

# Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2021

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Farmaceutica REMEDIA S.A.

**STATEMENT OF GLOBAL RESULT - consolidated (Lei)**

		31.12.2021	31.12.2020
<b>Net turnover</b>	<b>NOTE 4</b>	<b>477.102.652</b>	<b>441.478.105</b>
Incomes from the sale of merchandise		474.530.058	439.903.203
Commercial discounts granted		-1.703.397	-1.098.781
Incomes from services provided and rents		4.275.991	2.673.683
<b>Other operating incomes</b>		<b>847.324</b>	<b>41.325.403</b>
<b>OPERATING INCOMES - TOTAL</b>		<b>477.949.976</b>	<b>482.803.508</b>
<b>Material expenses</b>	<b>NOTE 5</b>	<b>439.090.190</b>	<b>394.820.160</b>
Expenses with merchandise		444.975.920	399.816.634
Commercial discounts received		-8.738.510	-8.872.597
Expenses with raw materials and consumables		1.974.561	2.585.406
Other material expenses (inventory objects)		98.937	195.392
Expenses with energy and water		779.281	1.095.323
<b>Personnel expenses</b>	<b>NOTE 6</b>	<b>19.465.138</b>	<b>27.575.662</b>
Salaries and allowances		17.271.209	24.616.138
Expenses with insurance and social protection		795.612	1.151.057
Other personnel expenses		1.398.317	1.808.468
<b>Amortisation and provisions</b>		<b>1.791.200</b>	<b>2.645.174</b>
Amortisation		1.207.986	1.103.087
Net provisions		414.456	408.691
Losses from receivables		168.758	1.133.396
<b>Other operating expenses</b>	<b>NOTE 7</b>	<b>8.813.429</b>	<b>14.899.929</b>
Expenses on external benefits		7.478.877	8.659.416
Expenses with other duties, taxes and similar levies		990.377	771.985
Other expenses		344.175	5.468.528
<b>OPERATING EXPENSES - TOTAL</b>		<b>469.159.957</b>	<b>439.940.926</b>
<b>OPERATING RESULT</b>		<b>8.790.019</b>	<b>42.862.583</b>
<b>Financial incomes</b>	<b>NOTE 8</b>	<b>220.698</b>	<b>312.150</b>
Interest income		22.071	18.494
Incomes from exchange rate differences		13.220	55.588
Incomes from dividends		140.333	66.733
Discounts for advance payments		45.074	171.335
Other financial incomes		0	0

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<b>Financial expenses</b>	<b>NOTE 8</b>	<b>377.581</b>	<b>406.117</b>
Interest charges		0	102.776
Operational leasing interests (IFRS16)		109.560	68.916
Expenses from exchange rate differences		74.186	79.464
Advance collections discounts		193.836	154.960
Other financial expenses		0	
<b>FINANCIAL RESULT</b>		<b>-156.883</b>	<b>-93.967</b>
<b>TOTAL INCOME</b>		<b>478.170.674</b>	<b>483.115.658</b>
<b>TOTAL EXPENSES</b>		<b>469.537.538</b>	<b>440.347.042</b>
<b>GROSS RESULT</b>	<b>NOTE 9</b>	<b>8.633.136</b>	<b>42.768.616</b>
Corporate tax		1.399.978	4.997.042
<b>TOTAL NET PROFIT of which distributable</b>		<b>7.233.158</b>	<b>37.771.574</b>
Company's shareholders		<b>7.233.158</b>	<b>37.771.574</b>
Minority interest			
<b>Other elements of the comprehensive result</b>			
Revaluation of tangible fixed assets			
Tax afferent to other elements of comprehensive income			
Minority interest			
<b>COMPREHENSIVE INCOME AFFERENT TO THE PERIOD - TOTAL of which attributable:</b>		<b>7.233.158</b>	<b>37.771.574</b>
Company's shareholders		<b>7.233.158</b>	<b>37.771.574</b>
Minority interest			
<b>Result per share (in Lei)</b>			
- basic		0,0758	0,3560
- diluted		0,0758	0,3560

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

by representative  
Valentin – Norbert TARUS

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

		31.12.2021	31.12.2020
<b>ASSETS</b>			
<b>Fixed assets</b>		<b>42.655.089</b>	<b>40.256.854</b>
Tangible assets	<b>NOTE 10</b>	21.313.782	28.316.243
Real estate investments		18.657.330	8.204.038
Operational leasing assets		1.492.264	1.089.773
Software licenses	<b>NOTE 11</b>	78.768	124.790
Pharmacy licenses	<b>NOTE 11</b>	689.200	213.636
Participations held in group companies	<b>NOTE 12</b>	292.320	289.520
Participations held in companies outside the group	<b>NOTE 12</b>	5.316	5.316
Deposits and guarantees paid	<b>NOTE 12</b>	126.110	2.013.538
<b>Current assets</b>		<b>206.230.930</b>	<b>202.969.618</b>
Stocks	<b>NOTE 13</b>	40.600.994	35.077.188
Trade receivables	<b>NOTE 14</b>	137.629.452	130.201.748
Other receivables		3.782.734	3.340.268
Cash and cash equivalents	<b>NOTE 15</b>	24.217.749	34.350.414
<b>Accrued expenses</b>		<b>2.186.689</b>	<b>1.236.574</b>
<b>TOTAL ASSETS</b>		<b>251.072.707</b>	<b>244.463.046</b>
<b>EQUITIES AND LIABILITIES</b>			
<b>Equities</b>		<b>68.223.569</b>	<b>79.830.650</b>
Share capital	<b>NOTE 16</b>	9.860.311	10.921.209
Issuance premiums		757.485	757.485
Reserves	<b>NOTE 17</b>	44.055.097	34.803.056
Current result		7.233.158	37.771.574
Result carried forward	<b>NOTE 19</b>	6.742.374	-3.632.398
Result carried forward - restatement		-312.229	-312.229
Profit distribution		0	-365.419
Own shares	<b>NOTE 21</b>	-112.628	-112.628
<b>Long-term liabilities</b>		<b>2.544.268</b>	<b>2.246.739</b>
Liabilities from financial leasing	<b>NOTE 22</b>		
Liabilities from operational leasing			
Provisions	<b>NOTE 23</b>		
Liabilities with deferred profit tax		2544268	2.246.739
<b>Current liabilities</b>		<b>180.304.871</b>	<b>162.385.658</b>
Bank loans	<b>NOTE 24</b>		
Liabilities from financial leasing			

