated against the investment in the associate to the extent of the percentage held.

Functional and presentation currency

The financial statements are presented in LEI (RON), which is the Company's functional currency. All financial information is presented in LEI.

Principle of continuity of activity

The financial statements have been prepared on a going concern basis, which means that the company will, for the foreseeable future, continue in business as usual without going bankrupt, going into liquidation or significantly reducing its activities.

Comparative situations

In 2023 the Company has updated its accounting policies for certain IFRS standards, and these affect the ending balances from 2023.

Professional estimates and reasoning

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

The preparation of financial statements in conformity with IFRS or National Reporting Standards requires management to use professional judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Under these conditions, actual results may differ from estimated amounts. The underlying estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimate was revised and in future periods affected. The following are critical professional judgements/reasons that the Company's management has made that have a significant impact on the amounts recognised in the financial statements:

- Useful lives of non-current assets
- Deferred taxes
- Provisions
- Segment reporting
- Cost of goods sold by the reporting company (FR) and sourced from FRDL

Changes in accounting policies

The Company's financial statements have been prepared in accordance with:

- Accountancy Law No.82/1991, republished and updated;
- the provisions of the Order of the Minister of Public Finance No. 2844/2016, approving the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as amended and clarified.

These financial statements have been prepared in accordance with recognition, measurement and measurement criteria in conformity with International Financial Reporting Standards, Interpretations and International Accounting Standards (collectively referred to as "IFRSs") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRSs").

The financial statements for the year ended 31.12.2023 comprise the statement of financial position, Statement of comprehensive income, statement of cash flows, statement of changes in equity and explanatory notes.

The principal accounting policies applied in the preparation of the financial statements have been applied consistently.

The preparation of financial statements in accordance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to use judgement in the process of applying the Company's accounting policies.

Areas involving a higher degree of complexity and application of such judgements or where assumptions and estimates have a significant impact on the financial statements.

These provisions correspond to the requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). Effects of exchange rate changes on the functional currency. For the purposes of preparing these financial statements in

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

accordance with Romanian legislative requirements, the Company's functional currency is considered to be RON ("Romanian Leu").

The Company's management considers as functional currency, as defined by IAS 21 - The Effects of Changes in Foreign Exchange Rates

New accounting regulations

As from 2023, the Company has applied IFRS 16 for all contracts, adding lease contracts.

The table below summarises the impact of this change in accounting policy on the consolidated financial statements.

	<i>31.12.2023</i>
	<i>RON</i>
Consolidated profit and loss account	-10.425
- rental expenses	<i>122.490</i>
- interest expenses	<i>-53.571</i>
- depreciation expenses	<i>-79.344</i>
Consolidated statement of financial position	
- assets from rights of use	<i>667.684</i>
- liabilities from leasing	<i>826.155</i>

The following amendments to existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

IFRS 17 Insurance Contracts (including amendments to IFRS 17 in June 2020 and December 2021)	The Group adopted IFRS 17 with all amendments for the first time in 2023. IFRS 17 establishes principles for the recognition, measurement and presentation of insurance contracts and replaces IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions for estimating the value, timing and uncertainty of future cash flows and explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholder options and guarantees. The Group has no contracts that meet the definition of an insurance contract under IFRS 17.
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Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

Amendments to IAS 1, Presentation of Financial Statements	<p>The Group adopted the amendments to IAS 1 for the first time this year. The amendments modify the requirements in IAS 1 regarding the presentation of accounting policies. The amendments replace the term 'significant accounting policies' with 'significant accounting policy disclosures'. Accounting policy information is material when, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence the decisions that the primary users of the financial statements make on the basis of that information.</p> <p>IAS 1 also amended paragraphs to clarify that accounting policy information about immaterial transactions or events is not material and shall not be disclosed. Accounting policy information may be material because of the nature of the related transactions or events, even if the amounts are immaterial. However, not all accounting policy disclosures about significant transactions or events are themselves material.</p>
Amendments to IAS 12 Deferred tax assets and liabilities arising from a single transaction	<p>The Group adopted the amendments to IAS 12 for the first time in 2023. The amendments introduce a new exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.</p> <p>Depending on the applicable tax rules, equal taxable and deductible temporary differences may arise in a transaction that is not a combination and affects neither accounting profit nor taxable profit.</p> <p>Under the amendments to IAS 12, an entity is required to recognise the deferred tax asset and liability and the asset is recognised based on the recoverability criteria set out in IAS 12.</p>
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	<p>The Group adopted IAS 8 amendments for the first time in 2023. The amendments replace the definition of a change in accounting estimates with the definition of an accounting estimate. Under the new definition, accounting estimates are "monetary amounts in the financial statements that are subject to measurement uncertainty". The definition of a change in an accounting estimate has been deleted.</p>

Amendments to IAS 1 Presentation of Financial Statements - Classification of current and non-current liabilities.

The amendments to IAS 1 published in January 2020 only affect the presentation of liabilities as short-term or long-term in the statement of financial position and not the amount or timing of recognition of any assets, liabilities, income or expenses nor the disclosures about these items.

The amendments clarify that this short or long-term classification is based on the rights that exist at the end of the reporting period and is not affected by the expectation that the company can exercise the right to defer payment of a debt and explain that rights exist certain contractual conditions are met at the end of the reporting period. It clarifies the term 'discharge', i.e. the transfer of money, equity instruments, or other assets or services.

Basics of consolidation

The reporting company has a 100% interest in the consolidated company, in which it has control over the financial and operating policies.

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

The consolidated financial statements incorporate the financial statements of the parent company and its controlled entities (subsidiaries) as at 31 December each year. Control is exercised when the parent company:

- Has decision-making power over the investee
- Has rights to profits from its involvement in the investee
- Has the ability to use its power to influence profits

The parent company reassesses whether or not it has control of an investee if there are circumstances indicating that there are changes in one or more of the three elements of control listed above.

When the parent owns less than a majority of the voting power of an investee, it considers that it has control of the investee when the voting power is sufficient to give it the practical ability to govern the relevant activities of the investee unilaterally. The parent company shall consider all relevant circumstances in assessing whether or not the voting rights of the parent company in an investee are sufficient to give it power, including:

- The voting rights that the parent holds in relation to other shareholders that have voting rights
- Potential voting rights held by the parent company and other third parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances indicating that the parent company has or currently has the ability to control the relevant activities at the time decisions are to be made, including the nature of voting at past shareholder meetings

Consolidation of a subsidiary begins when the parent obtains control of the subsidiary and ceases when the parent loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the parent acquires control until the date the parent ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the accounting policies of the group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between group members are eliminated on consolidation.

As at 31.12.2023, Farmaceutica REMEDIA S.A. did not hold controlling interests or significant influence in other companies except for consolidated companies.

A list of shareholdings is presented in NOTE 12.

NOTE 3 SIGNIFICANT ACCOUNTING POLICY DISCLOSURES

Business Combinations – IFRS 3

Business combinations are accounted for using the purchase method. The acquirer recognises the identifiable assets, liabilities and contingent liabilities of the acquiree at fair values at the acquisition date and also recognises goodwill which is subsequently tested for impairment rather than amortised. Direct acquisition costs are recognised directly in the income statement.

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

Investments in jointly controlled entities – IAS 28

An associate is an entity over which the Company has significant influence but is neither a subsidiary nor a joint venture. Significant influence is the power to participate in financial and operating policy decisions, but is not control over those decisions.

Using the equity method, an investment in a jointly controlled entity is initially recognised in the Consolidated Statement of Financial Position at cost and is then adjusted to reflect the group's share of the profit or loss of the associate. If the group's share of losses in the associate exceeds the value of the investment, the group stops recognising future losses.

On acquisition of an associate, any excess of the cost of the investment over the group's share of the entity's identifiable assets and liabilities will be recognised as goodwill, which will be included in the value of the investment.

If there is objective evidence that the group's net investment in the associate is impaired, the requirements of IAS 36 apply to determine whether an impairment loss should be recognised.

The equity method is no longer used when the entity is no longer jointly controlled. When the group retains an interest that is classified as a financial asset, the group shall present the asset at fair value and this shall be determined on initial recognition in accordance with IFRS 9.

Revenue recognition

Revenue is the gross inflow of economic benefits during the period arising in the normal course of an entity's activities in the form of asset inflows, asset write-downs, or debt decreases, resulting in increases in equity, other than those arising from contributions from equity holders.

INCOME RECOGNITION ACCORDING TO IFRS 15

Revenue is recognised when the significant risks and rewards of ownership of assets are transferred to the customer. Revenue amounts do not include sales taxes (VAT), but include trade discounts granted. Financial discounts granted to customers (discounts) reduce the amount of the Company's revenue.

The Company recognises revenue when its amount can be measured reliably, when it is probable that it will produce future economic benefits to the entity, and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered reliably measurable until all contingencies relating to sales have been resolved. The Company bases its estimates on historical results, taking into account the type of customer, the type of transaction and the specific elements of each contract.

Revenue from services rendered is recognised in the period in which they are rendered and in line with the stage of completion.

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

Interest income is recognised periodically, on a pro rata basis, as the income is earned, on an accrual basis.

Revenue from rental income and/or rights to use assets is recognised on an accrual basis, as per the contract.

Dividends distributed to shareholders, proposed or declared after the date of the financial statements, are recognised as dividend income when the shareholder's right to receive them is established.

Revenue represents the gross inflow of economic benefits during the period arising in the course of an entity's normal activities in the form of inflows of assets or increases in the value of assets, or decreases in liabilities, that result in increases in equity, other than those arising from contributions from equity holders.

Revenue is an increase in economic benefits recorded during the accounting period in the form of inflows or increases in assets or reductions in liabilities, which results in increases in equity other than those arising from shareholders' contributions.

Fair value is the amount at which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

IFRS 15 focuses instead on the identification of obligations and makes a clear distinction between obligations that are satisfied "at a point in time" and those that are satisfied "over a period of time", this being determined by the manner in which control of the goods or services is transferred to the customer.

Revenue is measured in accordance with IFRS 15 - Revenue from Contracts with Customers.

IFRS 15 establishes a five-step model for recording revenue from contracts with customers:

- **Step 1: Identify the contract with a customer**
- **Step 2: Identifying the payment obligations in the contract**
- **Step 3: Determining the transaction price**
- **Step 4: Allocate the transaction price for the performance obligations in the contract**
- **Step 5: Recognising revenue as the company meets a performance obligation**

The company has contracts with customers for the delivery of goods (pharmaceutical and parapharmaceutical products, and robots) and contracts for the provision of services (logistics services, rents, and robot assembly and maintenance work).

The client is analysed within the control department by accessing data from platforms offering this service, e.g. "Company list" and by requesting credit reports from specialised companies.

For all private clients related to the goods distribution activity, the company uses as credit limit the amount granted by the insurance company with which the company has a contract.

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

The company identifies the terms of payment and the rights of each party in terms of regarding the goods and services, it is established that it has commercial content, and the parties have approved the contract and undertake to fulfil their obligations according to the payment terms for the goods and services transferred.

The Company evaluates the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer a distinct good or service to the customer.

Performance obligations are explicitly stated in the contract.

The company considers the terms of the contract and its usual business practices in determining the transaction price.

The transaction price is the amount of consideration to which the company expects to be entitled in exchange for the transfer of the promised goods or services to the customer, not including VAT or other taxes.

For the purposes of determining the transaction price, the company assumes that the goods or services will be transferred to the customer as promised under the existing contract and that this contract will not be cancelled, renewed or amended.

The individual (specific) selling price of a good or service is the price at which the good or service would be sold separately. When it is not directly observable, it can be determined:

- by reference to the market price (adjusted market valuation approach);
- through electronic auctions organised on the SEAP platform for public hospital customers the reference price is established
- by adding a margin to the cost that the entity expects to incur for the performance of that obligation

Under IFRS 15, revenue is recognised in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to a customer.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods.

In the case of contracts with customers, the sale of goods and other assets (pharmaceutical robots) is generally expected to be the only performance obligation, revenue recognition occurs at a point in time when control of the asset is transferred to the customer, i.e. when the goods are delivered/put into service in accordance with the terms of the contract.

In the case of sales of goods, in the case of retail sales directly to the customer but physical person, it is estimated that the adoption of IFRS 15 will have no impact on the Company's revenue and profit or loss. These are recorded at the time of the sale to the customer - natural person, based on the invoice and monthly cash register Z report.

Income related to goods - RX drugs only, for which co-payment of the good is provided by contracts with CNAS is recognized in the month in which the patient has taken possession of the goods, on the basis of the invoices issued to the Health Houses.

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Interest income is recognised monthly using the effective interest method and is included in the profit and loss account under financial income.

Dividend income is recognised when the shareholder's right to receive payment has been established.

Expenditure recognition

Expenses represent the decrease in economic benefits recorded during the accounting period in the form of decreases or decreases in the value of assets, or increases in liabilities leading to reductions in equity, other than those resulting from their distribution to shareholders.

Currency conversions

In the financial statements, transactions in currencies other than the entity's functional currency (RON) are recognised at the current exchange rate at the date of the transactions. At the end of each reporting period, monetary items denominated in a foreign currency are translated at the current rates (BNR) at that date.

Monetary assets and liabilities denominated in foreign currencies at 31 December 2023 are valued in RON using the exchange rate (BNR) prevailing at the year-end date, i.e. 1 EUR = 4.9746 RON; 1 USD = 4.4958 RON.

Exchange rate differences related to monetary elements are recognized in the profit and loss account at the time of occurrence.

The non-monetary elements accounted for at fair value in a foreign currency are converted at the current rates from the date on which the fair value was established. Non-monetary items valued at historical cost in a foreign currency are not converted.

Government subsidies

Government subsidies are recognized when there is reasonable certainty that the subsidy will be received and all related conditions will be met.

Capital subsidies, including non-monetary subsidies valued at fair value, are recognized as investment subsidies and are recognized in the balance sheet as income in advance, it is taken back to income as expenses are recorded with the amortization of the asset or at the time of the sale of the asset

The company did not benefit from government subsidies.

Tax

Current profit tax

The profit tax for the current period is presented at the amount to be paid to the tax authorities and is reported in the tax returns according to the legislation in force, the percentage applied to the taxable profit being 16%.

Deferred profit tax - IAS 12

The elements regarding deferred tax are recognized in correlation with the transaction supporting other elements of the global result or in the case of FR, directly in equity (IAS 12 – Recognition of liabilities and receivables regarding deferred tax).

Deferred tax receivables and liabilities are offset if there is a legal right to offset current tax receivables with current tax liabilities and deferred taxes refer to the same taxable entity and the same fiscal authority.

Deferred tax liabilities are represented by the amounts of profit tax payable in future periods regarding taxable temporary differences (point 5 of IAS12). These deferred tax liabilities are established when:

- • the accounting value of an asset exceeds its tax value;
- • the accounting value of an obligation is lower than its tax value.

When calculating the deferred tax, the company takes into account the provisions of IAS 12.

Deferred tax assets and liabilities **are recognized when the accounting value of an asset or liability in the statement of financial position differs from the tax base.**

Value added tax

The company applies two rates for calculating the value added tax, respectively 9% and 19% corresponding to the nature of the taxable base (eg for medicines the applicable rate is 9%).

The applicable VAT rate on rental income is 19%, the Company duly notifying the tax authority in this regard.

The net value of recoverable or payable VAT is included as part of receivables and payables in the statement of financial position.

Tangible assets

For initial recognition, tangible assets are valued at cost, net of accumulated depreciation and/or accumulated impairment losses, if applicable.

For the subsequent valuation, land and buildings are valued at fair value, from which the accumulated depreciation of the buildings, as well as the recognized value losses at the valuation date, are deducted. Valuations are performed with sufficient regularity to ensure that the fair value of the revalued assets does not differ materially from the net book value.

A surplus from the revaluation is recorded in other elements of the global result and thus credited to the reserve from the revaluation of the buildings, within the equity. However, to the extent that it recovers a deficit from the revaluation of the same asset previously recognized in the profit and loss account, the increase is recognized in the profit and loss account. A revaluation deficit is recognized in the profit and loss account, if an existing surplus recorded previously for the same asset, recognized in the asset revaluation reserve (according to IAS 16), is not compensated. In addition, the accumulated depreciation on the valuation date is

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eliminated from the accounting value of the asset and the net amount is restated at the revalued value of the asset. Upon disposal, any revaluation reserve that refers to the respective asset to be sold is transferred to retained earnings.

For other tangible assets, the cost-based model is used.

In the case of tangible assets to which the cost-based model was applied, the linear depreciation method was used to calculate depreciation.

Assets under leasing (vans and cars) were restated according to IFRS 16.

The tangible assets held are subject to impairment tests to detect the case where their accounting value cannot be fully recovered. When the accounting value of an asset is greater than the recoverable amount, the asset is adjusted accordingly (IAS 36 – Depreciation of assets) by setting up a provision.

For new immobilized assets, such as installations, machines and measuring and control devices, the useful lives were established taking into account the estimated level of use based on the use of the asset's capacity.

The lifetimes used are the following:

Buildings and constructions	32 - 48 years
Equipment and installations	6 - 12 years
Means of transport	4 - 6 years
Computing technique	2 - 4 years
Furniture and office equipment	9 - 15 years

Current investments are amortized starting with the month following the moment of commissioning.

The expenses for the maintenance and repairs of tangible assets are recognized in the profit and loss account at the time they are made, and the improvements that lead to the optimization of their exploitation and fall within the legal norms are capitalized.

Leasing contracts

(a) The company is the lessee

The company evaluates whether a contract is a leasing one, at the start date of the contract. The company recognizes an asset from rights of use and a corresponding leasing liability, referring to all leasing contracts in which it is a tenant, except for short-term or low-value contracts (this is not the case).

The lease liability is initially valued at the present value of the lease installments that are unpaid at the inception date, using the default discount rate in the contract. If this rate cannot be determined easily, the company uses the marginal lending rate.

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The marginal lending rate depends on the term, currency and start date of the contract and is determined based on information such as the government bond rate, specific adjustments for country risk and credit risk.

The lease debt is subsequently measured by adding the interest amount and is reduced by the payments made.

The company reassesses the lease liability (and makes a corresponding adjustment for the right-of-use asset) when:

- The duration of the lease changes
- Lease payments change due to changes in an index or estimated payments, in which case the lease liability is revalued by updating these changed payments with the same discount rate.
- A leasing contract is modified and I do not consider it a separate lease, in which case the lease debt is reassessed based on the new term, and the modified payments are updated using the rate from the date of the modification

In 2023 IFRS 16 was applied for the first time for lease contracts.

Right-of-use assets comprise the initial value of the corresponding leasing liability, minus any initial direct costs. They are subsequently valued at cost less accumulated depreciation and impairment losses.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and reflects any impairment loss as described in the property, plant and equipment policy.

The costs of indebtedness

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of that asset. All other costs of indebtedness are expensed in the period in which they occur.

Borrowing costs represent interest and other costs borne by Entities for borrowing funds.

The entities did not go into debt for the acquisition, construction or production of an asset.

Real estate investments (IAS 40)

Real estate properties used to obtain rental income or for which it is expected that in the future they will be rented, or their value will appreciate, have been classified as "real estate investments". In the case of properties partially used by the companies for carrying out the activity and partially rented, the value of the real estate investment was determined proportionally to the area allocated for renting to third parties as presented in NOTE 10. Real estate investments are presented in the financial statements at fair value, reflecting the conditions of the market at the end of the reporting period and do not include transaction costs that may be incurred in case of sale (IAS 40).

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Thus, the buildings classified as real estate investments are evaluated annually by an independent authorized appraiser, member of ANEVAR, having recent and relevant experience regarding the location and category of the real estate investment subject to evaluation.

During the year 2023, there were no events and circumstances that would lead to the recognition of a significant impairment loss of real estate investments.

Intangible assets

Intangible assets are initially valued at cost (IAS 38 – Intangible assets and IAS 36 – Depreciation of assets). The useful lives of intangible assets are evaluated as being determined or indefinite.

Intangible assets with a determined useful life are amortized over their economic life and are depreciated whenever there are indications of impairment of the intangible asset.

The amortization expense of this type of intangible assets is recognized in the profit and loss account.

Intangible assets such as purchased software programs are amortized linearly over a period of 1-3 years.

Operating authorizations for pharmacy activity (pharmacy licenses) are included in the category of indefinite-lived intangible assets. According to the legislation in force, the number of these authorizations is limited according to several criteria, the most important of which is the demographic criterion. Operating authorizations are valued at purchase cost, have an infinite useful life, are transferable (have a price) and do not depreciate. In some cases, the costs generated by the purchase of pharmacy licenses were capitalized.

During the year 2023, there were no events and circumstances that would lead to the recognition of a significant impairment loss of intangible assets.

Financial instruments

Financial assets

Financial assets are classified, upon initial recognition, for the purpose of subsequent evaluation at amortized cost, fair value through Other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model of the Companies regarding their management.

The business model of the Companies regarding the management of financial assets is established by groups of assets and not for each individual asset or at the level of the entire entity and refers to the way in which they manage their financial assets to generate cash

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flows. The business model determines whether cash flows will result from the collection of contractual cash flows, from the sale of financial assets, or from both activities.

According to the economic model, companies measure financial assets at amortized cost if the following conditions are simultaneously met:

- The financial asset is held within a business model with the objective of holding financial assets to collect contractual cash flows and;
- The contractual terms of the financial asset give rise to cash flows on the specified dates that represent exclusively payments of the principal and the interest related to the principal payment amount

Financial assets are represented by loans, trade receivables and other receivables, cash and cash equivalents.

The entities do not own a portfolio of tradable financial assets.

The reporting company holds majority shares in one company and minority shares in two other companies. These financial assets are not listed on a regulated market and are presented at purchase value without being revalued.

Cash and cash equivalents are liquid in the short term and can be found in cashiers, current bank accounts and deposits with a maturity of less than one year.

For more information on receivables, see Note 14 - Trade receivables and other receivables.

Financial debts

Financial liabilities are classified into two categories:

- valued at amortized cost and
- valued at fair value through profit or loss for the period

All financial liabilities are valued at amortized cost (such as trade debts, loans from the issue of bonds, bank loans with a standard interest rate, etc.), with the exception of financial liabilities valued at fair value through the profit or loss of the period, the category of which includes:

- those held for the purpose of being traded issued for the purpose of being redeemed in a short period of time
- those in the form of derivative financial instruments that were not included in the category of hedging operations (interest rate swaps, commodity and foreign exchange forward contracts, commodity and foreign exchange options, etc.
- those for which the entity chose the fair value valuation option because:
 - - an accounting inconsistency of assessment or recognition (accounting mismatch) is eliminated or significantly reduced and thus the relevance of the published information is improved
 - - a group of liabilities or liabilities and assets is managed and valued at fair value in accordance with a documented risk management or investment strategy (and information about the group is provided to key management personnel (KMP Key Management Personnel)

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At the time of initial recognition, a financial instrument is valued at fair value to which trading costs are added, except for financial instruments valued at fair value through profit or loss for which trading costs are recognized in the profit or loss of the period and are accounted for as expenses. The amortized cost of a financial liability is determined as follows:

- 1 the initially accounted amount
- 2 debt repayments
- 3.+/- cumulative amortization of the difference between the initial amount and the maturity amount calculated based on the effective interest method

The reporting company and the consolidated company have jointly opened a multi-currency credit line worth 90 million lei, mainly used by FRDL for the issuance of participation/good performance guarantee letters issued in favor of clients and for working capital.

There is also a credit line available to the Companies, SME type with guarantees from the state fund, which is currently being used.

The main policies regarding financial instruments and risk management are presented in NOTE 29.

Inventories

The stock of goods (pharmaceutical and parapharmaceutical products) represents over 99% of the total stocks of the entities. In the accounting situations, the stocks of goods are highlighted at the cost of entry, which includes, in addition to the purchase price, import taxes, transport and, when appropriate, discounts received or future discounts. Inventories are valued at the end of the period at the lower of cost and net realizable value (IAS 2 – Inventories). Starting with the year 2011, certain future discounts are included in the cost of stored goods.

The net realizable value is the estimated selling price under the normal operation of the business, less the estimated costs of completion and selling costs.

In the case of retail sales, in the own pharmacies, the stocks of medicines and parapharmaceutical products are shown at the retail price (purchase price + commercial surcharge + VAT).

Stocks being mostly represented by drugs managed strictly on the basis of manufacturing batches (according to the legislation in force), when leaving management, the FEFO method (first expired, first out) is used, and in the case of the existence of two batches with the same term expiration, the FIFO (first in, first out) method is used.

Determining the actual quantities in stock is done using the permanent inventory method. The company periodically inventories stocks to determine if they are damaged, have slow movement or if the net realizable value has decreased, making the necessary adjustments if necessary.

Entities hold stocks of pledged goods in the account of debts.

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Information on stocks is presented in NOTE 13 (IAS 2.36 – Stocks – presentation of information).

Provisions

provision is recognized if, following a previous event, an entity has a present obligation, legal or implied, which can be reliably estimated and which will generate an outflow of economic benefits for its settlement (IAS 37 – Provisions, contingent liabilities and contingent assets).

The expense related to any provision is presented in the profit and loss account.

Provisions are reviewed at each balance sheet date and adjusted to reflect management's current best estimate in this regard. If an outflow of resources is no longer likely to settle an obligation, the provision is canceled by resuming income.

Provisions for litigation are recognized when management estimates that cash outflows will be required as a result of unfavorable litigation. The entities had no significant risk of cash outflow as a result of litigation.

The entities established provisions for the depreciation of current assets (goods, debtors and uncertain customers) as well as for risks and expenses.

Provisions for uncertain customers are recognized based on the analysis of balances older than 6 months. Provisions are set up for clients who are insolvent or with a low probability of collection. When the loss becomes certain (decision of the judge of deletion from the Trade Register), the unpaid balances are recognized as costs and, at the same time, the previously established provision is reversed

A situation of established provisions can be found in note 23.

Employee benefits (IAS 19)

a) The pension plan

All the employees of the consolidated companies are included in the Pension Plan of the Romanian state, some of the employees also contributing to the private pension plans (pillar II or III). In this context, the companies make payments to the Romanian state on behalf of its employees.

No other pension plan or post-retirement benefits plan applies, apart from the one mentioned in the previous paragraph.

Contributions to the Romanian State Pension Plan are borne on monthly costs, in the month for which these contributions are due.

Employees who retire due to the age limit will receive an allowance equal to 2 gross salaries, based on the last gross salary of the employee in the month of retirement. The allowance is granted only to employees who, after retirement, cease their activity within the company.

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b) Other employee benefits

All employees on the basis of an 8-hour work contract benefit from meal vouchers according to the legislation in force, vacation premium, as well as fixed premiums on the occasion of legal holidays.

Individually fired employees benefit from an allowance equal to the last gross salary, if they have been employed for 2-4 years, 2 gross salaries if they have been employed for 4-6 years and 3 gross salaries if the employee has been employed for more than 6 years. In the case of collective layoffs, the compensation granted is similar to that for individual layoffs.

At the level of the Company, a stock option plan program was approved, which offers a valuable opportunity for some of the employees and members of the Company's management and some affiliated legal entities, to be rewarded for their contribution to the company's success. Through this program, a number of 2,864,425 shares are intended to be granted to eligible persons according to the established criteria and the implementation plan approved by the Board of Directors. The distribution of the shares to the eligible employees will be done in 2024, provided that the criteria are met.