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Liabilities from operational leasing		1.339.435	867.718
Suppliers and other assimilated liabilities		176.037.147	159.154.783
Provisions		217.307	
Liabilities with current tax		-50.770	124.581
Other short-term liabilities	<b>NOTE 25</b>	2.761.752	2.238.576
<b>Total liabilities</b>		<b>182.849.139</b>	<b>164.632.396</b>
<b>TOTAL EQUITIES AND LIABILITIES</b>		<b>251.072.707</b>	<b>244.463.046</b>

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## 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 01.01.2020	10.921.209	1.756.937	17.442.767	11.893.163	757.485	4.094.940	-133.467	2.441.116	-112.628	49.061.524
Repositioning of treatments for profit account 2019						-2.000.000		1.912.131		-87.869
Profit transfer 2019 (FR) to result carried forward						2.429.739		-2.429.739		0
Profit distribution 2019 (FR) to dividends						-2.121.796				-2.121.796
Profit distribution 2019 (FR) to other reserves				307.943		-307.943				0
Closure of account 129 (legal reserve 2019) FR							133.467	-133.467		0
Profit transfer 2019 (FRDL) to result carried forward						1.790.041		-1.790.041		0
Profit transfer 2018 (FRDL) to dividends										0
Retreatment of dividends FRDL->FR 2020										0
Accounting result 2020 FR +FRDL								30.622.262		30.622.262
Legal reserve 2020 FR		365.419					-365.419			0
Retreatment of profit account 2020						0		6.927.256		6.927.256
Outputs buildings + lands										0
Revaluation of buildings and lands			3.615.269							3.615.269
Deferred tax			-578.443							-578.443
Accounting result 2020 retreated						-7.581.143				-7.581.143
Operational leasing retreatment (IFRS 16) 2020						-222.056		222.056		0
Correction of accounting errors 2019 (FR)						-26.410				-26.410
Balance as at 31.12.2020	10.921.209	2.122.356	20.479.593	12.201.106	757.485	-3.944.628	-365.419	37.771.574	-112.628	79.830.650

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**STATEMENT OF CHANGES IN EQUITY – continuation**

	Share	Legal	Revaluation	Other	Issuance	Result	Profit	Current	Own	TOTAL
	capital	reserves	reserves	reserves	premiums	carried forward	distribution	result	shares	
<b>Balance as at 01.01.2021</b>	<b>10.921.209</b>	<b>2.122.356</b>	<b>20.479.593</b>	<b>12.201.106</b>	<b>757.485</b>	<b>-3.944.628</b>	<b>-365.419</b>	<b>37.771.574</b>	<b>-112.628</b>	<b>79.830.650</b>
Repositioning of treatments for profit account 2020						7.136.751		-7.149.313		-12.562
Profit transfer 2020 (FR) to result carried forward						27.871.030		-27.871.030		0
Profit distribution 2020 (FR) to dividends						-14.277.108				-14.277.108
Profit distribution 2020 (FR) to other reserves				13.093.922		-13.093.922				0
Closure of account 129 (legal reserve 2020) FR							365.419	-365.419		0
Profit transfer 2020 (FRDL) to result carried forward						2.385.812		-2.385.812		0
Profit transfer 2020 (FRDL) to dividends						-1.500.000				-1.500.000
Accounting result 2021 FR +FRDL								9.164.136		9.164.136
Retreatment of profit account 2021						1.930.978		-1.930.978		0
Outputs buildings + lands										0
Retreatment of result carried forward						-312.229				-312.229
Revaluation of buildings and lands			1.760.139							1.760.139
Accounting errors correction 2020						-24.902				-24.902
Purchase of own shares	-1.060.898			-5.304.490					0	-6.365.388
Deferred tax			-297.529							-297.529
Operational leasing retreatment (IFRS 16) 2020						258.362				258.362
<b>Balance as at 31.12.2021</b>	<b>9.860.311</b>	<b>2.122.356</b>	<b>21.942.203</b>	<b>19.990.538</b>	<b>757.485</b>	<b>6.430.144</b>	<b>0</b>	<b>7.233.158</b>	<b>-112.628</b>	<b>68.223.569</b>

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**STATEMENT OF TREASURY FLOWS**

	Consolidated <b>12 months 2021</b>
<b>Cash flows from operating activities</b>	
Collections from the sale of goods and from the provision of services	514.929.660
Other cash inflows	778.291
Payments to suppliers of goods and services	-481.118.193
Payments to and on behalf of employees (including taxes on salaries)	-18.642.246
Corporate tax payments	-1.548.096
Payments of other taxes and fees	-6.486.235
Paid interests	0
Collected interests (current account)	22.071
Other cash outflows	-5.304.510
<b>Total operating cash flow</b>	<b>2.630.742</b>
<b>Cash flow from investment activities</b>	
Collections from the sale of long-term assets and financial investments	480.112
Collected interests (from deposits)	0
Collected dividends	140.333
Payments for the acquisition of long-term assets	-36.569
<b>Total cash flow from investments</b>	<b>583.876</b>
<b>Cash flow from financing activities</b>	
Short-term loan withdrawals	0
Repayment of short-term loans	0
Net foreign exchange differences	7.533
Financing received from shareholders	0
Repayments of long-term loans, including interest	0
Payments to shareholders (dividends)	-13.354.815
Payments of own shares	0
Loans granted between subsidiaries	0
<b>Total cash flow from financing</b>	<b>-13.347.283</b>
<b>Total cash flow</b>	<b>-10.132.665</b>
<b>Cash at the beginning of the period</b>	<b>34.350.414</b>
<b>Cash at the end of the period</b>	<b>24.217.749</b>

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# Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2021

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## NOTE 1 INFORMATION ON CONSOLIDATED COMPANIES

### 1.1. Reporting entity

#### Farmaceutica REMEDIA S.A.

Farmaceutica REMEDIA S.A. (« the Company ») is a commercial company with registered office in Deva, No. 2 Nicolae Balcescu Bld. (former Str. Dorobantilor 43), Hunedoara County, Romania.

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

On **October 13<sup>th</sup> 2000**, V. TARUS RoAgencies S.R.L. purchased from FPS the majority shares package (55,802%).

On **January 1<sup>st</sup> 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 were prohibited from carrying out, at the same time, wholesale and retail distribution of medicines. (Art. 800 paragraph 2). Therefore,

On **January 1<sup>st</sup> 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 pharmacies and local offices.

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.

**During the year 2021** Farmaceutica REMEDIA S.A. did not participate in mergers.

On **January 11<sup>th</sup> 2021**, Farmaceutica REMEDIA SA completed a share buyback operation followed by a reduction of share capital. The number of buyback shares on 11.01.2021, according to FSA Decision 1486/16.12.2020 is 10.608.980 shares, representing 10% of the share capital. Total number of shares subscribed in the operation: 10.608.981 shares, representing 100% of the Offer. The total amount paid by Farmaceutica REMEDIA was 6.397.216 Lei. Repurchase price: 0,6 Lei per share. The share capital, after the repurchase operation, followed by the annulation of the repurchased shares and the reduction of the share capital, is Lei 9.548.082.

On **June 7<sup>th</sup> 2021** the Trade Register Office has registered the reduction of the share capital of Farmaceutica REMEDIA SA.

On **June 17<sup>th</sup> 2021** the Financial Supervisory Authority issued the Certificate of Registration of Financial Instruments no. AC-1470-7, which completed the operation of reducing the share capital from 10.608.980 Lei to 9.548.082 Lei.

The reduction of the share capital was also registered with the Central Depository S.A., the Bucharest Stock Exchange and was communicated to the capital market.

**In 2021** Farmaceutica REMEDIA bought 2 pharmaceutical licenses and opened 2 pharmacies in Bucharest, on Aviatiei Blvd and at the operational headquarters, on Metalurgiei Blvd.

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## 1.2. Other entities participation in the consolidation

### Farmaceutica REMEDIA Distribution & Logistics S.R.L.

**Farmaceutica REMEDIA Distribution & Logistics S.R.L.**, former Sibmedica S.R.L. had the activity suspended since 16.12.2013, up to 19.01.2015, a date on which it was reactivated under the new name. The company is held 100% by Farmaceutica REMEDIA S.A.

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

Farmaceutica REMEDIA Distribution & Logistics S.R.L. is a national distributor with a network of 7 warehouses located in Bucharest, Deva, Brasov, Pitesti, Craiova, Timisoara, Iasi.

During 2021 Farmaceutica REMEDIA S.A. or Farmaceutica REMEDIA Distribution & Logistics S.R.L did not participate in mergers.

## NOTE 2 BASES FOR THE PREPARATION OF FINANCIAL STATEMENTS

### Conformity statement

The consolidated financial statements of the reporting company were prepared in compliance with the provisions of Order No. 2844/2016 for the approval of accounting regulations in compliance with the International Financial Reporting Standards (IFRS), adopted by the European Union, applicable to commercial companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

For all the periods up to the year concluded as at 31 December 2011, including, the company prepared the financial statements in compliance with the Romanian Accounting Standards (RAS). The financial statements for the year concluded as at 31 December 2012 are the first financial statements drafted in compliance with the International Financial Reporting Standards (IFRS).

The financial statements as at 31.12.2021 of the reporting entity were approved by the Board of Administrators of the Company as at 15.03.2022.

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

The consolidated financial statements are audited, as well as the financial statements of each entity that entered the consolidation perimeter.

### Bases of valuation

The financial statements were prepared based on the historical cost, except for the buildings and lands that are assessed at their fair value (market value determined by valuation by an expert valuator). The historic cost is generally based on the fair value of counter-performance carried out in exchange for the assets.

The consolidated companies present in financial statements at the fair value all the components of asset and liability items for which valuation at the fair value is imposed, the methods used for its determination being inventory and revaluation (IFRS 13).

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Thus, buildings (comprised in the Tangible assets and real estate investments class) and the lands owned by the Company are annually assessed by an independent authorized valuator, ANEVAR (*National Association of Romanian Valuers*) member, having a recent and relevant experience in what concerns localization and the category of investment subject to valuation.

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

Valuations of tangible assets were classified at level 2 as their values are comparable to the similar ones from the active market, are adjusted and are directly observable - IFRS 13.93 (b).

Companies do not have financial instruments that would imply the use of other fair value estimation methods.

During 2021, there were no events and circumstances that would lead to the recognition of a loss from a significant depreciation of tangible assets.

Balances and transactions within the group, as well as any other unrealized incomes or expenses resulted from transactions within the group are eliminated at the preparation of consolidated financial statements. Unrealized profits or losses afferent to transactions with associated entities accounted for using the equity method are eliminated in compensation for the investment with the associated entity to the extent of the owned percentage.

## **Functional and presentation currency**

Financial statements are presented in LEI (RON), this being the functional currency of the Company. The entire financial information is presented in LEI.

## **Principle of activity continuity**

Financial statements were prepared based on the principle of activity continuity, which implies that the company, in a foreseeable future, will normally continue its activity, without undergoing bankruptcy, liquidation or significant reduction of the activity.

## **Comparative statements**

Certain amounts in the statement of financial position, statement of comprehensive income, statement of treasury flows, statement of changes in equity, as well as in explanatory notes, were reclassified to ensure comparability between previous years and the current year.