On 02.03.2023, Farmaceutica REMEDIA SA completed a share buyback operation carried out with the aim of running a Stock Option Plan type program. The number of shares redeemed on 02.03.2023, according to FSA Decision 122/08.02.2023, is 2,864,425 shares, representing 3% of the share capital. Total number of shares subscribed in the operation: 2,864,425 shares, representing 100% of the Offer. The total amount paid by Farmaceutica REMEDIA was 2,148,319 Lei. Redemption price: 0.75 Lei per share.

c) Annual bonuses of managers and members of the Board of Directors

Directors and members of the Board of Administrators of the reporting and consolidated companies benefit from annual bonuses based on mandate contracts (depending on the achievement of certain performance indicators) or decisions of the Board of Administrators.

Dividends

The distribution of dividends to shareholders is recorded in the financial statements in the year in which they were approved by the General Meeting of Shareholders, so they are not recognized as liabilities at the end of the reporting period.

The calculation and highlighting of dividends are carried out taking into account the provisions of IAS 10 - Events subsequent to the reporting period.

No cumulative preferential dividends are distributed.

The dividend situation is presented in NOTE 18.

Related parties

The parties are considered affiliated when one of them has the ability to control or significantly influence the other party, through ownership, contractual rights, family relationships or by

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other means. Related parties also include the main shareholders of the company, members of management, members of the Board of Directors and members of their families, parties with which they jointly control other companies, post-employment benefit plans for the company's employees.

Details regarding transactions with related parties are presented separately in NOTE 27.

Equity

Equity represents the rights of the shareholders over the assets after deducting all liabilities. These include: capital contributions, capital premiums, reserves, retained earnings and financial results.

Capital contributions

Farmaceutica REMEDIA S.A. was established in 1991 as a wholly state-owned commercial company. In 2006, the Company merged with V.TARUS RoAgencies SRL. In 2007 the Company increased its capital by subscribing shares. In 2009 the company was listed in category 2 of the BVB, which later became the STANDARD category.

Evolution of share capital:

	Date	Number of shares	Value	Date
1	10.11.1999	3.370.107	337.010,70	Initial state capital, including land contributed in kind
2	06.09.2001	1.500.000	150.000,00	Cash contribution to V.TARUS RoAgencies
3	23.07.2003	42.402	4.240,20	Merger - capital of Ditafarm Trading - absorbed company
4	05.01.2006	5.696.471	569.647,10	Merger - capital of V.TARUS RoAgencies - absorbed company
5	21.12.2007	87.905.969	8.790.596,90	Capital increase - shareholders with pre-emptive rights
6	04.05.2009	7.574.851	757.485,10	Capital increase - AHG Simcor Industry S.R.L.
7	09.06.2021	- 10.608.980	- 1.060.898,00	Reduction of share capital - repurchase of shares followed by their cancellation
	TOTAL	95.480.820	9.548.082,00	

As the valuation made at the date of the merger of the two companies eliminated any revaluation surplus that arose in previous periods and any further increase in share capital was made after 31 December 2003, share capital was not adjusted for inflation in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies.

Farmaceutica REMEDIA Distribution & Logistics SRL was established in 1993 under the name Sibmedica SRL, a company established in 1993, with activity suspended on 16.12.2013 and reactivated under the new name on 19.01.2015, with a share capital of 120 Lei. In 2008 Farmaceutica REMEDIA S.A. acquired all the shares.

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Considering the application of IAS 29 - "Financial reporting in hyperinflationary economies" and the presentation of the results of the restatement of the operations carried out in the period of hyperinflationary economy in the financial statements drawn up according to IFRS, an analysis of the inflationary impact on the share capital was carried out resulting in an adjustment percentage of 2.94%..

Reported result

The accounting profit remaining after the distribution of the 5% share to the legal reserve, up to 20% of the share capital, is taken to retained earnings at the beginning of the financial year following that for which the annual financial statements are drawn up, from where it is distributed to the other legal purposes.

The profit distribution is made in the following financial year, as approved by the AGM.

Reserve

The company shows in the financial statements in the category reserves amounts representing the legal reserve, the reserve from the revaluation of buildings and land owned and the reserve from the net profit of previous years as a fund at the disposal of the company.

Earnings per share

The company presents earnings per share by dividing the profit or loss attributable to shareholders by the number of shares. The statement of earnings per share is presented in the Statement of Comprehensive Income.

Segment reporting (IFRS 8)

The segmentation of the company's activities is done mainly by business lines and detailed by distribution channels as presented in NOTE 28. The calculation takes into account the risks and rewards directly and indirectly attributable to each segment.

Given the specific nature of the goods distributed and services offered by the company, a correlation between geographical regions and customers is not relevant.

Accounting errors

The correction of material errors relating to previous financial years does not result in a change in the financial statements for those years. In the case of errors relating to previous financial years, correcting them does not involve adjusting the comparative information presented in the financial statements. Any impact on the comparative information relating to the financial position and financial performance, i.e. change in financial position, is disclosed in the notes to the financial statements and adjusted in retained earnings during the year.

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NOTE 4 SALES AND OTHER OPERATING REVENUES

Operating income is realised from sales of goods through various distribution channels, as well as from services rendered and rentals, as shown below:

Description	2023	2022
NET TURNOVER, of which :	593.358.927	535.850.640
Income from the sale of goods, of which :	589.976.173	530.960.392
- pharmacy sales Remedia	11.370.803	10.587.770
- other distribution channels_Bd Rowa	-	4.497.197
- hospital distribution	211.054.300	203.849.609
- distribution	367.551.071	312.025.816
- other distribution channels		
Trade discounts granted	-2.202.020	-2.799.655
Income from services rendered and rents, of which:	5.584.773	7.689.902
- logistic services and rents	4.805.618	7.104.703
- BD ROWA service and other services	779.155	456.258
- marketing and registrations (RA)		128.941
- other services		

Other operating income

Description	2023	2022
Penalties	86.982	45.135
Sales of tangible fixed assets	1.306.443	267.029
Other income	3.572.878	3.037.959
TOTAL	4.921.303	3.350.123

NOTE 5 MATERIAL EXPENDITURE

Description	2023	2022
Cost of goods *	544.918.479	486.756.096
Utilities	930.570	1.035.167
Fuels	1.014.044	2.732.165
Spare parts	160.420	304.700
Consumable materials	365.415	448.914
Inventory objects	138.925	142.418
TOTAL	547.527.854	491.419.460

* net value obtained by adjusting for discounts received

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NOTE 6 STAFF EXPENDITURE

Staff costs have the following component:

Description	2023	2023
Gross salaries and allowances	17.707.353	19.309.357
Insurance and social protection expenditure	696.312	903.217
Insurance contribution for work	399.633	375.208
Other expenditure on insurance and social protection	296.679	528.009
Other staff expenditure	2.216.123	1.920.161
- Meal voucher/coupon	1.505.220	605.400
- PFA /PFI	453.140	667.240
Disabled fund	257.763	647.521
TOTAL	20.619.788	22.132.735

The costs (including taxes) for the remuneration in 2023 of the Board of Directors of the RF, the Director General, and the administrators of the LFRF totalled 481,821 lei.

NOTE 7 OTHER OPERATING EXPENSES

Description	2023	2022
Repairs	339.087	357.010
Rentals	473.738	1.276.555,04
Insurance	842.963	945.941
Postal and telecommunications	280.207	321.470
Travel and transport	218.505	256.443
Advertising	124.881	45.380
Protocol	183.590	116.100
Other taxes and charges	274.725	258.381
Donations and sponsorships	2.500.216	1.934.291
Bank commissions	573.622	335.741
Other services provided by third parties	9.556.371	7.056.790
Other operating expenditure	1.060.664	1.931.123
TOTAL	16.428.569	14.835.225

NOTE 8 FINANCIAL RESULTS

Description	2023	2022
Interest income	869.372	386.605
Interest expenses	-121.559	-162.298
Income different course	102.132	99.868
Different course expenses	-143.570	-179.995
Dividend income	68.305	-172.434
Pre-payment discounts	258.428	257.985
Discounts on advance receipts	0	79.826
Other financial income	0	20.549
Other financial expenses	0	-18.200
Share of loss from equity accounted investments	-280.224	
Result	752.884	311.906

NOTE 9 INCOME TAX EXPENSE

The influence of non-deductible costs, i.e. non-taxable income (including reversals of provisions) and tax benefits was taken into account in the calculation of corporate income tax.

Description	2023	2022
Total income	599,578,467	540.045.595
Total expenditure (excluding income tax)	590,669,892	532.987.744
Gross accounting result	8,908,575	7.057.851,78
IFRS adjustments		4.365.216
Deductions	3,991,555	3.921.838
Non-taxable income	4,014,735	7.639.791
Non-deductible expenses	6,364,595	6.532.750
Fiscal result (only FR has taxable profit)	7,266,880	6.394.189
Corporation tax	1,706,927	1.668.014
Tax reductions		-419.295
Total current income tax expenses	1,706,927	1.248.719

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NOTE 10 TANGIBLE ASSETS AND REAL ESTATE INVESTMENTS

	Lands	Buildings and other constructions	Technical installations and cars	Equipment and vehicles	Furniture	assets related to the right of use of leased assets	Operational leasing assets	Advances for fixed assets	Total
as at 01 January 2022	<u>5.414.765</u>	<u>14.418.482</u>	<u>650.696</u>	<u>4.076.495</u>	<u>1.659.137</u>		<u>2.766.212</u>	<u>34.549</u>	<u>29.020.336</u>
inflows	119.187	3.952.065	38.951	2.366.480	40.234			460.070	6.977.347
transfers		2.111.626							2.111.626
outflows	-919	-4.397.188	0	0	500		-187.047	0	-4.584.654
as at 31 December 2022	<u>5.533.033</u>	<u>16.084.985</u>	<u>689.647</u>	<u>6.443.335</u>	<u>1.699.871</u>	<u>0</u>	<u>2.579.165</u>	<u>494.619</u>	<u>33.524.655</u>
inflows	317.402	7.004.550	406.296	60.527	40.955	816.080		227.296	8.873.107
transfers	-1.583	181.296	-30.526	-2.096.057	-25.672			0	-1.972.542
outflows	-2.023	-4.034.466		-421.115			-453.412	-27.621	-4.938.637
as at 31 December 2023	<u>5.846.829</u>	<u>19.236.365</u>	<u>1.065.417</u>	<u>3.986.690</u>	<u>1.715.154</u>	<u>816.080</u>	<u>2.125.753</u>	<u>694.294</u>	<u>35.486.583</u>

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NOTE 10 TANGIBLE ASSETS AND REAL ESTATE INVESTMENTS (continuation)

Accumulated amortisation	Lands	Buildings and other constructions	Technical installations and cars	Equipment and vehicles	Leasing assets	Assets related to The right of used assets	Furniture	Total
<u>as at 01 January 2022</u>	0	0	<u>748.216</u>	<u>4.494.626</u>			<u>971.448</u>	<u>6.214.290</u>
amortization of the year	211	0	1.024.365	436.045			87.271	1.547.892
cumulative amortisation affluent to outflows								0
<u>as at 31 December 2022</u>	211	0	<u>1.772.581</u>	<u>3.353.600</u>	<u>0</u>	<u>1.577.071</u>	<u>1.058.719</u>	<u>7.762.182</u>
amortization of the year		0	130.525	193.614	148.395		344.214	716.748
cumulative amortisation affluent to outflows	-211		-898.339	-469.791		-722.917		<u>-2.091.258</u>
<u>as at 31 December 2023</u>	0	0	<u>904.767</u>	<u>3.077.423</u>	<u>148.395</u>	<u>854.154</u>	<u>1.402.933</u>	<u>6.387.672</u>

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10.2 REAL ESTATE INVESTMENTS (RON)

Adress	Surface area. rented	Surface area Total sqm	VAT-free rent	revalued value on 31.12.2023	% of rented area	Value of real estate investments
	mp		-EUR-	LEI		
Str.Piata Eroilor nr 6 ap i	164	164	736	199,554	1	199,554
Str.Voinicilor nr 38 bl 245 ap 25	73	73	1,577	749,770	1	749,770
Str. Zorilor nr 1 bl 280 sc C nr 4	164	297	1,577	666,691	1	666,691
Str.Nicolae Titulescu bl 280	131		1,200	666,769	1	666,769
Str.Piata 1848 nr 21	202	202	1,051	356,394	1	356,394
str. Pta Victoriei nr 3		336		2,526,512	1	2,526,512
SF.STEFAN str. 22 Dec	60	167	500	1,037,328	1	1,037,328
SF. MARIA, str. Mihai Eminescu nr 13A	109	150	1,892	1,107,499	1	1,107,499
	41		500			0
	64	64	450	208,571	1	208,571
REMEDIA DEPOZIT, str Dorobantilor nr. 43	500	3576,2	2,628	2,492,047	0	0
PARTER LOCAL DEVA	42	330	93	795,156	1	795,156
SPATIU KOGALNICEANU	142		708	294,766	1	294,766
Str Horea nr 5	75	154	550	512,096	0	250,927
Str 1 DECEMBRIE BL 4	106	166	473	190,266	1	190,266
Str.. 1 DECEMBRIE BL 4	60		150		1	0
SF PARASCHIVA	105	184	530	153,311	0	62,551
SF. TREIME, Ovidiu Densuseanu	51	355	475	1,139,283	1	1,139,283
HOREA NR 5	47		LIBER	88,647	1	88,647
PIATA UNIRII	35	93	250	91,858	1	91,858
STR VIORELE NR 6	115	239	1,366	899,526	1	899,526
Bdul 1848 nr 7	152	185	736	349,362	1	349,362
Str.Republicii nr 10 bl D8	95	95	1,051	499,768	1	499,768
STR TIMISOAREI	142	183	500	267,643	1	267,643
MIHAI VITEAZU BLD	185		650	174,077	1	174,077
PERILOR NR 2	32		96	28,654	1	28,654
STR FAGULUI NR 1	205	205	1,500	814,760	1	814,760
SF. ANDREI	30	305	265	762,091	1	762,091
Str.Zizinului	572	572	2,097	929,100	1	929,100
Garsoniera Dr Taberei	29			169,139	1	169,140
Garsoniera Dr.Taberei	29			169,139	1	169,139
Apartament Dr. Taberei	46			244,010	1	244,010
Garsoniera Dr. Taberei	30			179,836	1	179,836
Cladire comerciala	123			264,330	1	264,330
APARTAMENT TEILOR	34			70,828	1	70,828
SPATIU COMERCIAL 1 DECEMBRIE	51			109,600	1	109,600
	3,699	4,519	23,599	19,208,383		16,364,407

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Fair value

On 1 January 2022	18.657.330
Entries	
Outputs	2.111.627
On 31 December 2022	16.545.703
Entries	
Outputs	181.296
On 31 December 2023	16.364.407

NOTE 11 INTANGIBLE ASSETS

SOFTWARE LICENSES			
	Cost	Amortization	Net value
on 1 January 2022	943.270	864.502	78.768
entries	55.754	46.224	
transfers			
exits			
on 31 December 2022	999.026	910.728	88.298
entries	504.516	37.217	
transfers			
exits		2.491	
on 31 December 2023	1.503.542	950.436	553.105

PHARMACY LICENSES	PHARMACY LICENSES		
	Cost	Amortization	Net value
on 01 January 2022	689.200	0	689.200
entries			0
transfers			
exits			
on 31 December 2022	689.200	0	689.200
entries	450.000		450.000
transfers			
exits	-510.945		-510.945
on 31 December 2023	628.255	0	628.255

In **February 2023**, Farmaceutica REMEDIA SA sold 1 pharmaceutical license to Remedica Aviației pharmacy in Bucharest.

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NOTE 12 FINANCIAL ASSETS AT FAIR VALUE

Name	Value
Company's shareholdings outside the group of which	5.316
EUROM BANK	2.413
BODY FARM	2.903
PHARMA EXPERT SPEDITION	600
Investments in jointly controlled entities accounted for using the equity method	21.509
Deposits and guarantees paid	95.955
Total	123.380

NOTE 13 STOCKS

Description	31-Dec-23	31-Dec-22
Goods in storage	42.648.883	44.435.358
Goods in pharmacies*	3.237.708	2.999.307
Goods in storage/BD ROWA	161.126	
Adjustments		-191.166
Provisions for impairment of goods	-612.716	
Commercial fertilisers	-831.581	-728.047
Non-exemptible VAT	-268.842	-253.138
TOTAL	44.334.576	46.262.314

* at retail price

Name	Sold on 01.01.2023		entries	exits	Sold on 31.12.2023	
	Debit	Credit			Debit	Credit
Materials			27.097	27.097		
Inventory objects			32.451	32.451		
Goods in custody						
Goods in pharmacies	2.999.307		12.920.877	12.682.476	3.237.708	
Goods in storage/BD ROWA	161.126				161.126	
Goods in storage	44.274.232		555.957.222	557.806.049	42.648.883	
Commercial fertilisers		728.047	2.283.706	2.180.172		831.581
Provisions for		191.166	509.116	87.565		612.716

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impairment of goods						
Non-exempt VAT goods		253.138	1.115.267	1.099.563		268.842
Total	47.434.665	1.172.351			46.047.717	1.713.139

NOTE 14 TRADE AND OTHER RECEIVABLES

Descriere	31-dec-2023	31-dec-2022
COMMERCIAL RECEIVABLE:	184.264.742	173.704.309
commercial receivable	187.803.319	180.407.935
adjustments for commercial receivables	-3.538.577	-3.535.077
OTHER RECEIVABLE:	5.335.665	2.840.680
Sick leave to recover	122.693	127.838
litigation costs to be recovered relating to pending litigation	41.367	41.367
Profit tax	242.606	242.606
Other receivable	4.928.999	2.428.869

NOTE 15 CASH AND CASH EQUIVALENTS

	31 Dec 2021	31 Dec 2022	31 Dec 2023
Bank accounts in RON	23.390.882	17.933.320	34.017.480
Foreign currency bank accounts	1.672.991	54.368	346.707
Cash at home RON	152.136	92.635	132.849
Cash at home currency	1.740	2.472	-
Other values	-	550	1.000
Total cash and cash equivalents	24.217.749	18.083.346	34.498.036

NOTE 16 SHARE CAPITAL

31.12.2023

Shareholders	Number of shares	Percentage of share capital (%)
Valentin - Norbert TARUS	77.765.079	81,5548
Others	17.715.741	18,5542
Total	95.480.820	100,0000

A restatement of share capital was made in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", resulting in a total adjustment of RON 312,229.

NOTE 17 RESERVES

	31-Dec-23	31-Dec-22
Legal reserves	2.122.356	2.122.376
Other reserves	15.388.912	17.088.702
Revaluation reserves	23.448.788	20.742.678
TOTAL	40.960.056	39.953.756

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Legal reserve: according to Law 31/1990, at the end of each financial year, at least 5% shall be deducted from the accounting profit, before the determination of income tax, from which non-taxable income shall be deducted and expenses related to such non-taxable income shall be added, until it reaches one fifth of the subscribed and paid-up share capital or of the assets, as the case may be, according to the organization and operation laws.

Fixed asset revaluation reserves: when the carrying amount of a tangible asset increases as a result of revaluation, then the increase must be recognised in other comprehensive income and accumulated in equity as a revaluation surplus. Revaluation reserves cannot be distributed and cannot be used to increase share capital. Other reserves include reserves representing tax facilities, as well as reserves set up from profits in previous years.

NOTE 18 DIVIDENDS

Evolution of dividends distributed and paid in the last 6 years:

	2018	2019	2020	2021	2022	2023	2024
Initial sale	214.756	241.226	209.353	117.155	327.582	379.265	436.551
Gross dividends distributed	1.060.898	1.591.347	2.121.796	14.277.108	4.759.036	4.616.675	4.773.076
Dividend tax paid	52.675	78.995	104.900	711.866	237.353	368.751	
Dividends paid	981.753	1.544.225	2.109.093	13.354.815	4.470.000	4.190.037	
Dividends payable	241.226	209.353	117.155	327.582	379.265	436.551	

NOTE 19 RESULT CARRIED FORWARD

	2023	2022
Balance at the beginning of the year	12.165.376	6.430.145
Transfer profit	-1.952.473	9.396.523
Profit distribution	4.621.345	-6.164.135
FRDL->FR dividend withholding	-5.000.000	
Accounting corrections	-343.778	
IFRS restatement	4.850.577	-2.502.843
Sold at the end of the year	14.341.047	12.165.376

NOTE 20 PROFIT DISTRIBUTION

As of 31.12.2023, the Remedia SA Pharmaceutical Company recorded a net profit of 4,374,862 Lei, which is proposed for distribution as follows:

- dividends: 4.374.862 Lei

As of 31.12.2023 the net profit of Farmaceutica REMEDIA Distribution & Logistics SRL, amounting to 8.625.767 Lei is proposed to be distributed as follows:

- dividends payable to Farmaceutica REMEDIA S.A. - 6,000,000 Lei

- undistributed profit - 2.625.767 Lei

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NOTE 21 OWN SHARES

In 2015, as a result of the change in the main object of activity required by Law 95/2006, republished in August 2015, (Art. 800 paragraph 2), the Company had to buy back from the market a number of 300,100 shares at a price set by an authorized appraiser.

On 02.03.2023, Farmaceutica REMEDIA SA completed a share buyback operation carried out for the purpose of a Stock Option Plan. The number of repurchased shares as of 02.03.2023, according to ASF Decision 122/08.02.2023 is 2,864,425 shares, representing 3% of the share capital. Total number of shares subscribed in the operation: 2,864,425 shares, representing 100% of the Offer. The total amount paid by Farmaceutica REMEDIA was 2,148,319 Lei. Repurchase price: 0.75 Lei per share.

NOTE 22 LEASING

Assets related to right of use:

	Buildings	Equipment (cars)
	RON	RON
Cost:		
On 31 December 2022	-	1.002.094
Entries	-	723.759
Accounting policy restatements IFRS 16	816.080	1.107.466
On 31 December 2023	816.080	2.833.319
Cumulative amortisation:		
On 31 December 2022	-	-
Amortisation 2023	79.344	854.154
Accounting policy restatements IFRS 16	69.052	707.566
On 31 December 2023	148.396	1.561.720
Net value:		
On 31 december 2023	667.684	1.271.599
On 31 december 2022	-	1.002.094

The Company has recognised the following categories under "Right-of-use assets":

- Lease contracts for premises where pharmacies operate
- Operating leases for the fleet of cars

Amounts recognised in the income statement:

	31.12.2023	31,12.2022
	RON	RON

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Depreciation of right-of-use assets	933.498	
Interest expenses related to leasing debts	121.559	62.476

The carrying amount of the lease liability and movements recorded within this category during the financial year 2023 and 2022 respectively:

	31.12.2023	31.12.2022
	RON	RON
On 1 January	1.199.245	
Entries during the period	759.729	
Interest associated with leasing debt	121.559	62.476
Lease payments	-1.084.802	
Accounting policy restatements IFRS 16	1.136.489	1.136.769
At 31 December	2.132.220	1.199.245
Of which:		
Long-term lease liabilities	1.199.792	
Short-term lease liabilities	932.428	

NOTE 23 PROVISIONS

Name of provision	Opening balance	Transfers		Balance at the end
	financial year	in cont	din cont	financial year
PROVISIONS FOR RISKS AND CHARGES:	217.307	223.477		440.784
Other provisions for risks and charges	217.307	223.477		440.784

NOTE 24 COMMITMENTS

The company has opened a multi-currency credit line with BANCA TRANSILVANIA for working capital. The credit line can also be used by FRDL

Objective	Line of credit - working capital financing
Amount	90.000.000 LEI
Maturity	09 February 2025
Guarantees	Real estate collateral on real estate of the company
	Sold on 31 Decembrie 2023
CL drawn on 31.12.2023	0 LEI
CL restricted on 31.12.2023 exclusively for BGL	0 LEI in FR

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	71.053.157 LEI in FRDL
CL to be utilised on 31.12.2023	18.946.843 LEI

As at 31.12.2023, the amount drawn from the credit line relates to letters of guarantee of participation and performance. The amounts relating to the letters of guarantee are non-interest bearing and are only recorded off-balance sheet and are not a payable.

NOTE 25 TRADE AND OTHER PAYABLES

description	31-Dec-22	31-Dec-22
suppliers, of which :	235.343.070	209.969.435
suppliers of goods	235.203.945	209.830.310
real estate suppliers	139.125	139.125
other current liabilities, of which :	2.412.688	3.426.936
salaries and related taxes	1.040.646	900.867
dividend	436.551	379.265
VAT to pay	240.783	687.478
other taxes and duties	325.137	155.049
other creditors	694.708	1.304.277

Salaries for December 2023 and related taxes were paid in January 2024.

"Other taxes and duties" are represented by the eco-tax, which was also paid in January 2024.

"Other creditors" represent guarantees paid by tenants and management staff.

NOTE 26 LITIGATIONS

The companies have initiated litigation as plaintiffs, mainly for the recovery of commercial amounts from customers whose debts are overdue.

NOTE 27 DISCLOSURE OF RELATED PARTY TRANSACTIONS

The transactions consisted of sales and purchases of goods, as well as the provision of services, as follows:

partener	object of the contract	year of contract	REMEDIA sales	REMEDIA acquisitions	sold customer	sold supplier
Farmaceutica Remedia D&L SRL	Sale of goods, rental of premises	2022	2.160.893	8.294.353	1.089.942	3.824.016

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Pharma Expert Spedition	Transport services	2020		6.815.469	116.625	1.076.425
Tarus Media	Services medical promotion / space rentals					

On 31.12.2023, the sole shareholder, Farmaceutica Remedia SA has granted a loan to Farmaceutica REMEDIA Distribution&Logistics SRL, in the amount of 5.000.000 lei, with maturity on 31.03.2024 and with an interest rate of 1%/year, necessary to increase trading volumes and develop new partnerships with suppliers of goods.

For transactions with related parties no collateral is provided for receivables or payables.