## **Estimations and professional judgments**

The preparation of financial statements according to IFRS or the National Reporting Standards involves the use of professional judgment by the management, estimates and assumptions that may affect the application of accounting policies and the reported value of assets, liabilities, incomes and expenses. Under these conditions, the actual results may differ from the estimated values. The estimates and assumptions underlying them are

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periodically reviewed. The review of accounting estimates is recognized during the period in which the estimation was reviewed and during the future affected. The following are critical professional judgments/reasoning which the Company management made with a significant impact on the values recognized in financial statements:

- Life span of fixed assets
- Deferred taxes
- Provisions
- Reporting on segments
- Cost of merchandise sold by the reporting company (FR) and supplied from FRDL

## **Changes in accounting policies**

The adoption for the first time of new or reviewed standards

The adopted accounting policies are consistent to those applied for the previous financial year, and adapted to the following new interpretations, amendments to the existing standards and interpretations issued by the Commission of International Accounting Standards (IASB) adopted by the European Union.

IASB issued the Annual Improvements of IFRS – Cycle 2015 – 2017, which represent a collection of changes in the IFRS.

New standards, interpretations and amendments that entered into force in 2019 were applied without having a significant impact on financial statements:

IFRS 3 Business combinations;  
IFRS 9 Financial instruments: financial assets classifications;  
IFRS 11 Common agreements (amendment)  
IFRS 16 Leasing: replacement of IAS 17  
IAS 12 Tax profit – IFRIC 23 and modifications;  
IAS 17 Leasing was replaced by IFRS 16  
IAS 19 Employees' benefits: Planning of modification, reduction or settlement  
IAS 28 Investments in associated entities and in joint ventures: long-term interests;  
IFRIC 4 Determining whether a contract is for rent; replacement with IFRS 16  
IFRIC 23 Incertitude to treatments on income tax

Application of new standards, interpretations and amendments, which enter into force at or after the date of 01 January 2020 by Annual improvements of IFRS – Cycle 2015 – 2017 or other amendments did not have a significant impact on financial statements:

IFRS 3 Combinations of enterprises – from 01.01.2020  
IFRS 4 Insurance contracts: replacement with IFRS 17 from 01.01.2021  
IFRS 7 Financial instruments: reporting: modification on the interest reference rate from 01.01.2020  
IFRS 17 – Insurance contracts: from 01.01.2021  
IAS 1 Presentation of financial statements (modified): definitions – from 01.01.2020 and classification of debts from 01.01.2022  
IAS 8 Accounting policies, modifications of accounting estimates and errors from 01.01.2020

# Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2021

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## **Bases of consolidation**

The reporting company owns participations of 100% in the consolidated company, within which it has control over financial and operational policies. An entity is consolidated if, based on the evaluation of its relations with the Company, it is found that it is controlled by the Company.

As at 31.12.2021, Farmaceutica REMEDIA S.A. did not hold majority participations or significant influences in other companies, except for the consolidated company.

A list of participations held is presented in NOTE 12.

## **NOTE 3 SIGNIFICANT ACCOUNTING POLICIES**

### **Incomes recognition**

Incomes represent the gross inflow of economic benefits during the period generated within the performance of the normal activities of an entity, under the form of inflows of assets, increase in the assets value, or decrease of liabilities, which result in increases of equities, other than those obtained by contributions from capital owners.

Incomes include both incomes, and gains.

Incomes are evaluated at the fair value of the equivalent value received or that can be received (IAS 18).

Incomes from the sale of goods are reduced with returns, commercial rebates and other similar discounts. Incomes from the sale of goods are recognised when goods are delivered, and the legal title is transferred, respectively when significant risks and benefits afferent to the property right are transferred to the buyer.

Incomes from the provision of services are recognised in the accounting year in which the services are provided.

Incomes from rents is recognised in compliance with the provisions of relevant rental contracts.

Interest income is recognised on a monthly basis using the effective interest method and are included in the profit and loss account to the financial incomes.

Incomes from dividends are recognised when the shareholder's right to receive the payment was 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 determining reductions of equities, other than those resulted from their distribution to shareholders.

### **Currency conversions**

In financial statements, currency transactions, other than the functional currency of the entity (RON), are recognised at the current exchange rate on the date of transactions. At the end of each reporting period, monetary items expressed in a foreign currency are converted to the current exchange rates (NBR) from that date.

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Monetary assets and liabilities expressed in currency as at 31 December 2021 are evaluated in RON using the exchange rate (NBR) valid on the date of concluding the financial year, respectively 1 EUR = 4,9481 RON; 1 USD = 4,3707 RON.

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

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

## **Government grants**

Government grants are recognised when there is the reasonable safety that the grant will be received, and all the afferent conditions will be met.

Capital grants, including non-monetary grants evaluated at the fair value are recognised as grants for investments and are recognised in the balance sheet as advance income; this is resumed in incomes depending on the registration of expenses with asset amortisation or when the asset is ceded.

The company did not benefit from grants.

## **Taxes**

### **Current corporate tax**

Corporate tax for the current period is presented at the value to be paid by tax authorities and is reported in tax statements according to the legislation in force, the percentage applied over the taxable profit being of 16%.

### **Deferred corporate tax**

The elements regarding the deferred corporate tax are recognised in correlation with the support transaction to other elements of the comprehensive result or in the case of FR, directly in equities (IAS 12.15 - 45 – Recognition of deferred tax liabilities and receivables).

Receivables and liabilities regarding deferred tax are compensated if there is a legal right of compensation of receivables regarding the current tax with the liabilities on current tax, and deferred taxes refer to the same taxable entity and to the same fiscal authority.

### **Value added tax**

The company applies two calculation rates of the value added tax, respectively 9% and 19% corresponding to the nature of the taxable basis (e.g. for drugs, the applicable rate is of 9%).

The applicable VAT rate on rental income is of 19%, the Company appropriately notifying the fiscal authority in this respect.

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



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## **Tangible assets**

Prior to the date of 31.12.2011 tangible assets were recorded in the balance sheet at the historical cost (purchase or construction price), less cumulative amortisation.

The historical cost was revalued in compliance with the Government Decisions: GD 945/1990, GD 26/1992, GD 500 /1994, GD 983 /1998 based on indices established by the respective normative acts and GD 403 /2000 and GD 1553/2004, based on the general price index, to restate the net accounting value of assets to a level that better reflects their market value.

A revaluation surplus is recorded in other elements of the comprehensive result and thus credited in the revaluation reserve of buildings, within equities. However, to the extent that it resumes a revaluation deficit for the same asset previously recognised in the profit and loss account, the increase is recognised in the profit and loss account. A revaluation deficit is recognised in the profit and loss account, unless an existing surplus previously recorded for the same asset is compensated, recognised in the reserve from the revaluation of assets (according to IAS 16). Moreover, the cumulative amortisation on the date of evaluation is eliminated from the accounting value of the asset and the net amount is restated to the revalued value of the asset. Upon cessation, any revaluation reserve referring to the respective asset to be sold is transferred to the result carried forward.

As a method of accounting for tangible assets (starting with the financial year 2011) the revaluation model for and lands and the model based on cost for the other classes of tangible assets were used.

In the case of tangible assets to which the cost model was applied, for the calculation of amortisation, the straight-line amortisation method was used.

Assets being under financial leasing (utility vehicles and cars) are depreciated over their life span on the same basis as similar assets being under property.

The assets under operational leasing (utility cars and cars) were retreated according to IFRS 16.

Tangible assets owned are subject to depreciation tests to detect the case in which their accounting value cannot be fully recovered. When the accounting value of an asset is higher than the recoverable amount, the asset is appropriately adjusted (IAS 36 – Depreciation of assets) by setting up a provision.

For the new fixed assets, such as installations, cars and measurement and control devices, life spans were established considering the estimated level of use based on the use of the asset capacity.

The life spans used are the following:

Buildings and constructions	32 - 48 years
Equipment and installations	6 - 12 years
Means of transportation	4 - 6 years

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Calculation technique	2 - 4 years
Office furniture and equipment	9 - 15 years

Investments in progress are amortised starting with the month prior to the following commissioning.

Expenses with maintenance and repairs of tangible assets are recognised in the profit and loss account at the time of their execution, and improvements leading to the optimization of their exploitation and framing within the legal norms are capitalized.

## **Leasing contracts**

Leasing contracts have as object means of transportation for merchandise and are only financial leasing contracts as well as operational leasing contracts.

Financial leasing significantly transfers to the company all risks and benefits afferent to the ownership right on the good in leasing regime, are capitalised in the beginning of the leasing contract at the contractual value and are revaluated at the end of each financial year. Financing expenses are recognised as financing costs in the profit and loss account during the leasing contract (Operational leasing contracts were retreated according to IFRS 16 which replaced IAS 17 – Leasing contracts).

## **Borrowing costs**

Borrowing costs that are directly attributed to the purchase, construction or production of an asset are capitalised as part of the cost of the respective asset. All the other borrowing costs are recorded on expenses during the period in which they intervene.

Borrowing costs represent interests and other costs incurred by Entities for borrowing funds.

Entities were not indebted for the acquisition, construction or production of an asset.

## **Real estate investments (IAS 40)**

Real estate properties partially or entirely used to obtain rental income were classified as “**real estate investments**”. In the case of properties partially used for carrying out the activity and partially leased by companies for carrying out the activity and partially leased, the value of the real estate investment was proportionally determined with the surface allocated for rental to third parties as it is presented in NOTE 10. Real estate investments are presented in financial statements at the fair value, reflecting the market conditions at the end of the reporting period and do not include the transaction costs which it can bear in case of sale (IAS 40).

Thus, buildings classified as real estate investments are annually valued by an independent authorised valuator, ANEVAR member, having a recent and relevant experience in what concerns the localisation and category of the real estate investment subject to valuation.

In 2021, the revaluation method used was the gross income multiplier method (quantifying the present value of future anticipated benefits produced to the owner from property rental). The values were estimated based on public market studies, and



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correlation was realised based on several criteria, the most important being the number of inhabitants of the locality where the property is located. Valuations of real estate investments were classified at level 2 as their values are comparable to those on the active market, are adjusted and are directly observable - IFRS 13.93 (b).

During 2021 there were no events and circumstances that would lead to the recognition of a loss from a significant depreciation of real estate investments.

## **Intangible assets**

Intangible assets are initially valued at cost (IAS 38 – Intangible assets and IAS 36 – Depreciation of assets). Life span durations of intangible assets are evaluated as being definite or indefinite.

Intangible assets with the definite useful life are amortised on the economic life and are depreciated whenever there are there are indications of depreciation of intangible asset.

The expense with amortisation of this type of intangible assets is recognised in the profit and loss account.

Intangible assets of the type of purchased software programs are linearly amortised within a period of 1-3 years.

In the category of intangible assets with an indefinite life span, operating authorisations for the pharmacy activity (**pharmacy licenses**) are included. According to the legislation in force, the number of these authorisations is limited after several criteria from which the most important is the demographic criterion. Operating authorisations are valued at the acquisition cost, have an infinite useful life, are transmissible (have a price) and are not amortised. In some cases, costs generated by the purchase of pharmacy licenses were capitalised.

During 2021 there were no events and circumstances that led to the recognition of a significant impairment loss on intangible assets.

## **Financial instruments and risk management (IFRS 7)**

Assets or financial liabilities are valued at the fair value plus the costs of the transaction that can be directly attributed to the purchase/issuance of the asset or the financial liability (IAS 39 – Financial instruments).

Entities do not own a tradable financial assets portfolio.

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

Cash and cash equivalents are short-term liquid assets and are found in the cash available in cashier's offices, current bank accounts and deposits with a maturity of less than one year.

The reporting company and the consolidated company have a multi-currency credit line opened in common in the amount of 11 million euros, mainly used by FRDL for the issuance of letters of guarantee of participation/performance bond issued in favour of clients and for work capital.

The main politics on financial instruments and risk management are presented in NOTE 29 and NOTE 32.

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## **Stocks**

The stock of merchandise (pharmaceutical and para-pharmaceutical products) represents over 99% from the total stock of entities. In the accounting statements, merchandise stocks are emphasized at the entry cost which includes, apart from the acquisition price, import fees, transportation and, when appropriate, discounts received or the future certain ones. Stocks are valued at the end of the period at the lowest value between the cost and the net realisable value (IAS 2 – Stocks). Starting with 2011, in the cost of stored goods, certain future discounts are also introduced.