At the date of the report the list of persons affiliated to Farmaceutica REMEDIA S.A. consists of:

- Valentin-Norbert TARUS - Austrian citizen
- "TARUS" - Valentin Norbert TARUS e.U. – Austrian individual enterprise
- Farmaceutica REMEDIA Distribution&Logistics S.R.L.
- TARUS MEDIA S.R.L.
- IMOBILIARA MAGHERU S.R.L
- PHARMA EXPERTSPEDITION SRL

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NOTA 28 Reporting on activity segments

RON except VAT		Hospitals & clinics	Distribution	REMEDIA pharmacies E-commerce	Provided services and rents	BD ROWA Robots	TOTAL *
							31.12.2023
Net turnover		211.054.300	365.349.051	11.370.803	4.805.618	779.155	593.358.926
	Incomes from the sale of merchandise	211.054.300	367.551.971	11.370.803	-	-	589.976.173
	Commercial discounts granted	-	-2.202.020	-	-	-	-2.202.020
	Incomes from services provided and rents	-	-	-	4.805.618	779.155	5.584.777
Other operating incomes		49.573	81.349	-	4.790.381	-	4.921.303
OPERATING INCOMES - TOTAL		211.103.873	365.430.400	11.370.803	9.595.999	779.155	598.280.230
Expenses with merchandise		206.129.642	329.406.006	9.382.832	-	-	544.918.479
	Expenses on merchandise	214.874.792	331.650.440	9.402.741	-	-	555.927.973
	Commercial discounts received	-8.745.150	-2.244.434	-19.909	-	-	-11.009.494
Gross margin from the sale of merchandise		4.974.231	36.024.394	1.987.972	9.595.999	779.155	53.361.751
Other operating costs		4.051.707	28.787.049	9.280.311	2.257.500	829.493	45.206.060
	Direct costs	2.913.036	19.683.947	2.600.606	99.122	813.910	26.110.621
	Logistics costs	626.759	5.459.549	-	-	-	6.086.308
	Indirect costs	511.911	3.643.553	6.679.705	2.158.378	15.583	13.009.130
OPERATING EXPENSES - TOTAL		210.181.348	358.193.055	18.663.143	2.257.500	829.493	590.124.539
Operating result		922.525	7.237.345	-7.292.339	7.338.499	-50.338	8.155.691
Financial result							752.884
Gross result							8.908.575
	Corporate tax						-1.706.927
Net profit							7.201.648

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NOTE 29 OBJECTIVES AND POLICIES FOR FINANCIAL RISK MANAGEMENT

Financial risk management

Companies are exposed to a number of financial risks such as:

- Capital risk
- Market risk (which includes currency risk, interest rate risk and price risk)
- Credit risk
- Liquidity risk

The management of the Companies supervises the management of these risks and, through the measures taken, seeks to minimise any adverse effects that could affect the financial results of the Companies.

Capital risk

Management's objectives in managing the Companies' capital include:

- Continuity of the company's activities
- Optimal sizing of capital to reduce its cost.

Capital comprises liabilities, which include borrowings, cash and cash equivalents and equity comprising share capital, reserves, current result and retained earnings. The company may review its capital structure on a regular basis through the means at its disposal. (payment of dividends to shareholders, issue of new shares, sale of assets to reduce debt, etc.).

The main indicator on the basis of which the Company monitors capital is the gearing ratio calculated as the ratio of borrowed capital (from banking and leasing institutions) to equity. The situation of the indicator "debt ratio" as at 31.12.2023 is as follows:

	31.12.2023	31.12.2022
Borrowed capital	0	0
Equity capital	70.859.551	68.433.434
Degree of indebtedness	0,0 %	0,0 %

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Market risk

Market risk is the risk that the fair value of an instrument's future cash flows will fluctuate due to changes in market prices. There are four types of market price risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables and payables.

Currency risk

The Companies' exposure to currency risk is exclusively given by monetary items such as trade receivables, trade payables and loans. The Companies are mainly exposed to currency risk on payments to leasing companies and on purchases made in foreign currencies.

As the proportion of foreign currency debt is relatively small, reasonable exchange rate fluctuations will not have a significant effect on future financial statements.

Part of the Companies' purchases are made in EURO and USD, while the Companies export goods in EURO.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are presented as follows:

Description	31.12.2023		31.12.2022	
	EURO	USD	EURO	USD
Commercial receivables	875.147		634.290	
Commercial debts	862.121	190	517.078	190

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The companies do not hold any significant interest-bearing assets and income and cash flows are not materially affected by changes in market interest rates.

As at 31 December 2023, the Reporting Company uses only one credit line for which interest is calculated based on the 3-month ROBOR or EURIBOR rate, depending on the currency used.

Given the Company's low level of indebtedness, it is estimated that reasonable interest rate fluctuations will not have a significant impact on future financial statements.

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Price risk

Companies mainly market ethical medicines whose maximum price is set by the Romanian authorities. These prices are updated annually in accordance with the legislation in force.

Lately, there has been pressure from the competition, which is countered by granting discounts and diversifying and improving the quality of the services offered.

The policy adopted by the Companies is to obtain additional discounts from suppliers by carefully selecting them in conjunction with stock optimization.

Credit risk

Credit risk is the risk of financial loss to the Companies that arises if a customer fails to meet its contractual obligations. Companies are mainly exposed to credit risk arising from sales to customers.

In the current market conditions in Romania, the distribution of medicines is based on credit.

The companies have adopted the policy of transacting only with reliable partners and obtaining sufficient guarantees as a means of mitigating the risk of financial losses due to non-fulfilment of obligations by third parties. For its clients, the Company has established credit limits and requires payment guarantee instruments such as promissory notes endorsed by the administrator, cheques and assignment of receivables contracts.

In order to counter the risk of non-collection of receivables and cash flow management of Farmaceutica REMEDIA has taken a number of measures such as:

- Periodic review (every 6 months) of the credit limits of all clients (for 2023 the review will be done quarterly), together with the insurance of the balances for the risk of non-collection with a prestigious firm in the field.
- More frequent analysis of clients' debts and financial situations
- Hiring additional staff in the control departments with increased powers in terms of setting and controlling credit limits, stock management, initiating and pursuing legal action against debtors and recovering debts.
- Strict cost control with positive impact on cash flow

FRDL has chosen to insure its trade receivables against the risk of non-recovery. This provides protection against the risk of customer insolvency or late payment, limiting the negative financial impact of such situations.

Liquidity risk

Liquidity risk arises from the Company's management of its working capital and the financing costs and repayments of its borrowing instruments.

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The Companies' policy is to ensure that they always have sufficient cash to meet their payment obligations when due. In order to achieve this objective, cash (or line of credit) is maintained to meet payment needs. The companies have sufficient liquid resources to meet their obligations in all reasonable expected circumstances.

Management invests surplus cash in interest-bearing current accounts and overnight or term deposits, selecting instruments with appropriate maturities or sufficient liquidity.

The Companies' debts (trade and other payables, loans, finance leases) are classified by the companies' management into short-term debts (due in less than 12 months) and medium and long-term debts (due within 13-48 months). The Companies have no debts due more than 48 months after the reporting date.

The breakdown of debts by due date 0-12 months, respectively 13-48 months is presented accordingly in the Statement of Financial Position ("current liabilities", respectively "long-term liabilities").

Bank liquidities

A significant amount of the Companies' cash and cash equivalents is held in banks in the form of deposits or cash on demand. The Companies work mainly with Raiffeisen Bank, Banca Transilvania, and the State Treasury. The commercial and credit conditions offered by the banks with which the Companies have bank accounts are periodically reviewed by the management of the financial accounting department.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Company's processes, personnel, infrastructure and external factors, such as those arising from legal and regulatory requirements and generally accepted standards of organizational behavior. Operational risks arise from all of the Companies' operations.

The main responsibility for developing control tools related to operational risk lies with the management of the Companies. The directions for the development of operational risk management standards are:

- development of business continuity plans
- alignment with regulatory and legal requirements
- regular analysis of the operational risk to which the companies are exposed and adaptation of procedures and controls to prevent the identified risks
- identification of operational losses while generating proposals to remedy the causes that led to them
- preventing the risk of litigation
- mitigating risks, including through the use of insurance where appropriate
- professional development and training

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NOTE 30 SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying notes and to disclose contingent liabilities at the end of the reporting period.

These estimates and assumptions result in uncertainty that may cause a material future adjustment to the carrying amounts.

Assumptions and other sources of estimation uncertainty disclosed in accordance with IAS 1 relate to estimates that require management to make the most difficult, subjective and complex judgements.

The following are critical professional judgements/reasons that the Company's management has made that have a significant impact on the amounts recognised in the financial statements:

- Useful life of non-current assets (NOTE 3)
- The Companies review the estimated useful lives of tangible and intangible fixed assets at least at each financial year end to determine their adequacy. Deferred taxes (NOTE 3)
- Provisions

The Company recognises provisions for expired goods, uncertain customers or for impairment of receivables.

In determining the carrying amount of provisions, assumptions and estimates are made as to the actual costs to be incurred and the likelihood of these costs being incurred. For further details see Note 23.

- Segment reporting. In allocating revenues and expenses to the various segments, the Companies rely on estimates and assumptions that reflect the size of the operations and their relationship to each business segment (NOTE 28).
- Cost of goods sold by FR and sourced from FRDL, which requires the creation of impairment adjustments.
- Restatement of operating leases in accordance with IFRS 16, mainly in relation to the determination of the interest rate used to discount lease payments..

Considering that the main sources of estimation uncertainty (risk of non-recovery of receivables, inventory impairment, other expenses) have been foreseen by management and appropriate provisions have been recorded we consider that there is no significant risk that the carrying amount of assets and liabilities will change fundamentally in the next financial year.

Evaluation of the entity's objectives, policies and procedures for capital management

It is the policy of the reporting company to include in equity the following:

- share capital : 95,480,820 shares * 0.01 ron/share = 9,548,082 ron
- share premium
- legal and other reserves
- current result

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

- result carried forward
- own shares

The companies were not subject to externally imposed capital provisions in 2023.

NOTE 31 EVENTS AFTER THE REPORTING PERIOD

At Company level, a stock option plan has been approved, which provides a valuable opportunity for a number of employees and members of the Company's management and affiliated legal entities to be rewarded for their contribution to the Company's success. Through this program, a total of 2,864,425 shares are intended to be granted to eligible individuals according to established criteria and the implementation plan approved by the Board of Directors. The distribution of shares to eligible employees will be made in 2024 provided the criteria are met.

NOTE 32 – ECONOMIC - FINANCIAL INDICATORS

LIQUIDITY AND WORKING CAPITAL	FR	FRDL
Current liquidity (Current assets / Current liabilities)	2,08	1,07
Current assets	15.001.185	258.122.314
Current liabilities	7.222.987	241.169.185
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%	27,74%
Borrowed capital*	0	5.165.000
Equity capital	52.856.662	18.618.046
Turnover speed of customer debits (average customer balance/turnover*365)	72 zile	103 zile
Average customer balance	3.013.747	147.601.000
Net turnover	15.379.933	583.483.500
Stock turnover rate (average stock/COGS net)*365	86 zile	27 zile
Medium stock	2.207.242	41.307.000
COGS net	9.382.832	550.894.000
Debt turnover speed (average balance suppliers/cogs*365)	259 zile	136 zile
Average balance suppliers	6,665,102	204.911.000
Cost of goods sold	9.382.832	550.894.000
Turnover speed of fixed assets (turnover/fixed assets)	0,31	395
Net turnover	15.379.933	583.483.500
Fixed assets	49.600.603	1.476.547
Gross profit margin (%) (gross profit/net sales)	28,44%	1,77%
Gross profit	4.374.862	10.332.694
Net turnover	15.379.933	583.483.500

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2023

Notes:

1) **Current liquidity** – the indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the companies are capable of covering their short-term liabilities based on receivables and cash availabilities.

2) **Degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in honoring the assumed commitments. In the calculation of this indicator, the borrowed capital comprises both bank loans and finance lease liabilities.

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their liabilities to the company. Considering the dynamics of sales and the specificity of the collection of receivables in the distribution of drugs, we consider that the value of the indicator is normal for the companies of the group, under the given conditions.

4) **Turnover speed of liabilities** represents the average period in which suppliers are paid.

5) The value of the **No. of days on hand indicator** can be considered that it falls within the specifics of the activity.

6) **Turnover speed of fixed assets** expresses the effectiveness of the management of fixed assets, by examining the turnover generated by a certain quantity of fixed assets.

Bucharest, March 22nd 2024

Board of Administrators,
Chairman
"TARUS" - Valentin Norbert TARUS e.U.

FARMACEUTICA REMEDIA S.A.

**THE REPORT
AUDITOR
INDEPENDENT**

PREMIER CLASS AUDIT S.R.L.
C.I.F.: 32310697, J12/2994/2013
Str. Pompiliu Teodor Nr.1, Cluj Napoca
Telefon: 0729.090803
www.premierclassaudit.ro

March 22, 2024

INDEPENDENT AUDITOR'S REPORT

To the shareholders of the company,

FARMACEUTICA REMEDIA S.A.

OPINION

1. We audited the consolidated financial statements of the company FARMACEUTICA REMEDIA S.A. ("The Company"), which include the Statement of financial position as of December 31, 2023, the Statement of comprehensive income, the Statement of cash flow, the Statement of changes in equity for the financial year as of this date as well as a summary of significant accounting policies and other explanatory notes.

2. The consolidated financial statements on December 31, 2023 are identified as follows:

• Net assets/Total equity	70,859,551 lei
• Financial year result/Net profit	7,201,648 lei

3. In our opinion, the consolidated financial statements present a true picture of the consolidated financial position on December 31, 2023 of FARMACEUTICA REMEDIA S.A., as well as the consolidated result of its operations and its consolidated cash flows for the financial year ended on this date, in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Accounting Reporting Standards (IFRS).

Basis for opinion

4. We conducted our audit in accordance with the International Standards on Auditing ("ISA") and Law no. 162/2017 ("the Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report.

We are independent from the Company, according to the Code of Ethics for Professional Accountants issued by the International Ethical Standards Board for Accountants (IESBA code), according to the ethical requirements that are relevant to the audit of financial statements in Romania, including the Law, and we have fulfilled our ethical responsibilities according to these requirements and according to the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Highlighting some aspects

5. The main aspects that, based on our professional reasoning, formed the basis of our opinion on the consolidated financial statements are:

- *The principle of business continuity*

The economic climate correlated with the uncertainties generated by the geopolitical context in Ukraine, by the restrictions imposed at the international level on the Russian Federation, respectively Belarus, and the energy crisis implicitly determines the existence of a risk related to the possibility of unpredictable developments regarding at the level of the economic-financial indicators of the company, respectively: interruption of energy supply, significant price variations, disruption of distribution chains, intensification of cyber attacks, the risk of increasing loan costs or limiting access to financing.

The management of the Company's financial situation depends on how management approaches future socio-economic events and conditions presented in the difficult environment in which it operates.

The company has already taken specific measures to ensure the health and safety of its employees. In addition to the human risk, the pandemic also poses an economic risk to the company's future operations. On the date of the audit report, the Company took specific measures to ensure that the company's activity runs smoothly.

Through the impact analysis of the events subsequent to the date of the financial statements, it was found that there was no degree of uncertainty on the continuity of the Company's activity.

Our audit opinion does not contain a reservation in relation to the said aspect.

Key audit matters

6. The key audit matters are those matters which, based on professional judgment, had the greatest importance in performing the audit of the financial statements and were addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them and we do not provide an opinion separately on these key issues.

Key audit issues	Approach within the audit mission
<p><u><i>Income assessment</i></u></p> <p>We identified the recognition of operating revenues as a key audit matter because revenues represent one of the Company's key performance indicators and therefore there is an inherent risk in their recognition by management to meet specific objectives or expectations.</p>	<p>Our audit procedures for evaluating revenue recognition included the following:</p> <ul style="list-style-type: none"> • Testing the effectiveness of the Company's key controls to prevent and detect fraud and errors in revenue recognition. This procedure included testing the controls for revenue recognition based on the services performed by reference to a sample of transactions; • Inspection of contracts with customers, on a sample basis, to understand the terms of the lease transactions, to assess whether the company's revenue recognition criteria were in accordance with the requirements of the accounting standards in force; • Evaluation, on a sample basis, of the recognition in the financial period corresponding to the revenues recorded near the end of the financial year, by comparing the selected transactions with the relevant documentation;

	<ul style="list-style-type: none"> • Obtaining confirmations of customer balances at the end of the year, on a sample basis; • Reviewing the sales ledger after the end of the financial year to identify significant credit notes issued and inspecting the relevant documentation to assess whether the related revenue has been accounted for in the appropriate financial period; • In the financial year 2023, the economic activity of the company registered an increase compared to previous years, but this fact also required the performance of additional audit diligences in order to issue the audit opinion; • Issuing an audit opinion required the identification of values and amounts that significantly influence the values from the annual financial statements and which are in the category of values that require additional procedures on the part of the auditor to reduce the audit risk; <p>Obtaining and evaluating responses received from Company management and discussing potential exposures with Company management. In this sense, special attention was paid to the analysis of the company's development strategy for the next period: optimizing flows by updating the PLC conveyor software and interfacing with WMS, designing new storage spaces at the Bucharest warehouse in order to equip them with a robot to streamline the flow of supply, the reorganization of cargo flows in Bucharest and Deva warehouses</p> <ul style="list-style-type: none"> • The net turnover achieved by Farmaceutica Remedia on the consolidated activity on 31.12.2023 was 593,358,927 lei, of which income from the sale of goods 589,976,173 lei, commercial discounts granted - 2,202,020 lei, income from services provided and rent 5,584,773 lei. Taking into account the risks related to revenue recognition, the completeness and correctness of their registration, the audit tests performed included the evaluation of the principles according to IFRS 15 "Revenue recognition", the evaluation of the existence and effectiveness of internal controls, the comparative analysis of the gross margin, the analysis of adjustments. • Revenues from exploitation amount to 598,280,230 lei; • Total revenues amount to 599,578,467 lei.
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Management's responsibilities for financial statements

7. The management of the company is responsible for the preparation and faithful presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016. This responsibility includes: designing, implementing and maintaining an internal control relevant to the preparation and faithful presentation of financial statements that do not contain significant distortions due to fraud or error; selection and application of appropriate accounting policies; the development of reasonable accounting estimates in the given circumstances.

8. In preparing the financial statements, the management is responsible for evaluating the Company's ability to continue its activity, for presenting, if necessary, aspects related to the continuity of the activity and for the use of accounting based on the continuation of the activity, unless the management intends to liquidate the Company or cease operations, or has no other realistic alternative.

9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities in an audit of financial statements

10. Our responsibility is to express an opinion on these financial statements, based on the audit performed. We performed the audit according to the International Auditing Standards adopted by the Romanian Chamber of Financial Auditors. These standards require that we comply with the Chamber's ethical requirements, plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if any. Misstatements can be caused either by fraud or error and are considered material if it can reasonably be expected that they, individually or cumulatively, will influence the economic decisions of users, taken on the basis of these financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than that of not detecting a material misstatement due to error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations and avoidance of internal control.
- We understand the internal control relevant to the audit, with a view to designing audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and the related information presentations made by the management.
- Form a conclusion on the appropriateness of management's use of going concern accounting and determine, based on the audit evidence obtained, whether a significant uncertainty exists regarding events or conditions that could cast significant doubt on the ability Company to continue its activity. If we conclude that a material uncertainty exists, we must draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to stop operating on a going concern basis.

- We evaluate the presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.
- We communicate to those charged with governance, among other things, the planned scope and timing of the audit, as well as key audit findings, including any significant internal control deficiencies, that we identify during the audit.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group, in order to express an opinion regarding the consolidated financial statements. We are responsible for the coordination, supervision and execution of the group audit. We are solely responsible for our audit opinion.

Report on other legal and regulatory provisions

12. We were appointed by the General Meeting of Shareholders on 20.04.2022 to audit the financial statements of Farmaceutica Remedia SA for the financial year 2023. We confirm that during this period we did not provide prohibited non-audit services for the Company, art.5 para.l from EU Regulation no. 537/2014.

Other aspects

13. This report of the independent auditor is addressed exclusively to the shareholders of the company as a whole. Our audit was performed to express an opinion to the company's shareholders regarding the material aspects that a financial audit report must contain, and for no other purpose. To the extent permitted by law, we do not accept or assume responsibility except to the company and its shareholders, as a whole, for our audit, for this report or for the opinion formed.

The attached financial statements are not intended to present the financial position, results of operations and cash flows of the company in accordance with the requirements of the International Financial Reporting Standards. Therefore, the attached financial statements are not prepared for the use of people who do not know the accounting and legal regulations in Romania, including O.M.F.P. no. 2844/2016.

14. The partner of the audit mission on the basis of which this report was drawn up is Sergiu Cobîrzan.

Other information – Report of Administrators

15. Administrators are responsible for preparing and presenting other information. That other information includes the Directors' Report, but does not include the financial statements and the auditor's report thereon, nor the Non-Financial Statement.

Our opinion on the financial statements does not cover this other information and, unless explicitly mentioned in our report, we do not express any kind of assurance conclusion about them.

Administrators are responsible for the preparation and presentation of the Administrators' Report in accordance with OMFP no. 2844/2016 and for that internal control that the administrators consider necessary to allow the preparation and presentation of the Administrators' Report that does not contain significant distortions due to fraud or error. The administrators' report is not part of the financial statements.

In connection with the audit of the financial statements for the financial year ended on December 31, 2023, our responsibility is to read the Administrators' Report and, in this endeavor, to assess whether there are significant inconsistencies between the Administrators' Report and the financial statements, if the Administrators' Report includes, in all significant aspects, the information required by OMFP no. 2844/2016, annex 1, chapter 3, points 15-19 and chapter 4, points 26-28 regarding the Accounting Regulations regarding the International Financial Reporting Standards, and if based on our knowledge and understanding acquired during the audit of the financial statements regarding the Company and its environment, the information included in the Administrators' Report is significantly erroneous. Based on the activity carried out, we confirm that:

- in the Administrators' Report we have not identified any information that is not consistent, in all significant aspects, with the information presented in the attached financial statements;
- The administrators' report identified above includes, in all significant aspects, the information required by OMFP no. 2844/2016, annex 1, chapter 3, points 15-19 and chapter 4, points 26-28 regarding the Accounting Regulations regarding the International Financial Reporting Standards;
- based on our knowledge and understanding acquired during the audit of the financial statements for the financial year ended on December 31, 2023 regarding the Company and its environment, we have not identified any information included in the Directors' Report that is significantly erroneous.
- Regarding the Remuneration Report, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the consolidated financial statements for the financial year ended on December 31, 2023, we report that it has been prepared in all aspects significant, in accordance with the provisions of Law no. 24/2017, paragraphs 106-107, and we have not identified significant distortions in the manner of its preparation.

ec. Sergiu COBIRZAN – Financial auditor

Registered in the Public Register of auditors
financial and audit firms with number AF 4517

In the name:

PREMIER CLASS AUDIT S.R.L.

Registered in the Public Register of auditors
financial and audit firms with number FA 1195

Cluj Napoca, România 22.03.2024

Autoritatea pentru Supravegherea Publica a
Activitatii de Audit Statutar (ASPAAS)
Firma de Audit:
PREMIER CLASS AUDIT SRL
Registrul Public Electronic: FA1195



Autoritatea pentru Supravegherea Publica a
Activitatii de Audit Statutar (ASPAAS)
Auditor Financiar:
COBIRZAN SERGIU BOGDAN SRL
Registrul Public Electronic: AF4517





PREMIER CLASS AUDIT SRL

J12/2994/2013, C.I.F. : RO 32310697

Str. Pompiliu Teodor Nr.1

Cluj Napoca, Judet Cluj

INDEPENDENT AUDITORS' REPORT

on compliance with the Commission Delegated Regulation (EU) 2018/815
("European Single Electronic Format Regulatory Technical Standard"⁴ or "ESEF")

Opinion

We have audited the accompanying consolidated financial statements of FARMACEUTICA REMEDIA S.A. ("Company"), comprising the consolidated statement of financial position as of 31st of December 2023, the consolidated statement of comprehensive income, the consolidated cash flow statement, the statement of changes in equity for the year 2023 and also a summary of the significant accounting policies and the related explanatory notes.

We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2018/815 applicable to the financial statements included in the annual financial report of FARMACEUTICA REMEDIA S.A. ("the Company") in the digital files 2549001TDHDVU72MQS59 ("Digital files").

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the consolidated financial statements for the year ended 31 December 2023 included in the annual financial report in the Digital Files, comply in all material respects with the requirements of ESEF.

Responsibilities of Management and Those Charged with governance for the Digital Files prepared in compliance with the ESEF

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- the selection and application of appropriate iXBRL mark ups;
- ensuring consistency between the digital files and the consolidated financial statements to be submitted in accordance with Order 2844/2016 with subsequent amendments;

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

Auditor's Responsibilities for Audit of the Digital Files

Our responsibility is to express a conclusion on whether the consolidated financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error.

A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked up data with the audited consolidated financial statements of the Company to be submitted in accordance with Order 2844/2016 with subsequent amendments;
- evaluating if all financial statements contained in the consolidated annual report have been prepared in a valid XHTML format;
- evaluating if iXBrl mark-ups, including the voluntary mark-ups comply with the requirements of ESEF.

Other issues

In this report, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the Company for the year ended 31 December 2023 is set out in the Report on the audit of the consolidated financial statements.

This report is based on the audit engagement partner Sergiu COBÎRZAN.

ec. Sergiu COBIRZAN – Auditor financiar

Registered in the Public Electronic Register of Financial Auditors and Audit Firms No.4517

În numele:

PREMIER CLASS AUDIT S.R.L.

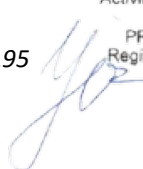
Registered in the Public Electronic Register of Financial Auditors and Audit Firms No.1195

Cluj Napoca, România 22.03.2024


PREMIER CLASS AUDIT SRL

J12/2994/2013, C.I.F. : RO 32310697

Cluj Napoca, Judet Cluj



Autoritatea pentru Supravegherea Publica a
Activitatii de Audit Statutar (ASPAAS)
Firma de Audit:
PREMIER CLASS AUDIT SRL
Registrul Public Electronic: FA1195



Autoritatea pentru Supravegherea Publica a
Activitatii de Audit Statutar (ASPAAS)
Auditor Financiar:
COBIRZAN SERGIU BOGDAN SRL
Registrul Public Electronic: AF4517



UNCONSOLIDATED ANNUAL REPORT 2023

**Board of Administrators of
Farmaceutica REMEDIA S.A.**

Farmaceutica REMEDIA S.A.

Registered office: Deva 330040, Nicolae Balcescu Bld. no 2 (former No. 43 Dorobantilor Street), Hunedoara County,
Telephone: + 40 254 223 260, Fax: +40 254 226 197

Branch office: Bucharest, 041836, sector 4, Bld. Metalurgiei 78, Telephone/fax: + 40 213 211 640
remedia@remedia.ro, www.remedia.ro

Trade Register J20/700/1991, TIN: RO2115198; Share capital: RON 9.548.082

IBAN: RO61 BTRL RONC RT00 G713 3302, Transilvania Bank, Bucharest

IBAN: RO33 RZBR 0000 0600 0266 5747, Raiffeisen Unirii, Bucharest

CONSOLIDATED ANNUAL REPORT 2023

Board of Administrator of Farmaceutica REMEDIA S.A.