The net realisable value is the sale price estimated under normal business conditions, less the estimated completion costs and sales costs.

In the case of retail sales, in own pharmacies, stocks of drugs and para-pharmaceutical products are emphasized at retail sale price (purchase price + trade markup + VAT).

Stocks being largely represented by drugs managed strictly on the basis of manufacturing batches (according to the legislation in force), at the inventory outflow, the FEFO method is used (first expired, first out), and in the case of the existence of two batches with the same expiry date, the FIFO method is used (first in, first out).

Establishing the quantities actually existing in the stock is realised by using the permanent inventory method. The company periodically carries out the inventory of stocks to determine whether they are deteriorated, have slow motion or if the net realizable value decreased, proceeding, if necessary, with the required adjustments.

Entities hold stocks of pledged merchandise in the liabilities account.

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

## **Provisions**

A provision is recognised if, following a previous event, an entity has a present, legal or implicit obligation, which can be estimated in a reliable manner 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 on the date of each balance sheet and adjusted to reflect the best current estimation of the management in this regard. If, for the settlement of an obligation, an outflow of resources is no longer probable, the provision is cancelled by resumption to income.

Provisions for disputes are recognised when the management estimates that cash outflows will be necessary, following unfavourable disputes. Entities did not have a significant risk of cash outflow following disputes.

Entities have provisions constituted for the depreciation of current assets (merchandise, debtors and doubtful clients) as well as for risks and expenses.

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The provisions for doubtful clients are recognised based on the analysis of balances older than 6 months. For the clients being in bankruptcy or with a low probability of collection, provisions are constituted. When the loss becomes certain (judge's decision of radiation from the Trade Register) balances are recognised as costs and, concomitantly, the provision previously constituted is reversed.

A statement of constituted provisions is found in note 23.

## **Employees benefits (IAS 19)**

### **a) Pensions plan**

All employees of consolidated Companies are included in the Pensions Plan of the Romanian state, some of the employees also contributing to the private pensions plans (pillar II or III). In this context, the companies carry out payments to the Romanian state in the account of its employees.

No other pensions plan or plan for granting benefits after retirement is applied, apart from the one mentioned in the previous paragraph.

Contributions to the Pensions Plan of the Romanian state are incurred on costs on a monthly basis, in the month for which these contributions are due.

Employees retiring for the age limit will receive an allowance equal to 2 gross salaries, taking as a base the last gross salary of the employee.

### **b) Other benefits of employees**

All employees on an 8-hour labor contract benefit from food vouchers according to the legislation in force, holiday bonus, as well as fixed bonuses on the occasion of legal holidays.

Employees individually fired benefit from an allowance equal to the last gross salary, if they have a seniority of 2-4 years, 2 gross salaries if they have a seniority of 4-6 years and 3 gross salaries if the seniority exceeds 6 years. In the case of collective dismissals, the granted compensation is similar to the one for individual dismissal.

### **c) Annual bonuses of directors and members of the Board of Administrators**

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

## **Dividends**

Dividends distribution to shareholders is registered in the financial statements in the year in which they were approved by the General Meeting of Shareholders, therefore, they are not recognised as liabilities at the end of the reporting period. The calculation and highlighting of dividends are realised considering the provisions of IAS 10 – Events subsequent to the reporting period.

No cumulative preferential dividends are distributed.

The statement of dividends is presented in NOTE 18.

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## **Other information, implications of the COVID-19 pandemic on the annual report**

In the current context generated by the COVID 19 pandemic based on the information available to it, the company considers that there are no significant uncertainties for the continuation of the activity and there are no indications that would lead to a depreciation of the assets held.

The impact that the COVID-19 pandemic had on the company's activity during the reported period was not likely to significantly influence the financial performance.

The company has sufficient own financial resources to ensure financial stability, there is no risk of liquidity or negative influences on cash flows.

The company's management has as permanent objectives the analysis of the future impact of the pandemic on the financial performance and the taking of adequate measures to reduce the related risks

## **Affiliated parties**

Parties are considered affiliated when one of them has the capacity to control or influence significantly the other party by ownership, contractual rights, family relationships or otherwise. Affiliated parties also include main shareholders of the company, management members, members of the Board of Administrators and the members of their families, parties with which they jointly control other companies, benefits plans, subsequent to employment for company employees.

The details on transactions with affiliated parties are separately presented in NOTE 27.

## **Equities**

Equities present the right of shareholders on assets after subtracting all liabilities. They comprise: capital contributions, capital premiums, reserves, result carried forward and the result of the financial year.

## **Capital contributions**

Farmaceutica REMEDIA S.A. was established in 1991 as a commercial company with fully state-owned capital. In 2006, the Company merged by absorption with V.TARUS RoAgencies SRL. In 2007, the Company proceeded to capital increase by the subscription of shares. In 2009, the company was listed in the 2<sup>nd</sup> category of BSE, subsequently becoming STANDARD category.

The evolution of the share capital of the reporting company is presented below:

	Date	Number of shares	Issuance value (Lei)	Explanations
1	10.11.1999	3.370.107	337.010,70	Initial capital of the state, including the land contributed in nature

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2	06.09.2001	1.500.000	150.000,00	Cash contribution of V.TARUS RoAgencies
3	23.07.2003	42.402	4.240,20	Merger – capital of Ditafarm Trading – disappearing company
4	05.01.2006	5.696.471	569.647,10	Merger - capital of V.TARUS RoAgencies – disappearing company
5	21.12.2007	87.905.969	8.790.596,90	Capital increase – shareholders with pre-emption right
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
	<b>TOTAL</b>	<b>95.480.820</b>	<b>9.548.082</b>	

Considering that by the valuation carried out on the date of the merger of the two companies, any revaluation surplus that occurred in prior periods was eliminated and any other share capital increase was carried out after the date of 31 December 2003, the share capital was not subject to adjustment with the inflation index according to IAS 29 – Financial reporting in hyperinflationary economies.

Farmaceutica REMEDIA Distribution&Logistics SRL was established in 1993 under the name of Sibmedica SRL, having a share capital of 120 Lei.

In 2008, Farmaceutica REMEDIA S.A. has fully purchased the shares.

Considering the application of IAS 29 – “Financial reporting in hyperinflationary economies” and the presentation of results for the restatement of operations carried out during the hyperinflationary economy period in the financial statements drafted according to IFRS, the analysis of the inflationary impact on the share capital was carried out, resulting an adjustment percentage of 2,94%.

### **Result carried forward**

The accounting profit remained after the distribution of the share of 5% to the legal reserve, within the limit of 20% from the share capital is taken over within the result carried forward at the beginning of the financial year following the one for which the annual financial statements are prepared, from where it is to be distributed on the other legal destinations.

Profit distribution is realised in the next financial year, according to the approval of distribution within the GMS meeting.

### **Reserves**

The company presents in the financial statements in the reserves category values representing the legal reserve, the reserve from revaluation of buildings and lands held

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and the reserve constituted from the net profit from previous years as a basis at the company's disposal.

## Result per share

The company presents the result per share by dividing the profit or loss attributable to shareholders to the number of shares. The statement of the result per share is presented in the Statement of comprehensive income.

## Reporting on segments (IFRS 8)

Segmentation of company's activity is mainly realised on activity lines and detailed on distribution channels, as presented in NOTE 28. The calculation takes into account the risks and benefits directly and indirectly attributable to each segment.

Considering the specific of distributed merchandise and of services offered by the company, a correlation of them between the geographic regions and clients has no relevance.

## Accounting errors

The correction of significant errors afferent to the previous financial years does not determine the modification of financial statements of those financial years. In the case of errors afferent to previous financial years, their correction does not require the adjustment of the comparative information presented in the financial statements. Any impact on the comparative information regarding the financial position and the financial performance, respectively the modification of the financial position, is presented in the explanatory notes and adjusted in the result carried forward during the year.

## NOTE 4 INCOMES FROM SALES AND OTHER OPERATING INCOMES

Operating incomes are realised from the sale of merchandise on various distribution channels, as well as from provided services and rents, as presented below:

<b>description</b>	<b>2021</b>	<b>2020</b>
<b>NET TURNOVER, of which:</b>	<b>477.102.652</b>	<b>441.478.106</b>
<b>incomes from the sale of merchandise, of which:</b>	<b>474.530.058</b>	<b>439.903.202</b>
- Sales of Remedia pharmacies	7.606.797	61.752.389
- other distribution channels_Bd Rowa	4.242.302	
- distribution to hospitals	170.284.051	118.194.101
- distribution	284.088.269	256.032.288
- other distribution channels	8.308.639	3.924.424
<b>commercial discounts granted</b>	<b>-1.703.397</b>	<b>(1.098.779)</b>

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<b>incomes from services provided and rents, of which:</b>	<b>4.275.992</b>	<b>2.673.683</b>
- logistic services and store keeping	2.276.842	1.222.198
- rents	1.550.680	940.142
- shelf promotion		
- marketing and recordings (RA)	448.470	323.197
- other services	477.102.652	188.146

**Other operating income**

description	2021	2020
penalties	5.299	39.905
sales of tangible assets	507.560	39.902.568
inventory pluses	0	0
revaluation of tangible assets	0	0
other incomes	334.465	1.382.931
<b>TOTAL</b>	<b>847.324</b>	<b>41.325.403</b>

**NOTE 5 MATERIAL EXPENSES**

Description	2021	2020
Cost of merchandise *	436.237.410	390.944.038
Utilities	779.281	1.095.323
Fuel	1.361.198	1.669.007
Spare parts	163.571	332.095
Consumables	449.792	584.303
Inventory items	98.937	195.394
<b>TOTAL</b>	<b>439.090.190</b>	<b>394.820.160</b>

\* Net value obtained by adjustment with the received discounts

**NOTE 6 PERSONNEL EXPENSES**

Personnel expenses have the following composition:

Description	2021	2020
<b>Gross salaries and allowances</b>	<b>17.271.209</b>	<b>24.616.138</b>
<b>Expenses with insurances and social protection</b>	600.477	924.674
Insurance contribution for labor	389.599	556.953
Other expenses on insurance and social protection expenses	210.878	367.721
<b>Other personnel expenses</b>	<b>1.593.452</b>	<b>2.034.850</b>
- Meal tickets/gift	500.000	744.620



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- PFA /PFI ( <i>authorized natural person/independent natural person</i> )	717.021	463.000
Fund for disabled persons	376.431	827.230
<b>TOTAL</b>	<b>19.465.138</b>	<b>27.575.662</b>

The costs (including fees) with remuneration in 2021 of the Board of Administrators of FR, of the General Director, and of the FRDL administrator were in a total amount of 366.384 lei.

**NOTE 7 OTHER OPERATING EXPENSES**

<b>Description</b>	<b>2021</b>	<b>2020</b>
Repairs	404.544	500.548
Rents	1.157.880	2.671.067
Insurance	829.584	737.869
Post and telecommunications	276.277	310.801
Displacements and transport	109.238	110.015
Advertisement	37.992	76.363
Protocol	101.033	163.126
Other taxes and fees	153.600	771.984
Donations and sponsorships	990.377	132.766
Bank fees	336.723	352.811
Other services provided by third parties	4.225.607	3.744.067
Other operating expenses	190.575	5.328.512
<b>TOTAL</b>	<b>8.813.429</b>	<b>14.899.929</b>



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**NOTE 8 FINANCIAL RESULTS**

Description	2021	2020
Interest income	22.071	18.493,00
Interest expenses	-109.560	-171.692,00
Incomes from exchange rate differences	13.220	55.588,00
Expenses from exchange rate differences	-74.187	-79.464,00
Incomes from dividends	-193.836	-154.960,00
Advance payments discounts	45.075	171.335,00
Advance collections discounts	140.334	66.733,00
<b>Result</b>	<b>-156.883</b>	<b>-93.967,00</b>

\*Retreated according to IFRS 16

**NOTE 9 EXPENSES WITH CORPORATE TAX**

In the calculation of the corporate tax, the influence of non-deductible costs was considered, respectively of non-taxable income (including reversals of provisions) and tax facilities.