A. Name of the commercial company:	Farmaceutica REMEDIA S.A.														
	The total market value on 22.03.2024 is of 66.836.574 Lei, at a value of a 0,70 Lei/RMAH share														
	<p style="text-align: center;">Market value (Mill. Lei)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Market value (Mill. Lei)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>50,7</td> </tr> <tr> <td>2020</td> <td>94,4</td> </tr> <tr> <td>2021</td> <td>60,2</td> </tr> <tr> <td>2022</td> <td>60</td> </tr> <tr> <td>2023</td> <td>65</td> </tr> <tr> <td>2024</td> <td>66,8</td> </tr> </tbody> </table>	Year	Market value (Mill. Lei)	2019	50,7	2020	94,4	2021	60,2	2022	60	2023	65	2024	66,8
Year	Market value (Mill. Lei)														
2019	50,7														
2020	94,4														
2021	60,2														
2022	60														
2023	65														
2024	66,8														
Organized market on which securities are traded	Bucharest Stock Exchange - Standard category														
Subscribed share capital:	9.548.082Lei														
Paid-up share capital:	9.548.082Lei														
Registered office:	DEVA, Nicolae Balcescu Bld. no 2,														
Tel. / Fax:	0254 223 260 / 0254 226 197														
No. and date of registration with the T.R.O.:	J20/700/25.07.1991														
Tax Identification Number:	RO2115198														
Securities:	RMAH shares (Reg. certificate No. AC-1470-7/17.06.2021)														
Type:	Dematerialized Nominative Common														
Date of registration:	17.03.1997														
Nominal value/share:	0.10 Lei														
Position in the R.N.S.C. Register:	1636														
Total number of shares:	95.480.820														
R.N.S.C. code of shares:	16368														

Date	Number of shares	Issue value (Lei)	Explanations
10.11.1999	3.370.107	337.010	Initial capital of the state, including land contributed in kind
06.09.2001	1.500.000	150.000	Cash contribution of V.TARUS RoAgencies
23.07.2003	42.402	4.240	Merger - capital of Ditafarm Trading – acquired company
05.01.2006	5.696.471	569.647	Merger - capital of V.TARUS RoAgencies – acquired company
21.12.2007	87.905.969	8.790.596	Capital increase – shareholders with pre-emption right
04.05.2009	7.574.851	757.485	Capital increase – AHG Simcor Industry S.R.L.
09.06.2021	- 10.608.980	- 1.060.898	Reduction of share capital - repurchase of shares followed by their cancellation
TOTAL	95.480.820	9.548.082	

1. Activity analysis

1.1. Overview

On **July 25th 1991**, it was established as a commercial company with fully state-owned capital by reorganization of Oficiul Farmaceutic Deva.

On **October 13th 2000**, V.TARUS RoAgencies S.R.L. acquired from FPS the majority of shares (55,802 %) for 9.053.102.492 Lei (ROL) (equivalent to 369.665 USD, exchange rate BNR LEU / USD: 2,4490). At that time Farmaceutica REMEDIA SA was operating through 12 pharmacies.

La **1 ianuarie 2006**, Farmaceutica REMEDIA S.A. a fuzionat prin absorbție cu V.TARUS RoAgencies S.R.L. rezultând un capital social în valoare de 10.608.980.000 lei (ROL), activitatea desfășurându-se prin 25 de farmacii.

On **January 1st 2006**, Farmaceutica REMEDIA S.A. merged by absorption with V.TARUS RoAgencies S.R.L. resulting in a share capital of 10.608.980.000 lei (ROL), the activity being carried out through 25 pharmacies.

According to Law 95/2006, republished in August 2015, companies were prohibited from carrying out, at the same time, wholesale and retail distribution of medicines. (Art. 800 paragraph 2). Therefore,

On **January 1st 2016** Farmaceutica REMEDIA S.A. completed the transfer to Farmaceutica REMEDIA Distribution & Logistics S.R.L., a new company, 100% owned, of the wholesale distribution activities of medicines together with related activities (logistic services, registration of pharmaceutical products, promotion and marketing of medicines, etc.),

Farmaceutica REMEDIA S.A. kept the operation of the chain of 100 pharmacies and local officines.

Following the change of the main activity object imposed by the above-mentioned legislation, the company had to redeem from the market (in 2015) a number of 300.100 shares at a price established by an authorized evaluator.

In **februarie 2023**, Farmaceutica REMEDIA SA a vandut 1 licență farmaceutică aferentă farmaciei Remedia Aviației din București.

In **02.03.2023**, Farmaceutica REMEDIA SA a finalizat o operațiune de răscumpărare de acțiuni desfășurată cu scopul derulării unui program de tip Stock Option Plan. Numărul de acțiuni răscumpărate la 02.03.2023, conform Deciziei ASF 122/08.02.2023 este de 2.864.425 acțiuni, reprezentând 3% din capitalul social. Numărul total de acțiuni subscrise în cadrul operațiunii: 2.864.425 acțiuni, reprezentând 100% din Ofertă. Suma totală plătită de Farmaceutica REMEDIA a fost de 2.148.319 Lei. Prețul de răscumpărare: 0,75 Lei per acțiune.

In **February 2023**, Farmaceutica REMEDIA SA sold 1 pharmaceutical license related to the pharmacy Remedia Aviației in Bucharest.

In **December 2023**, Farmaceutica REMEDIA SA sold to Farmaceutica REMEDIA Distribution & Logistics SRL, 1 pharmaceutical license related to Remedia Metalurgiei pharmacy in Bucharest and the automatic storage system for pharmaceutical products.

1.2. Elements of general evaluation

15.379.933 Lei net turnover

3.091.315 Lei EBIDTA

4.374.862 Lei net profit,

Other operating income (5.573.817 Lei), was also recorded mainly from the real estate investments, as well as financial income worth 5.413.254 Lei (mainly dividends from non-controlled companies, exchange rate differences and discounts for advance payments).

21.992.142 Lei - total costs (excluding corporate tax), of which:

- **21.936.274 Lei** - Operating expenses, of which:
 - 9.382.832 Lei - is the net cost of sold merchandise (including received commercial discounts)
- **55.867 Lei** - Financial expenses, of which:
 - 53.571 Lei – operational leasing interests (IFRS 16)
 - 2.296 Lei – exchange rate differences

As of 31.12.2023, the liquidity of the companies (available in bank accounts and in cash offices) has reached 7.982.716 lei. On the same date, the companies (FR and FRDL) had at their disposal a multi-currency credit line in the amount of 90 million Lei, used on 31.12.2023 exclusively for bank letters of guarantee for tenders and for the good performance of contracts, as well as for guarantees for the payment of goods suppliers.

1.3. Evaluation of company's income

11.370.803 Lei - The net income from the sale of merchandise (74 % from the net turnover) with the following allocation on distribution channels:

- 11.370.803 Lei - Farmacii REMEDIA & E-commerce

4.009.129 Lei – From the activities with added value, of which:

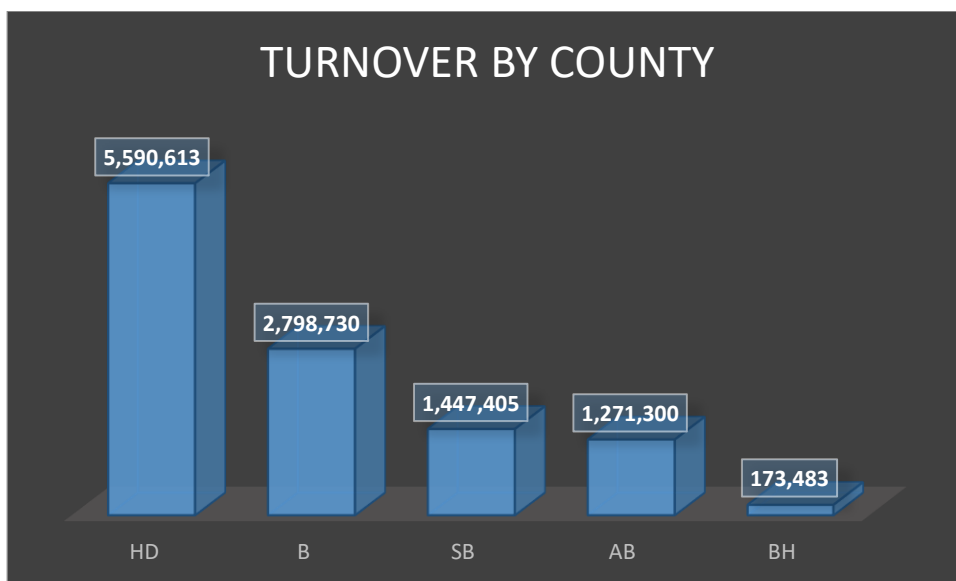
- 3.159.728 Lei invoiced rents
- 779.155 Lei BD Rowa services
- 70.246 Lei other services

1.4. Evaluation of the sales and marketing activity

11.281.531 Lei (value without VAT) were the sales made in 2023 through the 22 REMEDIA pharmacies in 4 (four) counties, Hunedoara, Alba, Sibiu, Bucharest and the online pharmacy.

4.294.348 Lei (excluding VAT), 38% of total sales, is the amount invoiced to health insurance companies, the difference of 62% of total sales is the share of cash sales..

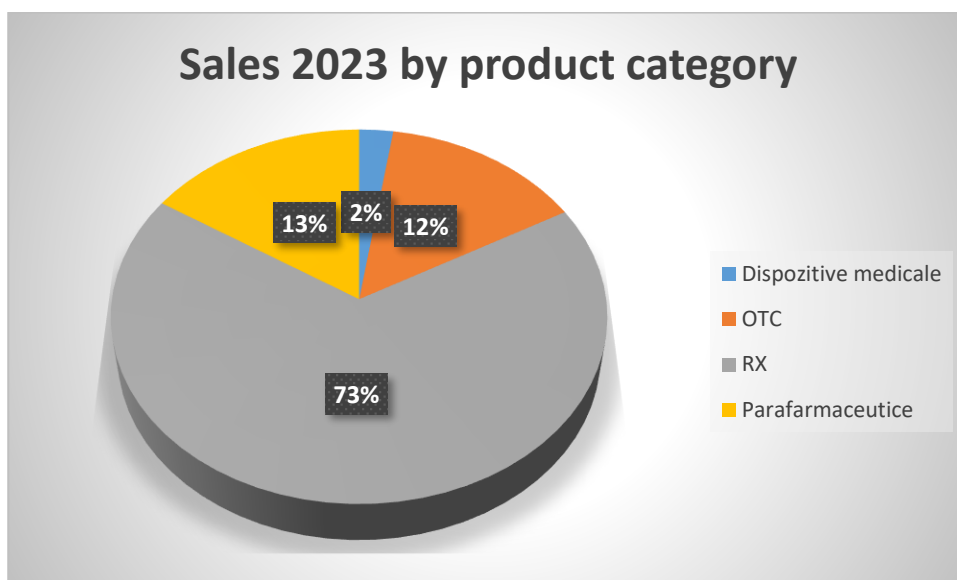
The turnover at county level is as follows:



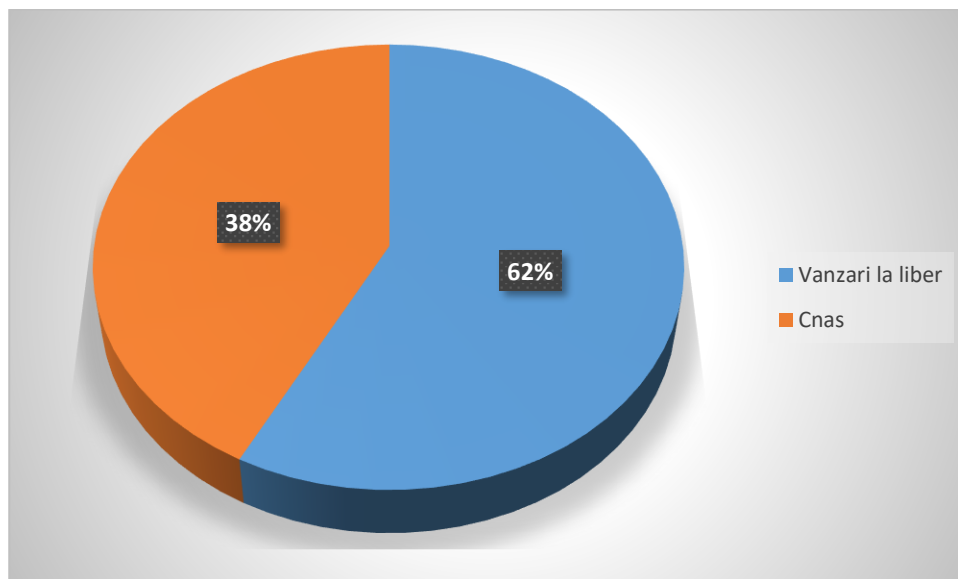
Throughout 2023 they were pursued:

- Stock optimization;
- Training and adequate preparation of staff;
- Promotional campaigns to liquidate stocks with critical expiry date.
- Promotional campaigns for customer loyalty of REMEDIA pharmacies.

The share of sales by product category is shown in the graph below:



The structure of non-prescription versus prescription sales is shown in the chart below:



In 2021 Farmaceutica REMEDIA opened in Bucharest the first robotic pharmacy in Romania, in partnership with BD Rowa. One year later, the pharmacy staff made known at national level how the robot works, the contribution it brings to the pharmacy, plus the value it brings to pharmacists, presenting the benefits to students of 3 pharmacy faculties, at national level.

REMEDIA Pharmacy Metalurgiei 78, Bucharest, is the first automated pharmacy in Romania. By implementing the BD Rowa system, it revolutionizes the storage of medicines in the pharmacy, ensures stable and silent workflows, simple prescription and order picking, improved delivery capacity, efficient stock control, based on continuous evaluation of the goods, guarantees data and process security, optimizes warehouse space and pharmacy staff time, for the benefit of the patient.

In 2023, the focus was also placed on the development of online sales through the implementation of a proprietary solution, in partnership with companies specialised in e-commerce..

REMEDIA's online sales platform, www.farmacia.remedia.ro, is focused on customer satisfaction, providing an easy and fast shopping experience that allows easy navigation through all product categories as well as promotion of target products.

In parallel, social media campaigns have been launched to ensure easier access to products, to inform customers about new products, promotions and campaigns run by the company, as well as the benefits of automating pharmacy processes through robots..

REMEDIA pharmacies have been actively involved in the flu vaccination programs by ensuring optimal stocks of flu vaccines in relation to the number of patients and in the diabetes risk assessment campaign by informing patients and contributing to the

prevention and early detection of this disease, providing both leaflets for promotion and information and risk questionnaires addressed to patients.

At the same time, it continues the process of making the activity of pharmacies more efficient through professional promotions, reducing operating costs and rents, going as far as suspending/selling some locations that do not achieve positive results.

Special attention is paid to increasing the quality of processes, monitoring GDPR procedures and securing information exchange for compliance with EU Regulation 2016/679 on the protection of individuals with regard to the processing of personal data.

Sales monitoring prioritises pharmacy staff to increase efficiency and patient retention by providing associated recommendations and health advice, in partnership with patient health information and guidance centres.

1.5 Evaluation of the goods acquisition

REMEDIA pharmacies were mainly supplied through the distributor Farmaceutica REMEDIA Distribution & Logistic, with purchases through this distributor accounting for over 90% of total purchases in 2023. This approach has resulted in a better presence of scarce products in pharmacies and faster delivery.

Purchases were registered through 43 suppliers, distributors of pharmaceutical products and suppliers of parapharmaceuticals, childcare, technical-medical and dermatocosmetic products.

During 2023, efficiency indicators and stock turnover times were monitored in particular within the pharmacy network to reduce the volume of expired products and improve working capital.

The mechanism of the procurement planning strategy took into account the following requirements:

- ensuring product continuity in stock;
- evaluating stocking times and stock levels for products in the portfolio;
- reducing the value of expired products.

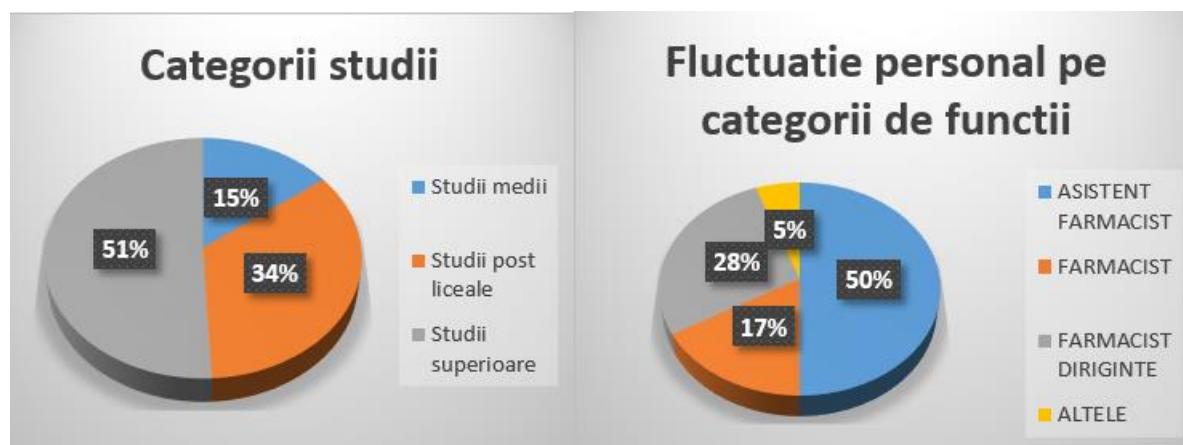
Purchasing planning was carried out by product category and manufacturer to ensure continuity in stock of products and to concentrate the volume of purchases on strategic manufacturers.

As of 31.12.2023, the company's stocks are as follows: 93% is represented by goods 2,137,285 Lei and 7% by parts and components dedicated to BD Rowa robots, 161,126 Lei.

1.6. Activities related to the human resources of the society

At the end of 2023, Farmaceutica REMEDIA S.A., registered a number of 62 employees, of which 32 staff in pharmacies (51%), 6 staff for BD ROWA Service (10%), and the remaining 24 being employees on support and management services (39%).

Of the 62 employees, 31 have higher education (50% of the total employees), 20 have post-secondary education (32%), and the remaining 11 have secondary education (11%).



Of the 31 employees with higher education, 14 (45%) are educated in pharmaceuticals, 9 (29%) in economics, 3 (10%) in technical fields, and 5 (16%) in other fields..

In the year 2023, the voluntary fluctuation rate of Farmaceutica REMEDIA S.A. staff was 6,45 %, by function categories: pharmacist manager - 2 persons, pharmacist - 1 person, other functions - 1 person. The rate of involuntary fluctuation of Farmaceutica REMEDIA S.A. staff was 3,22%, which was caused by the sale of the goodwill of REMEDIA Aviatiei pharmacy in Bucharest. The total fluctuation rate for the year 2023 is 9.67, significantly reduced compared to previous years, Farmaceutica REMEDIA S.A. managed to retain its employees, keeping existing employees being a high priority in the company.

In Farmaceutica REMEDIA S.A. there is no employees' union. They have an employee representative, who participates in the negotiation of the collective labour contract and represents the employees in their relations with the company.

1.7. The impact of society's core business on the environment

Farmaceutica REMEDIA S.A. respects the legislation in the field of environmental protection. There are no litigations regarding the violation of the environmental protection legislation.

The company contributes to the protection of the environment through the selective collection of the waste resulting from its activity, in order to recover it in accordance with the legal regulations in force. All REMEDIA pharmacies collect waste selectively. In 2023, cardboard and paper waste (about 1.42 tons) was handed over to authorized collectors for recycling and recovery.

Waste tracking and management services at national level are outsourced to a specialized provider, who prepares the necessary documents and reports them centrally on time to the National Agency for Environmental Protection (County Regional) in the online electronic Waste Statistics SIM PRODDDES application.

Farmaceutica REMEDIA collects expired medicines, delivering centrally (annually about 0,92 tons) to the authorized companies for their destruction according to legal norms. The expired medicines were collected from the population until the date of the change of the current legislation (14.10.2023).

In accordance with the EU Directives adopted since April 2019, Farmaceutica REMEDIA no longer purchased plastic carrier bags and biodegradable or recyclable bags were introduced, thus implementing measures to reduce waste and comply with the relevant legislation.

1.8. Quality activity

In REMEDIA Pharmacies a quality management system is implemented in order to document the best practices to meet the requirements and expectations of patients in compliance with the Pharmacy Law no. 266/2008, as amended and supplemented, and all legal provisions in force issued by regulatory authorities in the pharmaceutical field, being certified ISO 9001: 2015 by RINA-SIMTEX OC. The management of Farmaceutica Remedia SA has allocated the necessary funds to maintain the certification status and improve the SMC.

In 2023 the following procedures were revised:

- a) which were the basis for the reauthorization of pharmacies by the College of Pharmacists
- b) operational

The policy in the field of pharmaceutical service quality within REMEDIA Pharmacies consists in the delivery of medicines and other health products of guaranteed quality, accompanied by adequate information and advice for the patient, constantly improving the services, in order to ensure the highest level of patient satisfaction..

1.9. Evaluation of the risk management activity

The main risk categories identified in 2023 were:

- Risk of non-recovery of receivables
- Cashflow risk

More than 90% of the sales of REMEDIA pharmacies to individual customers are settled by the County Health Houses, CASMB, OPSNAJ. Thus, thanks to the respect of

the payment deadline by the Health Houses, in 2023, we can say that the risk of non-payment is extremely low.

In order to counteract the risk of non-collection of receivables and cash flow management of Farmaceutica REMEDIA S.A. has taken a series of measures such as:

- Strict cost control, within the budgeted amounts, with positive impact on cash flow.

1.10. Development and perspective activities of the society

Regarding the retail activity, the company aims to optimize the pharmacy network through possible relocations to nearby locations, where necessary, by continuing the process of professionalization of pharmacy staff, improving the IT infrastructure, increasing and diversifying the product portfolio and, last but not least, improving pharmaceutical services for the benefit of patients.

As a digital solution in the direction of automation and optimization of pharmaceutical processes, **REMEDIA, in partnership with BD Rowa™**, after the launch in October 2021 of the first Smart Robot installed at the REMEDIA pharmacy in Bd. Metalurgiei no. 78, Bucharest, continued during 2022-2023 the implementation of 10 (ten) robotic systems in pharmacies in Romania.

REMEDIA will develop the direction of automation and optimization of pharmaceutical processes, will continue the implementation of **BD Rowa™** automation in pharmacies, as well as expanding the portfolio of automation solutions to ensure digital management and medication traceability in hospitals.

REMEDIA provides installation, commissioning and training of beneficiaries, as well as service and maintenance of robotic equipment with its own specialized BD Rowa manufacturer teams. The professionalism of our own technical team has qualified REMEDIA to install 8 (eight) automated systems in pharmacies in Slovakia, Austria, Germany, Italy.

BD Rowa™, with more than 13,000 robots installed in more than 60 countries from Japan to Argentina, with a market share of about 65% globally, is currently the world leader in pharmacy, warehouse and hospital automation solutions.

To this end, REMEDIA is developing the www.pharmacy-automation.ro platform to both facilitate communication with pharmacists and customers and answer questions about the benefits of robotic pharmacy, as well as to inform on directions in digitising transformation and increasing the safety and efficiency of medication management from pharmacy to bedside in hospital units.

Another priority objective of the company is also to develop online sales by implementing its own solution in partnership with companies specialized in e-commerce.

REMEDIA is developing the customer satisfaction-focused www.farmacia.remedia.ro platform, which ensures easy shopping and fast navigation, product portfolio diversification and secure online transactions.

Communication with the company's own IT management system ensures real-time transfer of data on products, orders, stock and customer invoicing.

At the same time, campaigns were launched on social networks to ensure easier access to products, to inform customers about new products, promotions and campaigns run by the company, as well as the benefits of pharmacy automation processes through robots.

2. Fixed assets of the company

49.600.603 Lei represents **Fixed assets** (at residual value) with the following structure:
43.690.842 Lei - Tangible fixed assets (land, buildings, equipment, means of transport, commercial furniture, etc)

254.260 Lei - Intangible fixed assets (pharmacy licences and software licences)

5.655.500 Lei - Financial fixed assets (shares held in other companies, deposits, deposits, guarantees paid).

Within tangible fixed assets, buildings and land account for 94%. These are valued at market level each year by an authorised valuer. The valuation at the end of 2023 showed an appreciation of 2.621.129 lei for these fixed assets (lands + 317.401 lei, buildings +2.303.727 lei).

3. Shares and shareholding

The shares issued by Farmaceutica REMEDIA SA were traded in 2023 on the regulated market of the Bucharest Stock Exchange, Standard category.

Farmaceutica REMEDIA S.A. shares are registered shares with a value of 0,1 Lei/share, in the number of 95.480.820 shares with the following synthetic ownership structure as of 31.12.2021, (information provided by the Central Depository):

Shareholders	No. of shares	Share from the share capital (%)
Valentin-Norbert TARUS	77.765.079	81,4458
Farmaceutica REMEDIA SA	3.164.525	3,3143
Natural persons	13.260.320	13,8879
Legal entities	1.290.896	1,3520
Total	95.480.820	100

As of 31.12.2023 Farmaceutica REMEDIA SA had a total number of 3.633 acționari, shareholders, of which:

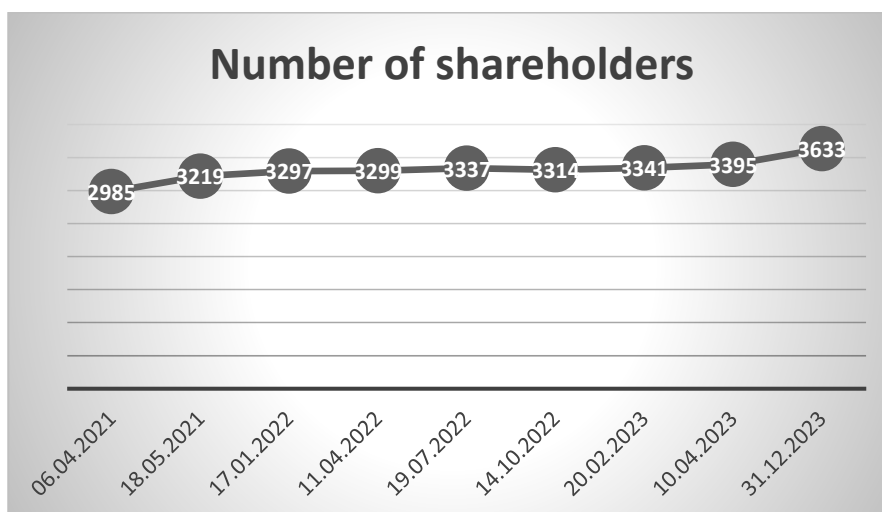
- 3.615 natural persons, with a total percentage of 95,34% of the share capital (of which 81,45% held by Mr. Valentin TARUS)
- 18 legal entities, with a total percentage of 4,66% of the share capital of which 3,32% held by Farmaceutica REMEDIA SA).

According to the territorial criteria, in the top 5 counties where REMEDIA shareholders come from are the following counties:

- Hunedoara : 1.818 shareholders
- Bucuresti : 460 shareholders
- Alba : 247 shareholders
- Cluj : 123 shareholders
- Timis : 65 shareholders

Over the last 2 years the number of REMEDIA shareholders has steadily increased, so that while in 2021, at the reference date for the AGM on 15.04.2021, 2985 shareholders were registered, at the end of 2023 a total of 3633 shareholders were registered with the Central Depository.

The evolution of the number of shareholders over the last 2 years is shown in the following graph:



The company has no subsidiaries and has not issued bonds or other debt securities.

4. Dividends

For 2022, the Board of Administrators has proposed the distribution of **4.733.076** Lei, to dividends, in order to grant a gross dividend of 0,05 lei/share.

Thus, the Board of Administrators proposed the distribution of the net profit obtained in 2023 in the amount of **4.374.862** Lei to dividends, as well as the distribution to dividends of **358.214** Lei from other reserves.

In the medium term, the company intends to maintain the policy of distributing at least 50% of net profit to dividends.

The amount of dividends due (distributed from profit), paid and accrued (unpaid) is as follows:

	2018	2019	2020	2021	2022	2023	2024
Initial ballance	214.756	241.226	209.353	117.155	327.582	379.265	436.551
Brotto dividends distribution	1.060.898	1.591.347	2.121.796	14.277.108	4.759.036	4.616.675	*4.733.076
Tax on the paid dividends	52.675	78.995	104.900	711.866	237.353	368.751	
Paid dividends	981.753	1.544.225	2.109.093	13.354.815	4.470.000	4.190.037	
Dividends to be paid	241.226	209.353	117.155	327.582	379.265	436.551	

* 4.374.862 lei of current year's profit

* 358.214 lei from other reserves (profit of previous years)

5. Management of Farmaceutica REMEDIA S.A.

During the financial year 2022, Farmaceutica REMEDIA S.A. was led by a Board of Administrators with the following composition:

01.01.2023 – 30.04.2023	01.05.2023 – 31.12.2023
"TARUS" - Valentin Norbert TARUS e.U., represented by dl. Valentin-Norbert TARUS - Chairman	"TARUS" - Valentin Norbert TARUS e.U., represented by dl. Valentin-Norbert TARUS – Chairman
NIPA CONSULTANCY SRL (previously NIPA STEURBERATUNG SRL), represented by Adrian-Marcel PARVU	Cristian PLOCON
Elena CODREAN	Elena CODREAN

- "TARUS" - Valentin Norbert TARUS e.U.**– Chairman of the Board of Administrators represented by Valentin Norbert TARUS, executive director, non-independent, member of the Audit Committee and Chairman of the Remuneration and Nomination Committee for the period 15.04.2021-30.04.2024

In the 1990s he laid the foundation for the first companies in Romania specialized in distribution, import, export, consulting and marketing of pharmaceutical products. In 2000 he acquired from FPS the majority of shares of Farmaceutica REMEDIA S.A., developing a successful business with national coverage and integrated services: marketing and distribution of medicines, as well as retail through the REMEDIA chain of pharmacies (taken over in 2020 by Phoenix Group).

He studied Chemical Engineering - Technologies for Organic and Pharmaceutical Substances at the Polytechnic Institute of Bucharest and completed postgraduate studies in Foreign Trade, with a dissertation on world trade in medicines.

In the last 5 years he has served as a director in the trading company:
"TARUS" - Valentin Norbert TARUS e.U., Leopold Moses G. 4/2/46.

He has not been associated with bankruptcy, receivership or liquidation proceedings in the capacity of member of an administrative, management or supervisory body or general partner. Has not been convicted of fraud within the last 5 years and has not had an official public sanction pronounced against him. Has never been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from interfering in the management or conduct of the affairs of an issuer during the last 5 years.

As of 31.12.2023 he owned 81,45% of the shares of Farmaceutica REMEDIA S.A

2. Cristian PLOCON member of the Board of Administrators, executive director, non-independent, Chairman of the Audit Committee, member of the Remuneration and Nomination Committee for the period 01.05.2023-30.04.2024.

Graduate of the Academy of Economic Sciences, with a Bachelor's and Master's degree in Financial Analysis from the same faculty. He is an economist with over 25 years of experience in the field.

He has not been associated with bankruptcy, receivership or liquidation proceedings in the capacity of member of an administrative, management or supervisory body or general partner. Has not been convicted of fraud within the last 5 years and has not had an official public sanction pronounced against him. Has never been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from interfering in the management or conduct of the affairs of an issuer during the last 5 years.

As of 31.12.2022, he did not hold any shares in Farmaceutica REMEDIA S.A.

3. Elena CODREAN member of the Board of Administrators, non-independent executive administrator, member of the Audit Committee, Remuneration and Nomination during 23.12.2020-30.04.2023.

Graduated from the Academy of Economic Studies, Bucharest, specializing in Accounting and Management Informatics, she worked as an economist at multinational companies such as "HPT Humbel Productiontehnik", and Financial Controller at "Key Safety Systems". He attended postgraduate courses in the field of economics at CECCAR, Romania, and in the field of human resources.

He graduated from the Master of Management of Business Administration program at the West University of Timisoara. Fluent in English.

He has not been associated with bankruptcy, receivership or liquidation proceedings in the capacity of member of an administrative, management or supervisory body or general partner. Has not been convicted of fraud within the last 5 years and has not had an official public sanction pronounced against him. Has never been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from interfering in the management or conduct of the affairs of an issuer during the last 5 years.

As of 31.12.2022, he did not hold any shares in Farmaceutica REMEDIA S.A.

The executive management was ensured by a general manager that has in its subordination departmental directors and managers. In the fiscal year 2023, the executive management was provided by Mr. **Valentin - Norbert TARUS**.

6. Affiliated persons to the Farmaceutica REMEDIA S.A.

On the date of the report, the list of persons affiliated to the company Farmaceutica REMEDIA S.A. is composed of:

- Valentin-Norbert TARUS - Austrian citizen
- "TARUS" - Valentin Norbert TARUS e.U. – Austrian individual enterprise

- Farmaceutica REMEDIA Distribution & Logistics S.R.L.
- TARUS MEDIA S.R.L.
- IMOBILIARA MAGHERU S.R.L.
- PHARMA EXPERTSPEDITION SRL

7. Corporate governance

In 2023, the corporate governance structures operated normally, the Company administration and representation being within the competence and responsibility of the members of the Board of Administrators (BA) and the General Director.

Farmaceutica REMEDIA complies with the shareholders' rights, providing them with a fair treatment and submitting for approval any modification of the rights conferred at the general meetings, as well as of the legal regulations.

Farmaceutica REMEDIA is among the companies that have offered the highest dividend yields in recent years, the average dividend yield offered was over 7%, ranking in the TOP 10 companies with the highest share yields in the last three years.

Company's website – www.remedia.ro - provides information and access conditions, in Romanian and English languages, at the GMS documents, financial statements, current reports to BSE, dividends, policies implemented in compliance with the provisions of the Corporate Governance Code.

In 2023, Farmaceutica REMEDIA obtained, for the third consecutive year, the maximum score, 10, for meeting the VEKTOR criteria, an assessment conducted by ARIR (Association for Investor Relations on the Romanian Stock Exchange), which examines the adoption of good corporate governance practices and communication with investors.

The **Investor Relations** section, www.remedia.ro/investitori/ has been updated in 2023 according to ARIR communication vektors for shareholders and potential investors.

Constantly concerned with improving the company's sustainability performance, within the Corporate Governance section, the **ESG** subsection includes information related to the company's activities in the areas of Environmental, Social and Governance, where non-financial / sustainability reports are also published. Farmaceutica REMEDIA SA has an **ESG Risk Rating of 14.7** ranking 2nd in the Pharma sector, classified as having a **LOW risk** of facing a significant financial impact, according to Sustainalytics' assessment,

During the financial year 2023, the Chairman of the Board of Administrators convened 17 (seventeen) meetings, statutorily convened, of the Board of Administrators.

The members of the Board of Administrators participated in person, by telephone, teleconferences or e-mail, in accordance with the Articles of Association and the Internal Regulations of the Board of Administrators.

Following the meetings of the Board of Administrators, a total of 30 (thirty) decisions were issued and communicated to the relevant departments for implementation and fulfilment during 2023.

8. Accounting financial statement (consolidated statements)

Farmaceutica Remedia		
Income Statement	dec.-23	dec.-22
(RON)	unconsolidated	unconsolidated
Sales of goods	11,370,803	15,084,967
Discounts given	0	0
Net Sales	11,370,803	15,084,967
COGS	9,402,741	13,058,243
Discounts Received	-19,909	-76,566
Net COGS	9,382,832	12,981,677
Gross Margin	1,987,972	2,103,290
Gross Margin (%)	17.48%	13.94%
Other Operating Revenues	9,582,946	6,096,588
Personnel	-4,392,156	-4,417,169
Third Party Expenses		
Transport		
Consumables		
Maintenance		
Rent		
Other Operating Expenses	-4,087,447	-3,450,029
Total Operating Expenses	-8,479,603	-7,867,198
EBITDA	3,091,315	332,681
EBITDA Margin	27.19%	2.21%
Depreciation	-4,073,390	-2,717,999
Provisions - net	0	9,191
Bad debts lost	-450	-5,305
EBIT	-982,525	-2,381,433
EBIT Margin	-8.64%	-15.79%
Financial Revenues	5,413,254	5,321,320
Financial Expenses	-55,867	-21,301
Financial income	5,357,387	5,300,018
EBT	4,374,862	2,918,586
EBT Margin	38.47%	19.35%
Tax on Profit	0	-2,560
Net Profit	4,374,862	2,916,026
Net Profit Margin	38.47%	19.33%

Farmaceutica Remedia		
Balance Sheet (RON)	dec.-23	dec.-22
	neconsolidat	neconsolidat
Total Assets	64,973,864	62,514,723
Cash	7,982,716	8,897,395
A/R (clients)	4,260,102	3,085,858
Inventory	2,298,411	2,179,248
Expenses in advance	372,077	439,812
Other Current Assets	459,956	542,286
Total Current Assets	15,373,261	15,144,599
Tangible Assets	43,690,842	40,032,752
Intangible Assets	254,260	752,848
Financial Investments	5,655,500	6,584,524
Total Long-Term Assets	49,600,603	47,370,124
A/P (suppliers)	5,908,015	5,531,838
Other ST payables	698,409	502,023
Payables to shareholders	436,551	327,582
ST Loans*		
Current Liabilities	7,042,975	6,361,443
LT Loans*	180,013	0
Other LT liabilities	4,894,215	3,175,842
LT Liabilities	5,074,228	3,175,842
Provisions	0	
Share capital	9,548,082	9,548,082
Reserves & others	38,933,718	40,513,331
Profit	4,374,862	2,916,026
Equity	52,856,662	52,977,439
Total Liabilities & Equity	64,973,864	62,514,723

The consolidated financial statements were audited by the independent financial auditor.

9. Economic-financial indicators 2023

LIQUIDITY AND WORKING CAPITAL	31.12.2023	31.12.2022
Current liquidity (Current assets/Current liabilities)	2,08	2,24
Current assets	15.001.185	14.367.922
Current liabilities	7.222.987	6.402.052
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%	0,00%
Borrowed capital (including leasing)	0	0
Equity	52.856.662	52.586.442
Turnover speed of customer debits (average customer balance/turnover *365)	72 days	64 days
Average customer balance	3.013.747	3.232.502
Net turnover	15.379.933	18.307.055
Turnover speed of liabilities (average suppliers balance/cogs*365)	259 days	208 days
Average suppliers balance	6,665,102	7.410.150
Cost of merchandise sold	9.382.832	12.981.677
Turnover speed of stocks (average stock balance/cogs * 365)	86 days	68 days
Average stocks balance	2.207.242	2.406.105
Cost of merchandise sold	9.382.832	12.981.677
Turnover speed of fixed assets (turnover/fixed assets)	0,31	0,38
Net turnover	15.379.933	18.307.055
Fixed assets	49.600.603	47.370.124
Gross profit margin (%) (gross profit/net sales)	28,44 %	16 %
Gross profit	4.374.862	2.918.586
Net turnover	15.379.933	18.307.055

Note:

1) **Current liquidity** - the level of the indicator reflects a good payment capacity and therefore a low risk for creditors, certifying that the company is able to cover its short-term debts from receivables and cash on hand. The indicator has evolved positively compared to the same period last year.

2) **The degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential funding and liquidity problems, with an impact on the honouring of commitments. A value of 0% indicates that the company has no funding or liquidity problems. In the calculation of this indicator, borrowed capital includes both bank loans and finance lease liabilities.

3) **Turnover speed of customer debits** expresses the effectiveness of the company in collecting its receivables, i.e. the number of days until debtors pay their debts to the company. Given the dynamics of sales and the specifics of debt collection in the distribution of medicines, we consider 72 days to be normal under the given conditions.

4) **Turnover speed of liabilities** represents the average period in which suppliers are paid.

5) The value of the **No. of storage** indicator can be considered that it falls within the specifics of the activity.

6) **Turnover speed of fixed assets** expresses the effectiveness of the management of fixed assets, by examining the turnover generated by a certain quantity of fixed assets.

Bucuresti, March 22nd 2024

Board of Administrators,

Chairman

"TARUS" - Valentin Norbert TARUS e.U

1020 Viena, Leopold-Moses Gasse, 4/42/6, Austria

FN 349134h/23.07.2010

Farmaceutica REMEDIA S.A. – unconsolidated financial statements
concluded as at 31.12.2023

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Farmaceutica REMEDIA S.A.
STATEMENT OF COMPREHENSIVE INCOME -
unconsolidated (Lei)

	31.12.2023	31.12.2022
Net turnover	15.379.933	18.307.055
Income from the sale of goods	11.370.803	15.084.967
Trade discounts granted	-	0
Income from services rendered and rentals	4.009.129	3.222.088
Other operating income	5.573.817	2.874.500
OPERATING INCOME - TOTAL	20.953.750	21.181.555
Material expenses	9.998.633	13.608.407
Expenditure on goods	9.402.741	13.058.243
Trade discounts received	-19.909	-76.566
Expenditure on raw materials and consumables	385.524	375.199
Other material expenses (inventory items)	32.451	47.316
Energy and water expenses	197.826	204.215
Staff expenditure	4.392.156	4.417.169
Salaries and allowances	3.538.249	3.502.561
Expenditure on insurance and social protection	94.608	165.582
Other staff expenditure	759.299	749.026
Depreciation and provisions	4.073.840	2.716.674
Depreciation	4.073.390	2.717.999
Net provisions		-9.191
Losses on receivables	450	7.865
Other operating expenses	3.471.646	2.823.298
Expenditure on external services	1.393.114	1.334.698
Other taxes, duties and similar charges	1.197.106	802.627
Other expenses	881.426	685.973
OPERATING EXPENDITURE - TOTAL	21.936.274	23.565.548
OPERATING RESULT	-982.525	-2.383.993
Financial income	5.413.254	5.321.320
Interest income	343.634	237.069
Income from exchange rate differences	1.314	4.424
Dividend income	5.068.305	5.079.826
Prepaid discounts		0
Other financial income		0
Financial expenses	55.867	21.301
Interest-related expenditure	53.571	0
Exchange rate expenses	2.296	21.301

Farmaceutica REMEDIA S.A. – unconsolidated financial statements
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Discounts received in advance	-	0
Other financial expenses	-	-
FINANCIAL RESULT	5.357.387	5.300.018
TOTAL REVENUE	26.367.003	26.502.875
TOTAL EXPENDITURE	21.992.142	23.586.849
GROSS RESULT	4.374.862	2.916.026
Corporation tax	-	0
TOTAL NET PROFIT of which distributable	4.374.862	2.916.026
Shareholders of the company	4.374.862	2.916.026
Minority interest		
Other comprehensive income		
Revaluation of tangible fixed assets		
Tax relating to other comprehensive income		
Minority interest		
VERALL RESULT FOR THE PERIOD - TOTAL of which attributable:	4.374.862	2.916.026
Shareholders of the company	4.374.862	2.916.026
Minority interest		
Earnings per share (in Lei)		
- basic	0,0458	0,0305
- diluted	0,0458	0,0305

Chairman of the Board of Administrators
"TARUS" - Valentin Norbert TARUS e.U.

by representative
Valentin - Norbert TARUS

Farmaceutica REMEDIA S.A. – unconsolidated financial statements
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Farmaceutica REMEDIA S.A.
FINANCIAL POSITION - unconsolidated (Lei)

	31.12.2023	31.12.2022
ACTIVE		
Fixed assets	49.600.693	47.370.124
Tangible fixed assets	26.658.751	23.487.049
Investment property	16.364.407	16.545.703
Assets related to rights of use	667.684	
Software licences	76.006	63.649
Pharmacy licences	178.255	689.200
Holdings in group companies	602.200	891.720
Holdings in companies outside the group	5.916	5.916
Deposits and guarantees paid	5.047.385	5.686.888
Current assets	15.001.185	14.704.786
Inventories	2.298.411	2.179.248
Trade receivables	4.260.102	3.085.858
Other receivables	459.956	542.286
Cash and cash equivalents	7.982.716	8.897.395
Expenditure recorded in advance	372.077	439.812
TOTAL ACTIVE	64.973.864	62.514.723
EQUITY AND DEBT		
Shareholders' equity	52.856.662	52.977.439
Share capital	9.860.311	9.860.311
Share premium	757.485	757.485
Reserves	40.426.106	39.419.786
Current result	4.374.862	2.916.026
Retained earnings	11.123	448.688
Retained earnings - restatement	-312.229	-312.229
Profit distribution		0
Treasury shares	-2.260.996	-112.628
Long-term debt	4.894.215	3.175.842
Long-term lease liabilities	646.142	
Provisions	-	
Deferred income tax liabilities	4.248.073	3.175.842
Current liabilities	7.222.987	6.361.443
Bank loans	-	
Short-term lease liabilities	180.013	
Suppliers and other similar debts	5.908.015	5.531.838
Provisions		

Farmaceutica REMEDIA S.A. – unconsolidated financial statements
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Current tax liabilities		
Other short-term liabilities	1.134.959	829.605
Total debts	12.117.202	9.537.284
TOTAL EQUITY AND DEBT	64.973.863	62.514.723

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Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

STATEMENT OF CHANGES IN EQUITY (RON)

CAPITAL CHANGES	Share	Legal	Revaluation	Other	Issuance	Result	Current	Profit	Own	TOTAL
	capital	reserves	reserves	reserves	premiums	carried forward	result	distribution	shares	
Balance on 01.01.2022	9.860.311	2.121.796	21.942.201	19.762.129	757.485	136.459	859.155	0	-112.628	55.326.909
										0
Transfer profit 2021 to retained earnings						859.155	-859.155			0
Profit distribution 2021 to dividends				-3.899.880		-859.155				-4.759.035
Allocation of profit 2021 to other reserves										0
Distribution of profit 2021 to legal reserve										0
Result 2022							2.916.026			2.916.026
Legal reserve 2021										0
Closing of account 129 (legal reserve 2021)										0
Disposals of buildings + land										0
Revaluation of buildings and land			-506.460							-506.460
Deferred tax										0
Correction of accounting errors 2022										0
Purchase of own shares									0	0
Balance at 31.12.2022	9.860.311	2.121.796	21.435.741	15.862.249	757.485	136.459	2.916.025	0	-112.628	52.977.439

Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

STATEMENT OF CHANGES IN EQUITY (RON) - continued

CAPITAL CHANGES	Share	Legal	Revaluation	Other	Issuance	Result	Current	Own	TOTAL
	capital	reserves	reserves	reserves	premiums	carried forward	result	shares	
Balance at 01.01.2023	9.860.311	2.121.796	21.435.741	15.862.249	757.485	136.459	2.916.025	-112.628	52.977.439
									0
Transfer profit 2022 to retained earnings						2,916,025	-		0
Profit distribution 2022 to dividends				-1,699,789		-			-4,615,814
Profit distribution 2022 to other reserves									0
Appropriation of profit 2022 to legal reserve									0
Result 2023							4,374,862		4,374,862
Legal reserve 2022									0
Closing of account 129 (legal reserve 2022)									0
Disposals buildings + land									0
Revaluation of buildings and land			2,706,109						2,706,109
Deferred tax									0
Correction of accounting errors 2023						-437,565			-437,565
Purchase of own shares								-2,148,368	-2,148,368
Balance at 31.12.2023	9,860,311	2,121,796	24,141,850	14,162,460	757,485	-301,106	4,374,862	-2,260,996	52,856,662

Farmaceutica REMEDIA S.A. – unconsolidated financial statements
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STATEMENT OF TREASURY FLOWS (RON)

unconsolidated		
	31/12/2023	31/12/2022
Cash flows from operating activities		
Collections from the sale of goods and from the provision of services	18,928,342	20.679.779
Other cash inflows	517,672	1.248.092
Payments to suppliers of goods and services	-14,532,382	-19.895.308
Payments to and on behalf of employees (incl. payroll taxes)	-3,540,629	-3.627.936
Corporate tax payments	0	0
Payments of other taxes and fees	-1,703,271	-2.133.197
Interest paid		
Collected Interest (current account)	343,634	237.069
Other cash outflows	-647,359	-1.340.013
Total operating cash flow	-633,993	-4.831.513
Cash flow from investing activities		
Collections from the sale of long-term assets and financial investments	345,513	197.700
Collected Interest (on deposits)		
Collected Dividends	5,068,305	5.079.826
Payments for acquisition of long-term assets		
Total cash flow from investments	5,413,818	5.277.526
Cash flow from financing activities		
Short-term loan withdrawals		
Repayments of short-term loans		
Net foreign exchange differences	-858	-8.950
Financing received/granted		
Repayments of long-term loans, including interest		
Payments to shareholders (dividends)	-4,189,777	-4.470.000
Payments on own shares	-1,503,869	
Total cash flow from financing	-5,694,504	-4.478.950
Total cash flow	-914,679	-4.032.938
Cash at the beginning of the period	8,897,395	12.930.332
Cash at the end of the period	7,982,716	8.897.395

Farmaceutica REMEDIA S.A.

Chairman of the Board of Administrators
"TARUS" - Valentin Norbert TARUS e.U.

by representative
Valentin-Norbert TARUS

Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

NOTE 1 COMPANY INFORMATION

Farmaceutica REMEDIA S.A. ("the Company") is a commercial company with registered office in Deva, Bld. Nicolae Balcescu nr. 2 (formerly Str. Dorobantilor 43), Hunedoara County, Romania.

On 25 July 1991, Farmaceutica REMEDIA S.A. was established as a commercial company with full state capital, through the reorganization of the Deva Pharmaceutical Office - established in 1957.

On 13 October 2000, V.TARUS RoAgencies S.R.L. acquired from FPS the majority of shares (55,802 %).

On 01 January 2006, Farmaceutica REMEDIA S.A. merged by absorption with V.TARUS RoAgencies S.R.L. Conform Legii 95/2006, republicata in August 2015, societatile comerciale le-a fost interzisa desfășurarea, in acelasi timp, de activitati de distributie en gross si en detail de medicamente. (Art. 800 paragraful 2).

On January 1, 2016, Farmaceutica REMEDIA S.A. completed the transfer of the distribution activities to Farmaceutica REMEDIA Distribution & Logistics S.R.L., a new company, 100% owned, of the wholesale distribution activities of medicines, together with related activities (logistic services, registration of pharmaceutical products, promotion and marketing of medicines, etc.), Farmaceutica REMEDIA S.A. kept the operation of the chain of pharmacies and local offices.

As a result of the change in the main object of activity imposed by the above mentioned legislation, the company had to buy back from the market (in 2015) a number of 300,100 shares at a price set by an authorized appraiser.

During **2023** Farmaceutica REMEDIA S.A. did not participate in mergers.

In **February 2023**, Farmaceutica REMEDIA SA sold 1 pharmaceutical license to Remedia Aviației pharmacy in Bucharest.

On **02.03.2023**, Farmaceutica REMEDIA SA completed a share buyback operation carried out for the purpose of a Stock Option Plan. The number of shares repurchased on 02.03.2023, according to ASF Decision 122/08.02.2023 is 2,864,425 shares, representing 3% of the share capital. Total number of shares subscribed in the operation: 2,864,425 shares, representing 100% of the Offer. The total amount paid by Farmaceutica REMEDIA was 2,148,319 Lei. Repurchase price: 0.75 Lei per share.

In **August 2023** Farmaceutica Remedia SA closed the pharmacy Sf Augustin in Rosiori jud Sibiu.

In **December 2023**, Farmaceutica REMEDIA SA sold to Farmaceutica REMEDIA Distribution & Logistics SRL, 1 pharmaceutical license related to Remedia Metalurgiei pharmacy in Bucharest and the automatic storage system for pharmaceutical products.

Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

NOTE 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Declaration of conformity

The company's financial statements have been prepared in accordance with the provisions of Order no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent amendments and clarifications.

For all periods up to and including the year ended 31 December 2011, the company has prepared financial statements in accordance with Romanian Accounting Standards (RAS). The financial statements for the year ended 31 December 2012 are the first financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements as at 31.12.2023 were approved by the Board of Administrators of the Company on 22.03.2024.

Basics of evaluation

The financial statements have been prepared on a historical cost basis except for buildings and land which are valued at fair value (market value determined by an appraiser's valuation). Historical cost is generally based on the fair value of the consideration given for the assets.

The company presents in the financial statements at fair value all assets and liabilities for which fair value measurement is required, the methods used to determine fair value being inventory and revaluation (IFRS 13).

Thus, the buildings (included in the class Property, plant and equipment and investment property) and land owned by the Company are valued annually by an independent chartered appraiser, member of ANEVAR, with recent and relevant experience regarding the location and category of the investment subject to valuation.

Since 2015, the revaluation method used has been the gross income multiplier method (quantification of the present value of the anticipated future benefits produced to the owner by leasing the property). The values were estimated on the basis of public market studies and the correlation was made based on several criteria, the most important being the number of inhabitants of the locality where the property is located.

Property, plant and equipment valuations have been classified at level 2 because their values are comparable to similar values in the active market, are adjusted and are directly observable - IFRS 13.93 (b).

The Company does not hold financial instruments that would require the use of other fair value estimation methods.

During 2023 there were no events and circumstances that would lead to the recognition of a significant impairment loss on property, plant and equipment.

Functional and presentation currency

The financial statements are presented in LEI (RON), which is the Company's functional currency. All financial information is presented in LEI.

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Principle of continuity of activity

The financial statements have been prepared on a going concern basis, which means that the company will, for the foreseeable future, continue as a going concern without going into bankruptcy, liquidation or significant curtailment.

Comparative situations

In 2023 the Company has updated its accounting policies for certain IFRS standards and these affect the ending balances from 2023.

Professional estimates and reasoning

The preparation of IFRS financial statements requires management to use professional judgement, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The underlying estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimate was revised and in future periods affected. The following are critical professional judgements/reasons that the Company's management has made that have a significant impact on the amounts recognised in the financial statements:

- Useful lives of non-current assets
- Deferred taxes
- Provisions
- Segment reporting

Changes in accounting policies

The Company's financial statements have been prepared in accordance with :

- Accounting Act No. 82/1991, republished and updated;
- the provisions of the Order of the Minister of Public Finance No. 2844/2016, approving the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, as subsequently amended and clarified.

These individual financial statements have been prepared in accordance with the recognition, measurement and evaluation criteria in accordance with the International Financial Reporting Standards, Interpretations and International Accounting Standards (collectively referred to as "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRSs").

The financial statements for the financial year ended on 31.12.2023 include the financial position statement. Statement of comprehensive income, statement of cash flows, statement of changes in equity and explanatory notes.

The main accounting policies applied to the preparation of the financial statements were applied consistently.

The preparation of financial statements in accordance with adopted IFRS requires the use

Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

of certain crucial accounting estimates. It also requires management to use judgment in the process of applying the Company's accounting policies.

The areas that involve a higher degree of complexity and the application of these reasonings or those in which assumptions and estimates have a significant impact on the financial statements.

These provisions correspond to the requirements of the International Financial Reporting Standards (IFRS), adopted by the European Union (EU). The effects of changes in exchange rates, regarding the functional currency. For the purpose of preparing these financial statements in accordance with the legislative requirements in Romania, the functional currency of the Company is considered to be RON ("Romanian leu").

The management of the company considers it to be the functional currency, as defined by IAS 21 - The effects of changes in foreign exchange rates

The new accounting regulations

Starting with 2023, the Company applied the IFRS 16 standard for all rental and operational leasing contracts.

The table below summarizes the impact of this change in accounting policy on the financial statements.

	31.12.2023
	RON
Consolidated profit and loss account	-10.425
- rental expenses	122.490
- interest expenses	-53.571
- depreciation expenses	-79.344
The situation of the consolidated financial position	
- assets from rights of use	667.684
- debts from leasing	826.155
- <i>reported result</i>	

The following amendments to existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are in force for the current period:

Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

IFRS 17 Insurance contracts (including amendments to IFRS 17 from June 2020 and December 2021) The company adopted IFRS 17 with all amendments for the first time in 2023. IFRS 17 establishes the principles for the recognition, measurement and presentation of insurance contracts and replaces IFRS 4 Insurance contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The overall model is simplified if certain criteria are met by measuring liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the value, timing and uncertainty of future cash flows and explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The company has no contracts that meet the definition of an insurance contract according to IFRS 17.

Amendments to IAS 1, Presentation of financial statements

The company adopted the amendments to IAS 1 for the first time this year. The amendments change the requirements of IAS 1 regarding the presentation of accounting policies. The amendments replace the term "significant accounting policies" with "significant accounting policy information". Accounting policy information is material when considered in conjunction with other information included in an entity's financial statements that can reasonably be expected to influence the decisions that primary users of the financial statements make on the basis of them.

IAS 1 has also modified paragraphs to clarify that information regarding the accounting policy of some insignificant transactions or events is not material and should not be presented.

Accounting policy information may be material because of the nature of the transactions or related events, even if the amounts are immaterial. However, not all accounting policy information relating to significant transactions or events is itself material.

Amendments to IAS 12 Income tax—deferred tax on assets and liabilities arising from a single transaction

The company adopted the amendments to IAS 12 for the first time in 2023. The amendments introduce a new exception to the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax regulations, equal taxable and deductible temporary differences may arise in a transaction that is not a combination and does not affect either accounting profit or taxable profit.

According to the amendments to IAS 12, an entity must recognize the deferred tax asset and liability, and the asset is recognized according to the recoverability criteria established by IAS 12.

Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors

Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

The company adopted the IAS 8 amendments for the first time in 2023. The amendments replace the definition of a change in accounting estimates with the definition of an accounting estimate. According to the new definition, accounting estimates are "monetary values in financial statements that are subject to measurement uncertainty." The definition of a change in accounting estimates has been removed.

Amendments to IAS 1 Presentation of Financial Statements—classification of short-term or long-term liabilities

The amendments to IAS 1 published in January 2020 only affect the presentation of liabilities as short-term or long-term in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expense, nor the information presented about these items.

The amendments clarify that this short-term or long-term classification is based on the rights that exist at the end of the reporting period and is not affected by the expectation that the company can exercise the right to defer the payment of a debt and clarifies that the rights exist certain contractual conditions are fulfilled at the end of the reporting period. The term "payment" is clarified, namely the transfer of money, capital instruments, or other assets or services.

NOTE 3 SIGNIFICANT INFORMATION REGARDING THE ACCOUNTING POLICY

Business combinations – IFRS 3

Business combinations are accounted for using the acquisition method. The acquirer recognizes the acquired company's identifiable assets, liabilities and contingent liabilities at their acquisition date fair values and also recognizes goodwill that is subsequently tested for impairment rather than amortized. The direct costs of the acquisition are recognized directly in the profit and loss account. Recunoasterea veniturilor

Revenues represent the gross inflow of economic benefits during the period generated within the normal activities of an entity, in the form of inflows of assets or increases in the value of assets, or decreases in liabilities, which result in increases in equity, other than those obtained through contributions from the capital holders.

REVENUE RECOGNITION IN ACCORDANCE WITH IFRS 15

Revenues are recorded when the significant risks and advantages of ownership of the goods are transferred to the customer. The amounts representing the income do not include the sales tax (VAT), but they include the commercial discounts granted. Financial discounts granted to customers (discounts) reduce the value of the Company's revenues.

The Company recognizes revenues when their value can be reliably estimated, when it is likely to produce future economic benefits for the entity, and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered reliably assessable until all sales contingencies have been resolved. The

Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

company bases its estimates on historical results, taking into account the type of client, the type of transaction and the specific elements of each contract.

Revenues from the provision of services are recognized in the period in which they were provided and in correspondence with the stage of execution.

Interest income is recognized periodically, proportionally, as the respective income is generated, based on accrual accounting.

Revenues from the collection of rents and/or rights to use assets are recognized on the basis of accrual accounting, according to the contract.

Dividends distributed to shareholders, proposed or declared after the date of the financial statements, are recognized as dividend income when the shareholder's right to collect them is established.

Revenues represent the gross inflow of economic benefits during the period generated within the normal activities of an entity, in the form of inflows of assets or increases in the value of assets, or decreases in liabilities, which result in increases in equity, other than those obtained through contributions from the capital holders.

Revenues constitute increases in economic benefits recorded during the accounting period, in the form of incomes or increases in assets or reductions in liabilities, which materialize in increases in equity, other than those resulting from shareholders' contributions.

Fair value is the value at which an asset can be traded or a debt settled, between interested parties and in good faith, in a transaction carried out under objective conditions.

Revenues are assessed according to IFRS 15 – Revenues from contracts with customers. IFRS 15 establishes a five-step model to record revenue from contracts with customers:

- **Step 1: Identifying the contract with a customer**
- **Step 2: Identification of payment obligations from the contract**
- **Step 3: Determining the transaction price**
- **Step 4: Allocation of the transaction price for the performance obligations in the contract**
- **Step 5: Revenue recognition as the company fulfills a performance obligation**

The company has concluded contracts with clients for the delivery of goods (robots) and contracts for the provision of services (rents, and robot assembly and maintenance works). The client is analyzed within the Control Dept. by accessing the data from the platforms that offered this service, e.g. "List of companies" and by requesting credit reports from specialized companies.

The company identifies the terms of payment and the rights of each party in what concerns the goods and services, it is established that it has commercial content, and the parties have approved the contract and undertake to fulfill the obligations according to the payment terms for the goods and services transferred.

The company evaluates the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer a distinct good or service to the customer.

Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

Performance obligations are explicitly stipulated in the contract.

The Company considers the terms of the contract and its usual business practices to determine the transaction price.

The transaction price represents the amount of consideration to which the company expects to be entitled in exchange for the transfer of the promised goods or services to the customer, excluding VAT or other taxes.

For the purpose of determining the transaction price, the company assumes that the goods or services will be transferred to the customer as promised under the existing contract and that this contract will not be canceled, renewed or modified.

The individual (specific) selling price of a good or service is the price at which the good or service would be sold separately. When it is not directly observable, it can be determined:

- by reference to the market price (adjusted market valuation approach);
- by adding a margin to the cost that the entity estimates to bear for the fulfillment of that obligation.

In accordance with IFRS 15, revenue is recognized in the amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to a customer.

According to IFRS 15, revenues will be recognized when a customer obtains control over the goods.

In the case of contracts with customers, the sale of goods and other goods (pharmaceutical robots) is generally estimated to be the only performance obligation, revenue recognition takes place at a point in time, when control of the asset is transferred to the customer, namely upon delivery/ putting the goods into operation under the conditions stipulated in the contract.

In the case of sales of goods, in the retail system directly to the physical customer, it is estimated that the adoption of IFRS 15 will not have any impact on the Company's income and profit or loss. They are registered at the time of sale to the client - natural person, based on the tax receipt and the monthly Z report of the cash registers.

The income related to the goods - exclusively RX-type drugs, for which co-payment of the good is provided through the contracts with CNAS, are recognized in the month in which the patient took possession of the goods, based on the invoices drawn up to the Health Centers. Interest income is recognized monthly using the effective interest method and is included in the profit and loss account under financial income.

Dividend income is recognized when the shareholder's right to receive the payment has been established

Recognition of expenses

Expenses represent the reduction of economic benefits recorded during the accounting period in the form of outflows or decreases in the value of assets, or increases in liabilities causing reductions in equity, other than those resulting from their distribution to shareholders.

Currency conversions

In the financial statements, transactions in currencies other than the entity's functional currency (RON) are recognized at the current exchange rate on the date of the transactions. At the end of each reporting period, the monetary elements expressed in a foreign currency are converted at the current rates (BNR) of that date.

Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

Monetary assets and liabilities expressed in foreign currency on December 31, 2023 are valued in RON using the exchange rate valid at the end of the financial year, respectively 1 EUR = 4.9746 RON; 1 USD = 4.4958 RON.

Exchange rate differences related to monetary elements are recognized in the profit and loss account at the time of occurrence.

The non-monetary elements accounted for at fair value in a foreign currency are converted at the current rates from the date on which the fair value was established. Non-monetary items valued at historical cost in a foreign currency are not converted.

Government subsidies

Government subsidies are recognized when there is reasonable certainty that the subsidy will be received and all related conditions will be met.

Capital subsidies, including non-monetary subsidies valued at fair value, are recognized as investment subsidies and are recognized in the balance sheet as income in advance, it is taken back to income as the expenses are recorded with the depreciation of the asset or at the time of the sale of the asset.

The company did not benefit from government subsidies.

Taxes

Current profit tax

The profit tax for the current period is presented at the amount to be paid to the tax authorities and is reported in the tax returns according to the legislation in force, the percentage applied to the taxable profit being 16%.

Deferred profit tax – IAS 12

The elements regarding the deferred tax are recognized in correlation with the transaction supporting other elements of the global result or, in the case of Farmaceutica REMEDIA S.A. - directly in equity (IAS 12 – Recognition of deferred tax liabilities and receivables). Deferred tax receivables and liabilities are offset if there is a legal right to offset current tax receivables with current tax liabilities and deferred taxes refer to the same taxable entity and the same fiscal authority.

Deferred tax liabilities are represented by the amounts of profit tax payable in future periods regarding taxable temporary differences (point 5 of IAS12). These deferred tax liabilities are established when:

- the accounting value of an asset exceeds its tax value;
- the accounting value of an obligation is lower than its tax value.

When calculating the deferred tax, the company takes into account the provisions of IAS 12.

Deferred tax assets and liabilities are recognized when the accounting value of an asset or liability in the statement of financial position differs from the tax base.

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Value added tax

The company applies two rates for calculating the value added tax, respectively 9% and 19% corresponding to the nature of the taxable base (eg for medicines the applicable rate is 9%).

The applicable VAT rate on rental income is 19%, the Company duly notifying the tax authority in this regard.

The net value of recoverable or payable VAT is included as part of receivables and payables in the statement of financial position.

Tangible assets

For initial recognition, tangible assets are valued at cost, net of accumulated depreciation and/or accumulated impairment losses, if applicable.

For the subsequent valuation, land and buildings are valued at fair value, from which the accumulated depreciation of the buildings, as well as the recognized value losses at the valuation date, are deducted. Valuations are performed with sufficient regularity to ensure that the fair value of the revalued assets does not differ materially from the net book value.

A surplus from the revaluation is recorded in other elements of the global result and thus credited to the reserve from the revaluation of the buildings, within the equity. However, to the extent that it recovers a deficit from the revaluation of the same asset previously recognized in the profit and loss account, the increase is recognized in the profit and loss account. A revaluation deficit is recognized in the profit and loss account, if an existing surplus recorded previously for the same asset, recognized in the asset revaluation reserve (according to IAS 16), is not compensated. In addition, the accumulated depreciation on the valuation date is eliminated from the accounting value of the asset and the net amount is restated at the revalued value of the asset. Upon disposal, any remaining revaluation reserve that refers to the respective asset to be sold is transferred to retained earnings.

The revaluation model for buildings and land and the cost-based model for the other classes of tangible assets were used as the accounting method for tangible assets (starting with the 2011 financial year).

In the case of tangible assets to which the cost-based model was applied, the linear depreciation method was used to calculate depreciation.

Assets under financial leasing (vans and cars) were restated according to IFRS 16.

The tangible assets owned by the company are subject to impairment tests to detect the case where their accounting value cannot be fully recovered. When the accounting value of an asset is greater than the recoverable amount, the asset is adjusted accordingly (IAS 36 – Depreciation of assets) by setting up a provision.

For new immobilized assets, such as installations, machines and measuring and control devices, the useful lives were established taking into account the estimated level of use based on the use of the asset's capacity.

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The lifetimes used are the following:

Buildings and constructions 32 - 48 years

Equipment and installations 6 - 12 years

Means of transport 4 - 6 years

Computing technique 2 - 4 years

Furniture and office equipment 9 - 15 years

Current investments are amortized starting with the month following the moment of commissioning.

The expenses for the maintenance and repairs of tangible assets are recognized in the profit and loss account at the time they are made, and the improvements that lead to the optimization of their exploitation and fall within the legal norms are capitalized.

Leasing contracts

(a) The company is the lessee

The company evaluates whether a contract is a leasing one, at the start date of the contract. The company recognizes an asset from rights of use and a corresponding leasing liability, referring to all leasing contracts in which it is a tenant, except for short-term or low-value contracts (this is not the case).

The lease liability is initially valued at the present value of the lease installments that are unpaid at the commencement date, using the default discount rate in the contract. If this rate cannot be determined easily, the company uses the marginal lending rate.

The marginal lending rate depends on the term, currency and start date of the contract and is determined based on information such as the government bond rate, specific adjustments for country risk and credit risk.

The lease debt is subsequently measured by adding the interest amount and is reduced by the payments made.

The company reassesses the lease liability (and makes a corresponding adjustment for the right-of-use asset) when:

- The duration of the lease changes
- Lease payments change due to changes in an index or estimated payments, in which case the lease liability is revalued by updating these changed payments with the same discount rate.
- A leasing contract is modified and I do not consider it a separate lease, in which case the lease debt is reassessed based on the new term, and the modified payments are updated using the rate from the date of the modification

In 2023 IFRS 16 was applied for the first time for lease contracts.

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Right-of-use assets comprise the initial value of the corresponding leasing liability, minus any initial direct costs. They are subsequently valued at cost less accumulated depreciation and impairment losses.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and reflects any impairment loss as described in the property, plant and equipment policy.

The costs of indebtedness

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of that asset. All other costs of indebtedness are expensed in the period in which they occur.

Borrowing costs represent interest and other costs borne by the Company for borrowing funds.

The company has not entered into debt for the acquisition, construction or production of an asset.

Real estate investments (IAS 40)

Real estate properties used partially or fully to obtain rental income were classified as "real estate investments". In the case of properties partially used by the Company and partially rented, the value of the real estate investment was determined proportionally to the area allocated for renting to third parties as presented in NOTE 10. Real estate investments are presented in the financial statements at fair value, reflecting the market conditions at the end of the reporting period and do not include transaction costs that may be incurred in case of sale (IAS 40).

Thus, the buildings classified as real estate investments, owned by the Company, are evaluated annually by an authorized independent appraiser, member of ANEVAR, having recent and relevant experience regarding the location and category of the real estate investment subject to evaluation.

In 2023, the revaluation method used was the gross income multiplier method (quantification of the present value of the anticipated future benefits produced to the owner by renting the property). The values were estimated based on public market studies, and the correlation was made based on several criteria, the most important being the number of inhabitants of the locality where the property is located. The valuations of real estate investments were classified at level 2 because their values are comparable to similar ones on the active market, are adjusted and are directly observable - IFRS 13.93 (b).

During the year 2023, there were no events and circumstances that would lead to the recognition of a significant impairment loss of real estate investments.

Intangible assets

Intangible assets are initially valued at cost (IAS 38 – Intangible assets and IAS 36 – Depreciation of assets). The useful lives of intangible assets are evaluated as being determined or indefinite.

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Intangible assets with a determined useful life are amortized over their economic life and are depreciated whenever there are indications of impairment of the intangible asset.

The amortization expense of this type of intangible assets is recognized in the profit and loss account.

Intangible assets such as purchased software programs are amortized linearly over a period of 1-3 years.

Operating authorizations for pharmacy activity (pharmacy licenses) are included in the category of indefinite-lived intangible assets. According to the legislation in force, the number of these authorizations is limited according to several criteria, the most important of which is the demographic criterion. Operating authorizations are valued at purchase cost, have an infinite useful life, are transferable (have a price) and do not depreciate. In some cases, the costs generated by the purchase of pharmacy licenses were capitalized.

In February 2023, Farmaceutica REMEDIA SA sold 1 pharmaceutical license related to Remedia Aviații pharmacy in Bucharest.

In December 2023, Farmaceutica REMEDIA SA sold to Farmaceutica REMEDIA Distribution & Logistics SRL, 1 pharmaceutical license related to Remedia Metalurgiei pharmacy in Bucharest and the automatic storage system for pharmaceutical products

Financial instruments

Financial assets

Financial assets are classified, upon initial recognition, for the purpose of subsequent evaluation at amortized cost, fair value through Other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the Company's business model regarding their management.

The Company's business model regarding the management of financial assets is established by groups of assets and not for each individual asset or at the level of the entire entity and refers to the way in which they manage their financial assets to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, from the sale of financial assets, or from both activities.

According to the economic model, the Company measures financial assets at amortized cost if the following conditions are simultaneously met:

- The financial asset is held within a business model with the objective of holding financial assets to collect contractual cash flows and;
- The contractual terms of the financial asset give rise to cash flows on the specified dates that represent exclusively payments of the principal and the interest related to the principal payment amount

Financial assets are represented by loans, trade receivables and other receivables, cash and cash equivalents.

The entity does not own a portfolio of tradable financial assets. The company holds majority shares in one company and minority shares in two other companies. These financial assets

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are not listed on a regulated market and are presented at purchase value without being revalued.

Cash and cash equivalents are liquid in the short term and can be found in cashiers, current bank accounts and deposits with a maturity of less than one year.

For more information on receivables, see Note 14 - Trade receivables and other receivables.

Financial debts

Financial liabilities are classified into two categories:

- valued at amortized cost and
- valued at fair value through profit or loss for the period

All financial liabilities are valued at amortized cost (such as trade debts, loans from the issue of bonds, bank loans with a standard interest rate, etc.), with the exception of financial liabilities valued at fair value through the profit or loss of the period, the category of which includes:

- those held for the purpose of being traded issued for the purpose of being redeemed in a short period of time
- those in the form of derivative financial instruments that were not included in the category of hedging operations (interest rate swaps, commodity and currency forward contracts, commodity and currency options, etc.)
- those for which the entity chose the fair value valuation option because:

- o an accounting inconsistency of assessment or recognition is eliminated or significantly reduced (accounting mismatch) and thus the relevance of the published information is improved

- o a group of liabilities or liabilities and assets is managed and valued at fair value in accordance with a documented risk management or investment strategy (and information about the group is provided to key management personnel (KMP Key Management Personnel))

At the time of initial recognition, a financial instrument is valued at fair value to which trading costs are added, except for financial instruments valued at fair value through profit or loss for which trading costs are recognized in the profit or loss of the period and are accounted for as expenses. The amortized cost of a financial liability is determined as follows:

1 the initially accounted amount

2 debt repayments

3.+/- cumulative amortization of the difference between the initial amount and the maturity amount calculated based on the effective interest method

The company has jointly opened a multi-currency credit line worth 11 million euros, mainly used by FRDL for the issuance of participation/good performance guarantee letters issued in favor of clients and for working capital.

There is also at the Company's disposal a line of credit, SME type with guarantees from the state fund, which is currently being used.

The main policies regarding financial instruments and risk management are presented in NOTE 29.

Inventories

The stock of goods (pharmaceutical and parapharmaceutical products) represents over 99.6% of the total stocks of the Company. In the accounting situations, the stocks of goods are highlighted at the input cost, which includes, in addition to the purchase price, import

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taxes, transport and, when applicable, the discounts received. Inventories are valued at the end of the period at the lower of cost and net realizable value (IAS 2 – Inventories).

From 2011 certain future discounts are included in the cost of stored goods. The net realizable value is the estimated selling price under the normal operation of the business, less the estimated costs of completion and selling costs.

Within the own pharmacies, stocks of drugs and parapharmaceutical products are shown at retail price (purchase price + commercial surcharge + VAT).

Stocks being mostly represented by drugs managed strictly on the basis of manufacturing batches (according to the legislation in force), when leaving management, the FEFO method (first expired, first out) is used, and in the case of the existence of two batches with the same term expiration, the FIFO (first in, first out) method is used.

Determining the actual quantities in stock is done using the permanent inventory method. The company periodically inventories stocks to determine if they are damaged, have slow movement or if the net realizable value has decreased, making the necessary adjustments if necessary.

The company does not hold stocks of goods pledged in the account of debts.

Information on stocks is presented in NOTE 13 (IAS 2.36 – Stocks – presentation of information).

Provisions

A provision is recognized if, following a previous event, the Company has a present obligation, legal or implied, which can be reliably estimated and which will generate an outflow of economic benefits for its settlement (IAS 37 – Provisions, contingent liabilities and contingent assets).

The expense related to any provision is presented in the profit and loss account.

Provisions are reviewed at each balance sheet date and adjusted to reflect management's best current estimate in this regard. If an outflow of resources is no longer probable for the settlement of an obligation, the provision is reversed to income.

Provisions for litigation are recognised when management estimates that cash outflows will be required as a result of adverse litigation. The Company did not have significant risk of cash outflows as a result of litigation.

The Company has provisions for impairment of current assets (goods, debtors and uncertain customers) and for risks and charges (cash shortage).

Provisions for doubtful customers are recognised based on the analysis of balances older than 6 months. Provisions are made for customers in insolvency or with a low probability of

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collection. When the loss becomes certain (decision of the judge to strike off the Commercial Register) the uncollected balances are recognised as costs and, at the same time, the previously established provision is reversed.

A statement of the company's provisions is given in NOTE 23.

The company has not made a provision for the claw back tax as it is not legally obliged to bear the amount of the claw back tax on costs, as it does not produce pharmaceutical products.

Employee benefits (IAS 19)

a) Pension plan

All employees of the Company are included in the Romanian State Pension Plan, some of the employees also contribute to private pension plans (pillar II or III).

In this context, the Company makes payments to the Romanian State on behalf of its employees.

The Company does not have any other pension plan or post-retirement benefit plan other than those mentioned above.

The Company's contributions to the Pension Plan of the Romanian State are charged on a monthly cost basis, in the month for which these contributions are due.

Employees who retire for the age limit will receive an allowance equal to 2 gross salaries, based on the last gross salary of the employee in the month of retirement. The allowance is granted only to employees who retire from the company.

b) Other employee benefits

All employees on an 8-hour work contract are entitled to meal vouchers according to current legislation.

Also, in accordance with the Collective Labour Agreement, all employees benefit from fixed bonuses at Easter and Christmas, as well as holiday bonuses.

Also in accordance with the Individual Labour Contract, employees who are individually dismissed receive an indemnity equal to the last gross salary if they have a seniority of 1 to 3 years, 2 gross salaries if they have a seniority of 3 to 6 years and 3 gross salaries if the seniority exceeds 6 years. In the case of collective redundancies, the compensation is similar to that for individual redundancies.

Politica Societatii pentru alte beneficii ale angajatilor pe termen lung este sa recunoasca castigurile si pierderile in perioada in care apar in cadrul contului de profit si pierdere.

At the Company level, a stock option plan has been approved, which provides a valuable opportunity for a number of employees and members of the Company's management and affiliated legal entities to be rewarded for their contribution to the Company's success.

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Through this program, a total of 2,864,425 shares are intended to be granted to eligible individuals according to established criteria and the implementation plan approved by the Board of Directors. The distribution of shares to eligible employees will be made in 2024 provided the criteria are met.

On 02.03.2023, Farmaceutica REMEDIA SA completed a share buyback operation carried out for the purpose of a Stock Option Plan. The number of shares repurchased on 02.03.2023, according to ASF Decision 122/08.02.2023 is 2,864,425 shares, representing 3% of the share capital. Total number of shares subscribed in the operation: 2,864,425 shares, representing 100% of the Offer. The total amount paid by Farmaceutica REMEDIA was 2,148,319 Lei. Repurchase price: 0.75 Lei per share.

c) Annual bonuses of managers and members of the Board of Administrators

Directors and members of the Board of Administrators of the Company benefit from annual bonuses based on mandate contracts (depending on the achievement of certain performance indicators) or decisions of the Board of Administrators.

Dividend

Distribution of dividends to the Company's shareholders is recorded in the financial statements in the year in which they were approved by the General Meeting of Shareholders, and are therefore not recognised as a liability at the end of the reporting period. The calculation and recognition of dividends are performed in accordance with IAS 10 - Events after the Reporting Period.

The company does not distribute cumulative preferential dividends.
The dividend situation is presented in NOTE 18.

Affiliated parties

Parties are considered related when one party has the ability to control or significantly influence the other party, through ownership, contractual rights, family relationships or otherwise. Related parties also include major shareholders of the company, members of management, members of the Board of Directors and their family members, parties with whom they jointly control other companies, post-employment benefit plans for company employees.

Details of related party transactions are disclosed separately in NOTE 27.

Equity capital

Equity capital shows the shareholders' right to the company's assets after deducting all debts. They comprise: capital contributions, capital premiums, reserves, retained earnings and profit or loss for the financial year.

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Capital contributions

Farmaceutica REMEDIA S.A. was established in 1991 as a wholly state-owned commercial company. In 2006, the Company merged with V.TARUS RoAgencies SRL. In 2007 the Company increased its capital by subscribing shares. In 2009 the company was listed in category a- II - of the BVB.

Evolution of share capital:

	Date	Number of shares	Value of issue (Lei)	Explanations
1	10.11.1999	3.370.107	337.010,70	Initial state capital, including land contributed in kind
2	06.09.2001	1.500.000	150.000,00	Cash contribution to V.TARUS RoAgencies
3	23.07.2003	42.402	4.240,20	Merger - capital of Ditafarm Trading - absorbed company
4	05.01.2006	5.696.471	569.647,10	Merger - capital of V.TARUS RoAgencies - absorbed company
5	21.12.2007	87.905.969	8.790.596,90	Capital increase - shareholders with pre-emptive rights
6	04.05.2009	7.574.851	757.485,10	Capital increase - AHG Simcor Industry S.R.L.
7	09.06.2021	- 10.608.980	- 1.060.898,00	Reduction of share capital - repurchase of shares followed by their cancellation
	TOTAL	95.480.820	9.548.082,00	

As the valuation made at the date of the merger of the two companies eliminated any revaluation surplus that arose in previous periods and any further increase in share capital was made after 31 December 2003, share capital was not adjusted for inflation in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies.

Reported result

The accounting profit remaining after the distribution of the 5% share to the legal reserve, up to 20% of the share capital, is taken to retained earnings at the beginning of the financial year following that for which the annual financial statements are drawn up, from where it is distributed to the other legal purposes.

The distribution of profit is made in the following financial year, as approved by the AGM.

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Reserves

The company presents in the financial statements in the category reserves amounts representing legal reserve, reserve from revaluation of owned buildings and land and reserve from net profit of previous years as fund at the disposal of the company.

Earnings per share

The company presents earnings per share by dividing the profit or loss attributable to shareholders by the number of shares. The statement of earnings per share is presented in the Statement of Comprehensive Income.

Segment reporting (IFRS 8)

The segmentation of the Company's activities is done mainly by business lines and detailed by geographic regions as shown in NOTE 28.

The calculation takes into account the risks and rewards directly and indirectly attributable to each segment.

Given the specific nature of the goods distributed and services offered by the company, a correlation between geographical regions and customers is not relevant.

Accounting errors

The correction of material misstatements relating to prior years does not result in a change to the financial statements for those years. In the case of errors relating to previous financial years, the correction of such errors does not entail any adjustment to the comparative information presented in the financial statements. Any impact on the comparative information relating to the financial position and financial performance, i.e. change in financial position, is disclosed in the notes to the financial statements and adjusted in retained earnings during the year.

NOTE 4 SALES AND OTHER OPERATING REVENUES

Operating income is generated from sales of goods - mainly medicines and parapharmaceutical products, as well as from services rendered and rents, as shown below:

description	2023	2022
NET TURNOVER, of which :	15.379.933	18.307.055
Income from sale of goods, of which:	11.370.803	15.084.967
- Remedia pharmacy sales	11.370.803	10.587.770

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- BD ROWA robot sales	-	4.497.197
- hospital distribution		
- warehouse distribution		
- other distribution channels		
Trade discounts granted		
Income from services rendered and rents, of which :	4.009.130	3.222.088
- logistics and warehousing services		
- rents	3.159.728	2.765.830
- BD Rowa services		455.118
- other services	849.402	1.140

Other operating income

description	2023	2022
Billed penalties	-	-
Sales of tangible fixed assets	1.706.443	267.029
Other income	3.867.374	2.607.471
TOTAL	5.573.817	2.874.500

NOTE 5 MATERIAL EXPENDITURE

Description	2023	2022
Cost of goods	9.382.832	12.981.677
Utilities	197.826	204.215
Fuels	197.325	225.900
Spare parts	80.287	19.142
Consumable materials	107.912	130.157
Inventory items	32.451	47.316
TOTAL	9.998.633	13.608.407

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NOTE 6 STAFF EXPENDITURE

Staff expenditure has the following component:

Description	2023	2022
Gross salaries and allowances	3.538.249	3.502.561
Insurance and social protection expenditure	94.608	165.582
Insurance contribution for work	79.501	79.632
Other expenditure on insurance and social security	15.107	85.950
Other staff expenditure	759.299	749.026
PFA/PFI	284.000	389.400
Disability Fund	67.899	67.556
Meal/coupon voucher	407.400	292.070
TOTAL	4.392.156	4.417.169

The costs (including taxes) for the remuneration in 2023 of the Board of Administrators and the Director General amounted to a total of 284,000 lei.

NOTE 7 OTHER OPERATING EXPENSES

Description	2023	2022
Repairs	135.743	71.104
Rentals	84.433	356.750
Insurance	75.813	55.970
Post and telecommunications	58.207	57.311
Travel and transport	148.102	139.227
Advertising	1.296	27.841
Protocol	49.543	23.860
Donations and sponsorships		71.104
Other taxes and duties	1.197.106	802.627
Bank fees	96.237	89.600
Other services provided by third parties	743.729	513.035
Other operating expenditure	881.426	685.973
TOTAL	3.471.646	2.823.298

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NOTE 8 NET FINANCIAL INCOME

Description	2023	2022
Interest income	343.634	237.069
Interest expenses	-53.571	
Diff.course income	1.314	4.424
Course expenses	-2.296	-21.301
Discount advance payments		
Discount cash in advance		
Dividends received	5.068.305	5.079.826
Result	5.357.387	5.300.018

NOTE 9 INCOME TAX EXPENSE

The influence of non-deductible costs, non-taxable income (including reversals of provisions) and tax benefits was taken into account in the calculation of corporate income tax.

Description	2023	2022
total income	26.367.003	26.502.875
total expenditure (excluding income tax)	21.992.142	23.586.849
gross accounting result	4.374.862	2.916.026
deductions	3,991,555.00	2.718.328
non-taxable income	8,923,650.00	7.639.791
non-deductible expenses	4,922,059.00	3.666.470
Tax result	-3,700,119	-3.774.622
corporate tax	-592,019	0
deductions		0
tax rebates		
total current income tax	0	0

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NOTE 10 TANGIBLE ASSETS AND REAL ESTATE INVESTMENTS

	Lands	Buildings and other constructions	Technical installations and cars	Equipment and vehicles	Furniture	assets related to the right of use of leased assets	assets in progress	Advances for fixed assets	Total
<u>as at 01 January 2022</u>	<u>5.414.765</u>	<u>14.418.482</u>	<u>123.902</u>	<u>3.483.111</u>	<u>1.431.80</u>	<u>0</u>	<u>0</u>	<u>34.550</u>	<u>24.906.61</u>
inflows	117.604	3.952.065	0	270.783	12.020			460.070	4.812.542
transfers		2.111.626							2.111.626
outflows	-919	-4.397.188	0	0	500			0	-4.397.607
<u>as at 31 December 2022</u>	<u>5.531.450</u>	<u>16.084.985</u>	<u>123.902</u>	<u>3.753.894</u>	<u>1.444.32</u>	<u>0</u>	<u>0</u>	<u>494.620</u>	<u>27.433.17</u>
inflows	317.402	7.004.550		54.607	16.608	816.08		227.296	8.436.543
transfers		181.296			0	0		0	181.296
outflows	-2.023	-4.034.466		-421.115				-27.621	-4.485.225
<u>as at 31 December 2023</u>	<u>5.846.829</u>	<u>19.236.365</u>	<u>123.902</u>	<u>3.387.386</u>	<u>1.460.29</u>	<u>816.08</u>	<u>0</u>	<u>694.295</u>	<u>31.565.78</u>
					<u>8</u>	<u>0</u>			<u>5</u>

NOTE 10 TANGIBLE ASSETS AND REAL ESTATE INVESTMENTS (continuation)

Accumulated amortisation	Lands	Buildings and other constructions	Technical installations and cars	Equipment and vehicles	Leasing assets	Furniture	Total
<u>as at 01 January 2022</u>	0	0	<u>350.018</u>	<u>2.312.514</u>		<u>1.102.680</u>	<u>3.765.132</u>
amortization of the year			372	132.922		47.765	250.113
cumulative amortisation affherent to outflows							
<u>as at 31 December 2022</u>		0	<u>350.390</u>	<u>2.445.436</u>	<u>0</u>	<u>1.150.295</u>	<u>3.946.121</u>
amortization of the year			216	193.614	148.395	38.736	380.961
cumulative amortisation affherent to outflows				-87.732			-87.732
<u>as at 31 December 2023</u>	0	0	<u>350.606</u>	<u>2.551.318</u>	<u>148.395</u>	<u>1.189.031</u>	<u>4.239.350</u>

* excluding real estate investments

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10.2 REAL ESTATE INVESTMENTS
(RON)

City	Adress	Surface area Inch.	Surface area Total sqm	VAT-free rent	revalued value on 31.12.2023 - lei-	% of rented area	Value of real estate investments
		mp		-EUR-			
ABRUD	Str.Piata Eroilor nr 6 ap i	164	164	736	199,554	1	199,554
ARAD	Str.Voinicilor nr 38 bl 245 ap 25	73	73	1,577	749,770	1	749,770
ALBA IULIA	Str. Zorilor nr 1 bl 280 sc C nr 4	164	297	1,577	666,691	1	666,691
	Str.Nicolae Titulescu bl 280	131		1,200	666,769	1	666,769
BLAJ	Str.Piata 1848 nr 21	202	202	1,051	356,394	1	356,394
DEVA	str. Pta Victoriei nr 3		336		2,526,512	1	2,526,512
	SF.STEFAN str. 22 Dec	60	167	500	1,037,328	1	1,037,328
	SF. MARIA, str. Mihai Eminescu nr 13A	109	150	1,892	1,107,499	1	1,107,499
		41		500			0
		64	64	450	208,571	1	208,571
	REMEDIA DEPOZIT, str Dorobantilor nr. 43	500	3576,2	2,628	2,492,047	0	0
	PARTE LOCAL DEVA	42	330	93	795,156	1	795,156
	SPATIU KOGALNICEANU	142		708	294,766	1	294,766
Str Horea nr 5	75	154	550	512,096	0	250,927	
DOBRA	Str 1 DECEMBRIE BL 4	106	166	473	190,266	1	190,266
	Str. 1 DECEMBRIE BL 4	60		150		1	0
VATA	SF PARASCHIVA	105	184	530	153,311	0	62,551
HATEG	SF. TREIME, Ovidiu Densuseanu	51	355	475	1,139,283	1	1,139,283
	HOREA NR 5	47		LIBER	88,647	1	88,647
HATEG	PIATA UNIRII	35	93	250	91,858	1	91,858
HUNEDOARA	STR VIORELE NR 6	115	239	1,366	899,526	1	899,526
	Bdul 1848 nr 7	152	185	736	349,362	1	349,362
	Str.Republicii nr 10 bl D8	95	95	1,051	499,768	1	499,768
PETROSANI	STR TIMISOAREI	142	183	500	267,643	1	267,643
ILIA	MIHAI VITEAZU BLD	185		650	174,077	1	174,077
JIDVEI	PERILOR NR 2	32		96	28,654	1	28,654
CLUJ	STR FAGULUI NR 1	205	205	1,500	814,760	1	814,760
SIMERIA	SF. ANDREI	30	305	265	762,091	1	762,091
BRASOV	Str.Zizinului	572	572	2,097	929,100	1	929,100
BUCURESTI	Garsoniera Dr taberei	29			169,139	1	169,140
	Garsoniera Dr.Taberei	29			169,139	1	169,139
	Apartment Dr. Taberei	46			244,010	1	244,010
	Garsoniera Dr. Taberei	30			179,836	1	179,836

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PERIS	Cladire comerciala	123			264,330	1	264,330
DEVA	APARTAMENT TEILOR	34			70,828	1	70,828
SIMERIA	SPATIU COMERCIAL 1 DECEMBRIE	51			109,600	1	109,600
TOTAL		3,699	4,519	23,599	19,208,383		16,364,407

Fair value

On 1 January 2022	18.657.330
Entries	
Exits	2.111.627
On 31 December 2022	16.545.703
Entries	
Exits	181.296
On 31 December 2023	16.364.407

NOTE 11 INTANGIBLE ASSETS (RON)

SOFTWARE LICENSES			
	Cost	Amortization	Net value
on 1 January 2022	504.179	468.943	35.236
entries	29.084	672	
transfers			
exits			
on 31 December 2022	533.263	469.615	63.648
entries	14.848		
transfers			
exits		2.491	
on 31 December 2023	548.111	472.106	76.005

PHARMACY LICENSES			
	Cost	Amortization	Net value
on 01 January 2022	689.200	0	689.200
entries			0
transfers			
exits			
on 31 December 2022	689.200	0	689.200
entries			0
transfers			
exits	-510.945		-510.945
on 31 December 2023	178.255	0	178.255

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In February 2023, Farmaceutica REMEDIA SA sold 1 pharmaceutical license to Remedia Aviației pharmacy in Bucharest.

In December 2023, Farmaceutica REMEDIA SA sold to Farmaceutica REMEDIA Distribution & Logistics SRL, 1 pharmaceutical license related to Remedia Metalurgiei pharmacy in Bucharest and the automatic storage system for pharmaceutical products.

NOTE 12 FINANCIAL ASSETS AT FAIR VALUE

Name	Value
Group company shares	2.800
of which:	
FRDL(SIBMEDICA)	2.800
Investments in jointly controlled entities	599.400
of which:	
Pharma Expertspedition	599.400
Company's shareholdings outside the group	5.916
of which:	
EUROM BANK	2.413
BODY FARM	2.903
Pharma Expertspedition	600
Deposits and guarantees paid	5,047,385

* Companies over which Farmaceutica REMEDIA S.A. has no control and does not influence decisions.

NOTE 13 STOCKS

The stock of goods (pharmaceutical and parapharmaceutical products) represents more than 93% of total stocks Farmaceutica REMEDIA S.A.

Description	31-Dec-23	31-Dec-22	31-Dec-21
Goods in warehouses/BD ROWA	161.126	161.126	162.020
Goods in pharmacies	3.237.707	2.999.307	3.370.554
Adjustments			0
Other stocks			0
Commercial fertilisers	-831.581	-728.047	-748.885
Non-exempt VAT goods	-268.841	-253.138	-304.358
TOTAL	2.298.411	2.179.248	2.479.331

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NOTE 13 STOCKS (continuation)

Name	Sold on 01.01.2023		entries	exits	Sold on 31.12.2023	
	Debit	Credit			Debit	Credit
Materials			27.097	27.097		
Inventory objects			32.451	32.451		
Goods in custody				15.920.184		
Goods in pharmacies	2.999.307		12.920.877	12.682.476	3.237.707	
Goods in storage/BD ROWA	161.126				161.126	
Goods in storage						
Commercial additions		728.047	1.452.125	3.011.753		831.581
Provisions for impairment of goods						
Non-exempt VAT goods		253.138	1.271.382	1.255.679		268.841
Total	3.160.433	981.185	15.703.932	32.929.641	3.398.833	1.100.422

SOLD – 2.298.411

NOTE 14 TRADE AND OTHER RECEIVABLES

Descrlption	31-dec-2021	31-dec-2022	31-dec-2023
COMMERCIAL RECEIVABLE:	4.188.251	3.085.858	4.260.102
commercial receivable	7.492.045	6.389.652	7.563.895
adjustments for commercial receivables	-3.303.794	-3.303.794	-3.303.794
intra-group receivable			
OTHER RECEIVABLE:	455.377	544.503	459.956
Sick leave to recover	41.568	91.591	28.450
Corporate tax	242.606	242.606	242.606
Litigation costs to be recovered relating to pending litigation	38.972	38.972	38.972
Other receivable	132.231	171.334	149.838

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NOTE 15 CASH AND CASH EQUIVALENTS

	31 Dec 2021	31 Dec 2022	31 Dec 2023
Bank accounts in RON	7.784.903	8.872.212	11.145.338
Foreign currency bank accounts	108.575	31.649	1.670.832
cash in the money register RON	88.238	82.984	113.062
Other values	1.000	550	1.100
Total cash and cash equivalents	7.982.716	8.897.395	12.930.332

NOTE 16 SHARE CAPITAL

31-Dec-2023

Shareholders	No. of shares	Percentage of share capital (%)
TARUS Valentin - Norbert	80.496.847	84,3068
Others	14.983.973	15,6932
Total	95.480.820	100,0000

NOTE 17 RESERVES

	31-Dec-22	31-Dec-23
Legal reserves	2.121.796	2.121.796
Other reserves	16.555.311	14.855.523
Revaluation reserves	20.742.678	23.448.787
Corp. immobilizations		
TOTAL	39.419.785	40.426.106

The nature and purpose of each reserve within equity are described below.

Legal reserves: according to Law 31/1990, at the end of each financial year, at least 5% shall be deducted from the accounting profit, before determining the income tax, from which non-taxable income shall be deducted and expenses related to such non-taxable income shall be added, until it reaches one fifth of the subscribed and paid-up share capital or of the assets, as the case may be, according to the organization and operation laws.

Fixed asset revaluation reserves: when the carrying amount of a tangible asset increases as a result of revaluation, then the increase must be recognised in other comprehensive income and accumulated in equity as a revaluation surplus. Revaluation reserves may not be distributed and may not be used to increase share capital. Other reserves include reserves representing tax relief as well as reserves set up from profits in previous years.

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NOTE 18 DIVIDENDS

The evolution of dividends distributed and paid in the last 6 years is presented as follows:

	2018	2019	2020	2021	2022	2023	2024
Initial sale	214.756	241.226	209.353	117.155	327.582	379.265	436.551
Gross dividends distributed	1.060.898	1.591.347	2.121.796	14.277.108	4.759.036	4.616.675	4.773.076
Dividend tax paid	52.675	78.995	104.900	711.866	237.353	368.751	
Dividends paid	981.753	1.544.225	2.109.093	13.354.815	4.470.000	4.190.037	
Dividend payment	241.226	209.353	117.155	327.582	379.265	436.551	

NOTE 19 RETAINED EARNINGS

	2022	2023
Sold out first year	448.687	448.687
Transfer profit 2021/2022	859.155	3,260,692
Profit distribution 2021/2022	-859.155	-3.550.211
Accounting corrections		-148,045.00
Sold end of year	448.688	11.123

NOTE 20 PROFIT DISTRIBUTION

As of 31.12.2023, the Company recorded a net profit of 4.374.862 Lei, which is proposed for distribution as follows:

- dividends: 4.374.862 Lei

NOTE 21 OWN SHARES

In 2015, as a result of the change in the main object of activity required by Law 95/2006, republished in August 2015 (art. 800 para. 2), the Company had to buy back from the market a number of 300,100 shares at a price set by an authorized appraiser.

On 02.03.2023, Farmaceutica REMEDIA SA completed a share buyback operation carried out for the purpose of a Stock Option Plan. The number of shares repurchased on 02.03.2023, according to ASF Decision 122/08.02.2023 is 2,864,425 shares, representing 3% of the share capital. Total number of shares subscribed in the operation: 2,864,425 shares, representing 100% of the Offer. The total amount paid by Farmaceutica REMEDIA was 2,148,319 Lei. Repurchase price: 0.75 Lei per share.

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NOTA 22 LEASING

Right of use assets:

	Buildings
	RON
Cost:	
On 31 December 2022	-
Entries	-
IFRS 16 accounting policy restatements	816.080
At 31 December 2023	816.080
Accumulated depreciation:	
On 31 December 2022	-
Depreciation 2023	79.344
IFRS 16 accounting policy restatements	69.052
At 31 December 2023	148.396
Net value:	
At 31 December 2023	667.684
On 31 December 2022	-

The Company has recognised the following categories under "Right-of-use assets":

- Contracte de inchiriere pentru spatii in care functioneaza farmaciile

Amounts recognised in the income statement:

	31.12.2023
	RON
Depreciation of right-of-use assets	79.344
Interest expense on lease liabilities	53.571

Carrying amount of lease liability and movements recorded within this category during the financial year 2023

	31.12.2023
	RON
On 1 January	859.104
Entries during the period	35.970
Interest associated with leasing debt	53.571
Lease payments	-122.490
IFRS 16 accounting policy restatements	
At 31 December	826.155
Of which:	
Long-term lease liabilities	646.142
Short-term lease liabilities	180.013

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NOTE 23 PROVISIONS

Name of provision	Balance at the beginning of the financial year	Transfers		Balance at the end of the financial year
		in cont		
PROVISIONS FOR CURRENT ASSETS:	3.303.794		0	3.303.794
provision for expired goods	0	0	0	0
provision for uncertain customers	3.303.794	0	0	3.303.794
Provision for impairment of debtors	0		0	0
PROVISIONS FOR RISKS AND CHARGES :	0	0	0	0
provision for VAT on expired goods	0	0	0	0
GRAND TOTAL	3.303.794	0	0	3.303.794

NOTE 24 COMMITMENTS

The company has a multi-currency working capital credit line with BANCA TRANSILVANIA. The credit line can also be used by FRDL

Objective	Line of credit - working capital financing
Amount	90.000.000 LEI
Expired	09 Februarie 2025
Guarantees	Real estate collateral on real estate of the company
	Balance at 31 December 2023
LC used 31.12.2023	0 LEI
LC restricted 31.12.2023 for SGB only	0 LEI in FR
	71.053.157 LEI in FRDL
LC to be used 31.12.2023	18.946.843 LEI

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As at 31.12.2023, the amount drawn from the credit line relates to letters of guarantee of participation and performance. The amounts relating to the letters of guarantee are non-interest bearing and are only recorded off-balance sheet and are not a payable.

NOTE 25 TRADE AND OTHER PAYABLES

Description	31-Dec-23	31-Dec-22
suppliers, of which :	5.908.015	5.531.838
suppliers of goods	5.768.890	5.392.713
real estate suppliers	139.125	139.125
other current liabilities, of which :	1.134.959	829.605
salaries and related taxes	171.907	127.839
dividend	436.551	379.265
VAT payable	240.783	29.766
other creditors	285.718	292.735

December 2023 salaries and related taxes were settled in January 2024.

"Other creditors" represent guarantees paid by tenants and management staff.

NOTE 26 LITIGATION

The company is involved in litigation as a plaintiff, mainly for the recovery of commercial amounts from customers whose debts are overdue.

NOTE 27 DISCLOSURE OF RELATED PARTY TRANSACTIONS

The transactions consisted of sales and purchases of goods, as well as the provision of services, as follows:

partner	object of the contract	year of contract	sales REMEDIA	REMEDIA purchases	Customer balance	Supplier balance
Farmaceutica Remedia D&L SRL	Sale of goods, rental of premises	2022	2.160.893	8.294.353	1.089.942	3.824.016
Pharma Expert Spedition	Transport services	2020		782		

For transactions with related parties, no guarantees are given on receivables or payables.

NOTE 28

 REPORTING ON BUSINESS
SEGMENT

		Remedia Pharmacies E-commerce	BD ROWA/Robots	Rentals buildings/auto	Services provided	TOTAL *
						2,023
Net turnover		11,370,803	779,155	3,159,728	70,246	15,379,932
	Income from sale of goods	11,370,803				11,370,803
	Trade discounts granted	0		0	0	0
	Income from services rendered and rents	0	779,155	3,159,728	70,246	4,009,129
Other operating income		0			5,573,817	5,573,817
OPERATING INCOME - TOTAL		11,370,803	779,155	3,159,728	5,644,063	20,953,749
						0
Expenditure on goods		9,382,832	0	0	0	9,382,832
	Expenditure on goods	9,402,741	0	0	0	9,402,741
	Trade discounts received	-19,909		0	0	-19,909
Gross margin on sales of goods		1,987,972	0	0	0	1,987,972
						0
Other operating costs		9,280,311	829,493	2,353,081	90,558	12,553,443
	Direct costs	2,600,606	813,910	496,919	49,292	3,960,727
	Logistics costs	0		0	0	0
	Promotion costs	0		0	0	0
	Indirect costs	6,679,705	15,583	1,856,162	41,266	8,592,716
OPERATING EXPENDITURE - TOTAL		18,663,143	829,493	2,353,081	90,558	21,936,274
						0
Operating result		-7,292,339	-50,338	806,647	5,553,505	-982,525
Financial result						5,357,387
Gross result						4,374,862
	Impozit pe profit					0
Net profit						4,374,862

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NOTE 29 OBJECTIVES AND POLICIES FOR FINANCIAL RISK MANAGEMENT

Financial risk management

The company is exposed to a number of financial risks such as:

- Capital risk
- Market risk (which includes currency risk, interest rate risk and price risk)
- Credit risk
- Liquidity risk

The Companies' management oversees the management of these risks and, through the measures taken, seeks to minimise any adverse effects that could affect the Companies' financial results.

Capital risk

Management's objectives in managing the Company's capital include:

- Continuity of the Company's business
- Optimal sizing of capital to reduce its cost.

The Company's capital comprises short-term and long-term debts, which include loans, debts to suppliers, etc., and shareholders' equity comprising share capital, reserves, current result and retained earnings. The Company may revise its capital structure on a regular basis through the means at its disposal (payment of dividends to shareholders, issue of new shares, sale of assets to reduce debt, etc.).

The main indicator on the basis of which the Company monitors capital is the gearing ratio calculated as the ratio of borrowed capital (from banking and leasing institutions) to equity. The situation of the indicator "debt ratio" as at 31.12.2023 is as follows:

	31.12.2023	31.12.2022
Borrowed capital	0	0
Equity capital	52.856.662	52.977.439
Degree of indebtedness	0%	0%

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Market risk

Market risk is the risk that the fair value of an instrument's future cash flows will fluctuate due to changes in market prices. There are four types of market price risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade receivables and payables.

Foreign exchange risk

The Company's exposure to foreign currency risk is exclusively given by monetary items such as trade receivables, trade payables and foreign currency loans.

The Company was mainly exposed to currency risk for payments to leasing companies as well as purchases made in foreign currency. In 2023 the company did not make any foreign currency purchases.

Given that the proportion of foreign currency debt/receivables is very small, reasonable exchange rate fluctuations will not have a significant effect on future financial statements.

With the obligation of major international manufacturers to sell medicines in lei (in spring 2009), the currency risk has decreased significantly.

Monetary assets and liabilities denominated in foreign currency at the reporting date are presented as follows:

Description	31/12/2023		31/12/2022	
	EURO	USD	EURO	USD
Commercial creditor	784		784	
Trade debts	10.938	190	10.938	190
Bank credits	0	0	0	0
Financial leasing	0	0	0	0

Interest rate risk

The Company does not hold any significant interest-bearing assets and income and cash flows are not materially affected by changes in market interest rates.

The company has only one multi-currency credit line open for which the interest rate is calculated according to the ROBOR or EURIBOR 3-month rate, depending on the currency used. In view of the Company's very low level of indebtedness, it is estimated that

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reasonable fluctuations in interest rates will not have a significant effect on future financial statements.

Price risk

The company mainly markets ethical medicines whose maximum price is set by the Romanian authorities. These prices are updated annually in accordance with the legislation in force.

Lately, there is a pressure from the competition, which is countered by price reductions and diversification and improvement of service quality.

In order to compensate for price reductions, the policy adopted by the Company is to obtain additional discounts from suppliers by carefully selecting them in conjunction with stock optimization.

Credit risk

Credit risk is the risk of financial loss to the Company that arises if a customer fails to meet its contractual obligations. The Company is mainly exposed to credit risk arising from sales to customers.

In the current market conditions in Romania, drug distribution is based on credit. Due to the transfer of the engross sales activities to FRDL, the risk of non-collection of receivables has largely disappeared. The settlement term with the health insurance companies was in 2023 about 90 days.

To counter the risk of non-collection of receivables and cash flow management of Farmaceutica REMEDIA S.A. has taken a number of measures such as:

- More frequent analysis of the debits and financial situations of the clients
- Hiring additional staff in the control departments with increased tasks in terms of stock management, initiating and pursuing legal action against debtors and debt recovery.
- Strict cost control with positive impact on cash flow.

Cheltuielile de capital vor fi efectuate strict in baza Bugetului de investitii si in limita disponibilitatilor banesti, fara a afecta activitatea operationala.

On the other hand, the difficulties faced especially by independent pharmacies create market opportunities to find new forms of collaboration, acquisitions and mergers.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and funding expenses and repayments on its borrowing instruments.

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The Company's policy is to ensure that it will always have sufficient cash to meet its payment obligations when due. In order to achieve this objective, cash (or line of credit) is maintained to meet payment needs. The Company has sufficient liquid resources to meet its obligations in all reasonable expected circumstances.

The Company's debts (trade and other payables, loans, finance leases) are classified by the Company's management into short-term debts (due in less than 12 months) and medium- and long-term debts (due within 13 to 48 months).

The breakdown of debts by maturity 0 - 12 months, respectively 13 - 48 months is presented accordingly in the Statement of Financial Position ("current liabilities", respectively "long-term liabilities").

Bank liquidities

A significant amount of the Company's cash and cash equivalents is held in banks in the form of deposits or cash at sight. The Company works mainly with Raiffeisen Bank, Banca Transilvania and the State Treasury. The commercial and credit conditions offered by the banks with which the Company has open bank accounts are periodically analysed by the management of the financial accounting department.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Company's processes, personnel, infrastructure and external factors, such as those arising from legal and regulatory requirements and generally accepted standards of organisational behaviour. Operational risks arise from all of the Company's operations.

The primary responsibility for developing control tools related to operational risk rests with the Company's management. The directions for the development of operational risk management standards are:

- development of business continuity plans
- alignment with regulatory and legal requirements
- periodical analysis of the operational risk to which the Company is exposed and adaptation of procedures and controls to prevent identified risks
- identification of operational losses while generating proposals to remedy the causes that led to them
- preventing the risk of litigation
- mitigating risks, including through the use of insurance where appropriate
- professional development and training

NOTE 30 SOURCES OF ESTIMATION UNCERTAINTY

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The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying notes and to disclose contingent liabilities at the end of the reporting period.

These estimates and assumptions result in uncertainty that may cause a material future adjustment to the carrying amounts.

The assumptions and other sources of estimation uncertainty disclosed in accordance with IAS 1 relate to estimates that require management to make the most difficult, subjective and complex judgements.

The following are critical professional judgments/reasons that the Company's management has made that have a significant impact on the amounts recognized in the financial statements:

- o Useful lives of non-current assets (NOTE 3)
- o Deferred taxes (NOTE 3)
- o Provisions (NOTE 23)
- o Segment reporting. In allocating revenues and expenses to the various segments, the Company relies on estimates and assumptions that reflect the size of the operations and their relationship to each business segment (NOTE 28).
- o Cost of goods sold by FR and sourced from FRDL, which requires the creation of impairment adjustments.

In the case of provisions for the depreciation of goods, as a principle, the value of expired goods existing at the balance sheet date is taken into account, to which is added the value of goods in stock at the balance sheet date and which are expected to expire in the next 6 months, taking into account the average monthly sales of the last quarter of the year for which the balance sheet was closed.

Considering that the main sources of the uncertainty of the estimates (risk of non-collection of receivables, depreciation of stocks, other expenses) were foreseen by the management and appropriate provisions were recorded, we consider that there is no significant risk that the accounting value of the assets and liabilities will change fundamentally in the next financial year.

Evaluation of the objectives, policies and procedures of the capital management entity

The company's policy is to include the following in its own capital:

- share capital: 95,480. 820 shares * 0.01 ron/share = 9,548,082 ron
- emission premiums
- legal reserves and other reserves
- current result
- Reported result
- own actions

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The company was not subject to externally imposed provisions regarding the capital in 2023.

NOTE 31 EVENTS AFTER THE REPORTING PERIOD

At the level of the Company, a stock option plan program was approved, which offers a valuable opportunity for some of the employees and members of the Company's management and some affiliated legal entities, to be rewarded for their contribution to the company's success. Through this program, a number of 2,864,425 shares are intended to be granted to eligible persons according to the established criteria and the implementation plan approved by the Board of Directors. The distribution of the shares to the eligible employees will be done in 2024, provided that the criteria are met.

NOTE 32 – ECONOMIC - FINANCIAL INDICATORS

LIQUIDITY AND WORKING CAPITAL	31.12.2023	31.12.2022
Current liquidity (Current assets / Current liabilities)	2,08	2,24
Current assets *	15.001.185	14.367.922
Current liabilities *	7.222.987	6.402.052
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%	0,00%
Borrowed capital * (including leasing)	0	0
Own capital *	52.856.662	52.586.442
Turnover speed of customer debits (average customer balance/turnover*365)	72 days	64 days
Average customer balance *	3.013.747	3.232.502
Net turnover *	15.379.933	18.307.055
Turnover speed of liabilities (average balance suppliers/cogs*365)	259 days	208 days
Average supplier balance *	6,665,102	7.410.150
Cost of goods sold - net	9.382.832	12.981.677
Turnover speed of stocks (average stock balance/cogs * 365)	86 days	68 days
Average stock balance	2.207.242	2.406.105
Cost of goods sold - net	9.382.832	12.981.677
Turnover speed of fixed assets (turnover/fixed assets)	0,31	0,38
Net turnover *	15.379.933	18.307.055
Fixed assets *	49.600.603	47.370.124
Gross profit margin (%) (gross profit/net sales)	28,44 %	16 %
Gross profit *	4.374.862	2.918.586
Net turnover *	15.379.933	18.307.055

Notes:

1) **Current liquidity** - the level of the indicator reflects a good ability to pay, therefore a reduced risk for

Farmaceutica REMEDIA S.A. – unconsolidated financial statements concluded as at 31.12.2023

creditors, certifying that the company is able to cover its short-term debts on account of receivables and cash availability.

2) **The degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing and liquidity problems, with influences in honoring the assumed commitments. In the calculation of this indicator, the borrowed capital includes both bank loans and financial leasing debts.

3) **Turnover speed of customer debits** expresses the effectiveness of the company in collecting its debts, respectively the number of days until the date when the debtors pay their debts to the company. Considering the dynamics of sales and the specifics of the collection of receivables in the distribution of medicines, we consider that the value of the indicator is a normal one, under the given conditions.

4) The **Turnover speed of liabilities** represents the average period in which suppliers are paid.

5) The value of the indicator **No. of days of storage** can be considered as falling within the specifics of the activity.

6) **Turnover speed of fixed assets** expresses the effectiveness of fixed asset management, by examining the turnover generated by a certain amount of fixed assets.

Bucharest, March 22nd, 2024

Board of Administrators,
Chairman
"TARUS" - Valentin Norbert TARUS e.U.

REPORT ON THE AUDIT OF INDIVIDUAL FINANCIAL SITUATIONS

FARMACEUTICA REMEDIA S.A.

**THE REPORT
AUDITOR
INDEPENDENT**

PREMIER CLASS AUDIT S.R.L.
C.I.F.: 32310697, J12/2994/2013
Str. Pompiliu Teodor Nr.1, Cluj Napoca
Telefon: 0729.090803
www.premierclassaudit.ro

March 22, 2024

INDEPENDENT AUDITOR'S REPORT

To,

SHAREHOLDERS OF FARMACEUTICA REMEDIA S.A.

OPINION

1. We audited the financial statements of the company FARMACEUTICA REMEDIA S.A. ("The Company"), which include the Statement of financial position as of December 31, 2023, the Statement of comprehensive income, the Statement of cash flow, the Statement of changes in equity for the financial year as of this date as well as a summary of significant accounting policies and other explanatory notes.
2. The individual financial statements on December 31, 2023 are identified as follows:

• Net assets/Total equity	52,856,662 lei
• Financial year result/Net profit	4,374,862 lei

3. In our opinion, the individual financial statements present a true picture of the financial position on December 31, 2023 of FARMACEUTICA REMEDIA S.A., as well as the result of its operations and its cash flows for the financial year ended on this date, in accordance with Minister of Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Accounting Reporting Standards (IFRS).

Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing ("ISA") and Law no. 162/2017 ("the Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report.

We are independent from the Company, according to the Code of Ethics for Professional Accountants issued by the International Ethical Standards Board for Accountants (IESBA code), according to the ethical requirements that are relevant to the audit of financial statements in Romania, including the Law, and we have fulfilled our ethical responsibilities according to these requirements and according to the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Highlighting some aspects

4. The main aspects that, based on our professional judgment, formed the basis of our opinion on the unconsolidated financial statements are:

The principle of business continuity

The economic climate correlated with the uncertainties generated by the geopolitical context in Ukraine, by the restrictions imposed at the international level on the Russian Federation, respectively Belarus, and the energy crisis implicitly determines the existence of a risk related to the possibility of unpredictable developments regarding the level of economic and financial indicators of society, respectively : interruption of energy supply, significant price variations, disruption of distribution chains, intensification of cyber attacks, the risk of increasing borrowing costs or limiting access to financing. The management of the Company's financial situation depends on how management approaches future socio-economic events and conditions presented in the difficult environment in which it operates.

The company has already taken specific measures to ensure the health and safety of its employees. In addition to the human risk, the pandemic also poses an economic risk to the company's future operations. On the date of the audit report, the Company took specific measures to ensure that the company's activity runs smoothly.

Through the impact analysis of the events subsequent to the date of the financial statements, it was found that there was no degree of uncertainty on the continuity of the Company's activity.

Our audit opinion does not contain a reservation in relation to the said aspect.

Key audit matters

6. The key audit matters are those matters which, based on professional judgment, had the greatest importance in performing the audit of the financial statements and were addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them and we do not provide an opinion separately on these key issues.

Key audit issues	Approach within the audit mission
<p><u><i>Income assessment</i></u></p> <p>We identified the recognition of operating revenues as a key audit matter because revenues represent one of the Company's key performance indicators and therefore there is an inherent risk in their recognition by management to meet specific objectives or expectations.</p>	<p>Our audit procedures for evaluating revenue recognition included the following:</p> <ul style="list-style-type: none"> • Testing the effectiveness of the Company's key controls to prevent and detect fraud and errors in revenue recognition. This procedure included testing the controls for revenue recognition based on the services performed by reference to a sample of transactions; • Inspection of contracts with customers, on a sample basis, to understand the terms of the lease transactions, to assess whether the company's revenue recognition criteria were in accordance with the requirements of the accounting standards in force; • Evaluation, on a sample basis, of the recognition in the financial period corresponding to the revenues recorded near the end of the financial year, by

	<p>comparing the selected transactions with the relevant documentation;</p> <ul style="list-style-type: none">• Obtaining confirmations of customer balances at the end of the year, on a sample basis;• Reviewing the sales ledger after the end of the financial year to identify significant credit notes issued and inspecting the relevant documentation to assess whether the related revenue has been accounted for in the appropriate financial period;• In the financial year 2023, the economic activity of the company registered an increase compared to previous years, but this fact also required the performance of additional audit diligences in order to issue the audit opinion;• Issuing an audit opinion required the identification of values and amounts that significantly influence the values from the annual financial statements and which are in the category of values that require additional procedures on the part of the auditor to reduce the audit risk;• Obtaining and evaluating responses received from Company management and discussing potential exposures with Company management. In this sense, special attention was paid to the analysis of the company's development strategy for the next period: optimizing flows by updating the PLC conveyor software and interfacing with WMS, designing new storage spaces at the Bucharest warehouse in order to equip them with a robot to streamline the flow of supply, the reorganization of cargo flows in Bucharest and Deva warehouses.• <i>Revenues.</i> The total revenue achieved by the company was 26,367,003 lei, of which sales of goods were worth 11,370,803 lei, revenue from services provided and rent 4,009,129 lei and other operating revenue worth 5,573,817 lei, financial revenue 5,413,254 lei being presented in Explanatory notes to the Financial Statements. Taking into account the risks related to revenue recognition, the completeness and correctness of their registration, the audit tests performed included the evaluation of the principles according to IFRS 15 "Revenue recognition", the evaluation of the existence and effectiveness of internal controls, the comparative analysis of the gross margin, the analysis of adjustments.
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<ul style="list-style-type: none"> • <u>Revision of International Financial Reporting Standards (IFRS):</u> <ul style="list-style-type: none"> • IFRS 15 - Revenue from contracts with customers; • IFRS 16 - Leasing contracts; • IFRS 40 - Real estate investments; • IFRS 3 - Business combinations; • <u>IFRS 15- Revenue from contracts with customers</u> 	<ul style="list-style-type: none"> • The financial statements as of 31.12.2023 were drawn up in accordance with International Financial Reporting Standards (IFRS) <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • The association of Farmaceutica Remedia SA with Pharma Expert Spedition SRL, based on the investment agreement dated 16.12.2021, considering that the decisions are taken unanimously by the 2 associates who each own 50% of the shares; • The Pharma Expert Spedition SRL company is jointly controlled according to IFRS 11, it is an association-type entity with jointly controlled legal personality; • The investment in this entity was correctly accounted for using the equity method ("Equity method") according to the requirements of IFRS 11 and IAS 28. <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Application of the 5-step model for all income categories; • Variable components of the price (commercial discounts, sales with right of return); • Marginal costs of obtaining a contract; • Modification of the contract; <p>According to IFRS 15, a contract falls within the scope of the standard only when all of the following criteria are met:</p> <ul style="list-style-type: none"> • the parties to the contract have approved the contract and undertake to fulfill their obligations; • the rights of each party regarding the goods or services to be transferred as well as the terms of payment can be identified; • the contract has commercial content; and • it is likely that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. <p>The clients of Farmaceutica Remedia S.A. are the health centers, natural and legal persons, and the Company has a practice of concluding contracts, signed in writing. Contracts entered into are for multiple goods or services and clearly detail each good or service and related terms and conditions. The contract also includes a detailed description of the price, payment terms and other key terms and conditions regarding the performance of the contract.</p>
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<p>• <u>IFRS 16- Leasing contracts</u></p> <p>Key aspects:</p> <ul style="list-style-type: none"> • Identification of leasing contracts (based on the elements of the definition of a leasing contract). Extraction of the relevant data required for the application of the standard (separate leasing and non-leasing components) <ul style="list-style-type: none"> • Establishing the rental period • The interest rate • Subletting • Recognition and evaluation <p>• <u>Sale of 2 pharmaceutical licenses</u></p> <ul style="list-style-type: none"> • In February 2023, Farmaceutica Remedia SA sold 1 pharmaceutical license related to Remedia Aviației pharmacy in Bucharest. • In December 2023, Farmaceutica Remedia SA transferred, by sale to Farmaceutica Remedia Distribution & Logistics SRL 1 pharmaceutical license related to Remedia Metalurgiei pharmacy in Bucharest. <p>• <u>Share redemption- Program Stock Option Plan</u></p>	<p>Our audit procedures included documenting, analyzing and evaluating leases in accordance with IFRS 16.</p> <ul style="list-style-type: none"> • The leasing contracts were identified. According to IFRS16.9 - a contract is or contains a lease if it conveys to the lessee the right to control the use of an identified asset for a period of time in exchange for consideration; • Lease contracts convey the right to control the use of goods; • The company revised the rental contracts with suppliers in force in the financial year 2023; • Lease term: The start date is the date on which the lessor makes available a supporting asset for use by the lessee, which, in some cases, may be earlier than the date stipulated in the lease (for example, the date on which the leased space is modified by the lessee before the commencement of operations at the leased location); • The implicit interest rate in the leasing contract is specific to the lessor and depends on the initial fair value of the underlying asset and the lessor's expectation of the residual value of the asset at the end of the leasing contract; • The company does not sublet premises. • Recognition and evaluation: The company applies the IFRS 16 Standard. • Leasing operations are correctly reflected in accounting; <p>For this key audit aspect we performed several audit procedures, including:</p> <ul style="list-style-type: none"> ○ We verified sales by verifying contracts for pharmaceutical licenses and related receipts; ○ I checked their presentation in the financial statements. <ul style="list-style-type: none"> • On 02.03.2023, Farmaceutica REMEDIA SA completed a share buyback operation carried out with the aim of running a Stock Option Plan type program. The number of shares redeemed on 02.03.2022, according to ASF Decision 122/08.02.2023, is 2,864,425 shares, representing 3% of the share capital. Total number of shares subscribed in the operation: 2,864,425 shares, representing 100% of the Offer. The total amount paid by Farmaceutica REMEDIA SA was 2,148,319 Lei. Redemption price: 0.75 Lei per share.
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<ul style="list-style-type: none"> • <u>Valuation of fixed assets</u> 	<ul style="list-style-type: none"> • For this key audit aspect, we performed several audit procedures, including: <ul style="list-style-type: none"> • The audit tests carried out included the analysis of the result of the asset evaluation carried out by an independent evaluator, the assumptions that were the basis of the calculations made by him, the analysis of the degree of use of the assets, the analysis of the duration of use and the method of calculating depreciation. • Fixed assets represent 49,600,603 lei (remaining value) and have the following structure: <ul style="list-style-type: none"> o Tangible fixed assets in the amount of 43,690,842 lei representing land, buildings, equipment, means of transport, commercial furniture, etc. o Intangible assets worth 254,260 lei representing pharmacy licenses and software licenses; o Financial fixed assets in the amount of 5,655,500 lei representing established deposits, paid guarantees; • Within tangible assets, a weight of 94.9% is represented by buildings and land. They are valued at market price every year by an authorized valuer. The evaluation at the end of 2023 highlighted an appreciation of 2,621,130 lei of these fixed assets, of which: <ul style="list-style-type: none"> o Lands: + 317,402 lei; o Construction: + 2,303,728 lei.
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Management's responsibilities for financial statements

7. The management of the company is responsible for the preparation and faithful presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016. This responsibility includes: designing, implementing and maintaining an internal control relevant to the preparation and faithful presentation of financial statements that do not contain significant distortions due to fraud or error; selection and application of appropriate accounting policies; the development of reasonable accounting estimates in the given circumstances.

8. In preparing the financial statements, the management is responsible for evaluating the Company's ability to continue its activity, for presenting, if necessary, aspects related to the continuity of the activity and for the use of accounting based on the continuation of the activity, unless the management is intends to liquidate the Company or cease operations, or has no other realistic alternative.

9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities in an audit of financial statements

10. Our responsibility is to express an opinion on these financial statements, based on the audit performed. We performed the audit according to the International Auditing Standards adopted by the Romanian Chamber of Financial Auditors. These standards require that we comply with the Chamber's ethical requirements, plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if any. Misstatements can be caused either by fraud or error and are considered material if it can reasonably be expected that they, individually or cumulatively, will influence the economic decisions of users, taken on the basis of these financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than that of not detecting a material misstatement due to error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations and avoidance of internal control.
- We understand the internal control relevant to the audit, with a view to designing audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and the related information presentations made by the management.
- Form a conclusion on the appropriateness of management's use of going concern accounting and determine, based on the audit evidence obtained, whether a significant uncertainty exists regarding events or conditions that could cast significant doubt on the ability Company to continue its activity. If we conclude that a material uncertainty exists, we must draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to stop operating on a going concern basis.
- We evaluate the presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.
- We communicate to those charged with governance, among other things, the planned scope and timing of the audit, as well as key audit findings, including any significant internal control deficiencies, that we identify during the audit.

Report on other legal and regulatory provisions

12. We were appointed by the General Meeting of Shareholders on 20.04.2022 to audit the financial statements of Farmaceutica Remedia SA for the financial year 2023. We confirm that during this period we did not provide prohibited non-audit services for the Company, art.5 para.l from EU Regulation no. 537/2014.

Other aspects

13. This report of the independent auditor is addressed exclusively to the shareholders of the company as a whole. Our audit was performed to express an opinion to the company's management regarding the material aspects that a financial audit report should contain, and for no other purpose. To the extent permitted by law, we do not accept or assume responsibility except to the company and its shareholders, as a whole, for our audit, for this report or for the opinion formed.

14. The partner of the audit mission on the basis of which this report was drawn up is Sergiu Cobîrzan.

Other information – Report of Administrators

15. Administrators are responsible for the preparation and presentation of other information. That other information includes the Directors' Report, but does not include the financial statements and the auditor's report thereon, nor the Non-Financial Statement.

Our opinion on the financial statements does not cover this other information and, unless explicitly mentioned in our report, we do not express any kind of assurance conclusion about them.

Administrators are responsible for the preparation and presentation of the Administrators' Report in accordance with OMFP no. 2844/2016 and for that internal control that the administrators consider necessary to allow the preparation and presentation of the Administrators' Report that does not contain significant distortions due to fraud or error. The administrators' report is not part of the financial statements.

In connection with the audit of the financial statements for the financial year ended on December 31, 2023, our responsibility is to read the Administrators' Report and, in this endeavor, to assess whether there are significant inconsistencies between the Administrators' Report and the financial statements, if the Administrators' Report includes, in all significant aspects, the information required by OMFP no. 2844/2016, annex 1, chapter 3, points 15-19 and chapter 4, points 26-28 regarding the Accounting Regulations regarding the International Financial Reporting Standards, and if based on our knowledge and understanding acquired during the audit of the financial statements regarding the Company and its environment, the information included in the Administrators' Report is significantly erroneous. Based on the activity carried out, we confirm that:

- in the Administrators' Report we have not identified any information that is not consistent, in all significant aspects, with the information presented in the attached financial statements;
- The administrators' report identified above includes, in all significant aspects, the information required by OMFP no. 2844/2016, annex 1, chapter 3, points 15-19 and chapter 4, points 26-28 regarding the Accounting Regulations regarding the International Financial Reporting Standards;
- based on our knowledge and understanding acquired during the audit of the financial statements for the financial year ended on December 31, 2023 regarding the Company and its environment, we have not identified any information included in the Directors' Report that is significantly erroneous.

Regarding the Remuneration Report, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the individual financial statements for the financial year ended on December 31, 2023, we report that it has been drawn up, in all aspects significant, in accordance with the provisions of Law 24/2017, paragraphs 106-107, and we have not identified significant distortions in the manner of its preparation.

ec. Sergiu COBIRZAN – Financial auditor
Registered in the Public Register of auditors
financial and audit firms with number AF 4517

In the name:
PREMIER CLASS AUDIT S.R.L.
Registered in the Public Register of auditors
financial and audit firms with number FA 1195
Cluj Napoca, România 22.03.2024

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAA)
Firma de Audit:
PREMIER CLASS AUDIT SRL
Registrul Public Electronic: FA1195

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAA)
Auditor Financiar:
COBIRZAN SERGIU BOGDAN SRL
Registrul Public Electronic: AF4517

Status of the compliance to the provisions of the BVB Corporate Governance Code as of 21 March 2024

Governance Code provisions	Compliance	Does not comply or partially complies	Explanation of non-conformity and envisaged measures
A.1 All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	YES		
A.2 Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quotate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	YES		
A.3 The Board of Directors or the Supervisory Board should have at least five members.	NOT		The Board of Administrators of Farmaceutica REMEDIA S.A. consists of 3 members mandated until 30.04.2024. Under the specific circumstances of the polarization of the pharmaceutical market by international players, Farmaceutica REMEDIA SA is facing challenges regarding the development of new business lines, the consolidation of wholesale activities, the rentabilization of the retail segment, which requires additional expenses and investments, the maintenance of a simple and flexible management system to ensure the sustainability, resilience and profitability of the company activity. Consequently, the Board will consider increasing the number of members to 5 at the next elections in 2025.
A.4 The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two	YES		

Governance Code provisions	Compliance	Does not comply or partially complies	Explanation of non-conformity and envisaged measures
<p>non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement.</p>			
<p>A.5 A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.</p>	YES		
<p>A.6 Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.</p>	YES		
<p>A.7 The company should appoint a Board secretary responsible for supporting the work of the Board.</p>	YES		
<p>A.8 The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.</p>	YES		
<p>A.9 The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.</p>	YES		
<p>A.10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the</p>	YES		

Governance Code provisions	Compliance	Does not comply or partially complies	Explanation of non-conformity and envisaged measures
Supervisory Board.			
A.11 The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	YES		Additional information: The society is STANDARD category and has set up a nomination committee, out of which one is non-executive and independent member.
B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or internal control system and the corporate governance practices.	YES		Additional information: The board set up an audit committee of two members, the President being an independent and non-executive administrator.
B.2 The audit committee should be chaired by an independent non-executive member.	YES		
B.3 Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	YES		
B. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	YES		
B.5 The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	YES		Additional information: The audit committee evaluate the conflicts of interests in transactions of the company and its subsidiaries with related parties is done based on the transfer prices dossier.
B.6 The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES		
B.7 The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES		
B.8 Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by	YES		

Governance Code provisions	Compliance	Does not comply or partially complies	Explanation of non-conformity and envisaged measures
cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.			
B.9 No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	YES		
B.10 The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	YES		
B.11 The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES		
B.12 To ensure the fulfilment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer	YES		
C.1 The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review	YES		
D.1 The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	YES		
D.1.1 Principal corporate regulations: the articles of association, general shareholders' meeting procedures;	YES		
D.1.2 Professional CVs of the members of its governing bodies, a Board member's	YES		

Governance Code provisions	Compliance	Does not comply or partially complies	Explanation of non-conformity and envisaged measures
other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;			
D.1.3 Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	YES		
D.1.4 Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders’ questions related to the agenda and the company’s answers, including the decisions taken;	YES		
D.1.5 Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	YES		
D.1.6 The name and contact data of a person who should be able to provide knowledgeable information on request;	YES		
D.1.7 Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	YES		
D.2 A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	YES		
D.3 A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high	YES		

Governance Code provisions	Compliance	Does not comply or partially complies	Explanation of non-conformity and envisaged measures
level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.			
D.4 The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES		
D.5 The external auditors should attend the shareholders' meetings when their reports are presented there.	YES		
D.6 The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	YES		
D.7 Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	YES		
D.8 The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES		
D.9 The Society will organise annually minimum two meetings / TCs with analysts and stakeholders. The information presented by this occasion will be published in section Investor relation on the webpage of the Society at the date of the meetings/TCs.	YES		
D.10 In case a Society sustains different forms of artistic and cultural expression, sport activities, educational or scientific activities and considers that their impact to the innovative character and competitiveness of the Society, are part of its mission and development			

Governance Code provisions	Compliance	Does not comply or partially complies	Explanation of non-conformity and envisaged measures
strategy, it will publish the policy referring to its activity in this field.			

CHAIRMAN OF THE BOARD OF ADMINISTRATORS

„TARUS“ – Valentin Norbert TARUS e.U.

Members of the Board of Administrators

Represented by
Valentin – Norbert TARUS





Cristian PLOCON

Elena CODREAN

**Statement of April 25th, 2024
of responsible persons within the company
Farmaceutica REMEDIA S.A.
for the Annual Report 2023**

In accordance with the legal provisions in force regarding the issuers and the operations with securities, the undersigned, as a responsible person within the trading company Farmaceutica REMEDIA S.A., according to my knowledge, declare the following:

1. Annual unconsolidated and consolidated financial statements of the trading company Farmaceutica REMEDIA S.A. ended December 31st, 2023, for the financial year 2023 prepared according to the applicable accounting standards, gives a correct image and in accordance with the reality of the assets, liabilities, financial position and profit and loss account.
2. The reports of the Board of Administrators include a correct analysis of the issuer's development and performances as well as a description of the main risks and uncertainties specific to the activity carried out.

Function	Name	Period of responsibility	Signature
Chairman of the Board of Administrators	„TARUS” - Valentin Norbert TARUS e.U”, represented by Valentin-Norbert TARUS	01.01.2023-31.12.2023	
General Manager	Valentin-Norbert TARUS	01.01.2023-31.12.2023	
Member of the Board of Administrators	NIPA CONSULTANCY SRL (former NIPA STEUERBERATUNG SRL) Represented by Adrian-Marcel PÂRVU	01.01.2023-30.04.2023	
Member of the Board of Administrators	Cristian PLOCON	01.05.2023-31.12.2023	
Member of the Board of Administrators	Elena CODREAN	01.01.2023-31.12.2023	
Chief Financial Officer	Elena CODREAN	01.01.2023-31.12.2023	