Description	2021	2020
total income	478.170.674	483.115.658
total expenses (without corporate tax)	469.537.538	440.347.042
<b>gross accounting result</b>	<b>8.633.136</b>	<b>42.768.616</b>
IFRS adjustments	1.930.978	11.771.993
deductions	442.159	614.591
non-taxable income	1.649.523	966.733
non-deductible expenses	1.639.102	6.526.607
<b>tax result</b>	<b>10.111.534</b>	<b>35.941.906</b>
corporate tax	1.723.609	5.556.218
tax reductions	-323.631	-559.177
<b>Total current corporate tax expenses</b>	<b>1.399.978</b>	<b>4.997.042</b>

\*retreated according to IFRS 16

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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	Operational leasing assets	Advances for fixed assets	Total
<b><u>as at 01 January 2020</u></b>	<b><u>5.040.141</u></b>	<b><u>19.416.833</u></b>	<b><u>605.616</u></b>	<b><u>3.611.625</u></b>	<b><u>2.354.529</u></b>	<b><u>1.544.551</u></b>	<b><u>125.841</u></b>	<b><u>32.699.136</u></b>
inflows	297.826	4.391.024	45.750	231.525	117.397		610.222	5.693.744
transfers		-1.395.863						-1.395.863
outflows	-1.030	-1.079.796	-79.213	-141.897	-850.508		-28.239	-2.180.683
<b><u>as at 31 December 2020</u></b>	<b><u>5.336.937</u></b>	<b><u>21.332.198</u></b>	<b><u>572.153</u></b>	<b><u>3.701.253</u></b>	<b><u>1.621.418</u></b>	<b><u>1.544.551</u></b>	<b><u>707.824</u></b>	<b><u>34.816.334</u></b>
inflows	78.864	4.101.691	78.543	679.270	37.719	1.221.661	1.245.282	7.443.030
transfers		-10.453.290						-10.453.290
outflows	-1.036	-562.117		-304.028			-1.918.557	-2.785.738
<b><u>as at 31 December 2021</u></b>	<b><u>5.414.765</u></b>	<b><u>14.418.482</u></b>	<b><u>650.696</u></b>	<b><u>4.076.495</u></b>	<b><u>1.659.137</u></b>	<b><u>2.766.212</u></b>	<b><u>34.549</u></b>	<b><u>29.020.336</u></b>

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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	Furniture	Total
<b><u>as at 01 January 2020</u></b>			<b><u>629.044</u></b>	<b><u>3.035.115</u></b>	<b><u>1.666.093</u></b>	<b><u>5.330.252</u></b>
amortization of the year			131.462	<b>201.850</b>	<b>187.514</b>	<b>975.603</b>
cumulative amortisation						
affherent to outflows			-12.290	-171.536	<b>-711.713</b>	-895.539
<b><u>as at 31 December 2020</u></b>			<b><u>748.216</u></b>	<b><u>3.065.429</u></b>	<b><u>1.141.894</u></b>	<b><u>5.410.316</u></b>
amortization of the year				<b>974.420</b>	<b>132.604</b>	<b>1.107.024</b>
cumulative amortisation						
affherent to outflows					<b>303.050</b>	303.050
<b><u>as at 31 December 2021</u></b>			<b><u>748.216</u></b>	<b><u>4.039.849</u></b>	<b><u>1.577.548</u></b>	<b><u>6.214.290</u></b>

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**10.2 REAL ESTATE INVESTMENTS (RON)**

As of January 1st 2020	6.808.175,00
transfers	1.395.865,00
<hr/>	
As of December 31st 2020	8.204.040,00
Transfers	10.453.290,00
<hr/>	
As of December 31st 2021	18.657.330,00

Town	Adress	Area. rent.	Totala area mp	Rent except VAT	Reevaluated value as of 31.12.2021 - lei-	% rented area	Real estate investments value
		mp		-EUR-			
ABRUD	Str.Piata Eroilor nr 6 ap i	163,71	163,71	675	207.820	100%	207.820
ARAD	Str.Voinicilor nr 38 bl 245 ap 25	73	73	1350	623.461	100%	623.461
ALBA IULIA	Str. Zorilor nr 1 bl 280 sc C nr 4	164,2	164,2	1425	622.781	100%	622.781
	Str.Nicolae Titulescu bl 280	130	130	1000	394.249	100%	394.249
BLAJ	Str.Piata 1848 nr 21	201,67	201,67	950	356.263	100%	356.263
DEVA	str. Pta Victoriei nr 3	28	393	420	2.100.043	80%	1.680.034
		38		722			
		199		2750			
		48		912			
	SF.STEFAN str. 22 Dec	60	167	450	851.865	100,00%	851.865,00
		88		1400			
		18,62		200			
	SF. MARIA, str. Mihai Eminescu nr 13A	108,67	214	1650	1.185.539	100,00%	1.185.539,00
		64		550			
		41		500			
REMEDIA DEPOZIT, str Dorobantilor nr. 43	14,85	3576,2	50	2.349.115	33,43%	785.309,14	
	500		2500				
	680		1600				
	Koglaniceanu	177	177	600	248.330	100%	248.330,00
	Str Horea nr 5	75	154	500	413.306	48%	198.386,71
DOBRA	Str 1 DECEMBRIE BL 4	106		425			
DOBRA	Str. 1 DECEMBRIE BL 4	60	166	132	155.392	100,00%	155.392,05
VATA	SF PARASCHIVA	75	215,76	500	329.137	34,80%	114.539,52
HATEG	SF. TREIME, Ovidiu Densuseanu	51	377,41	433,5	850.727	76,22%	364.961,88
		56		504,2			
		125,68		1100			
		55		467,5			
	str. Horea nr.5	47	72,63	258,5	84.420	64,71%	54.627,88
HATEG	PIATA UNIRII	35	60	227,5	78.378	58,30%	45.694,32
HUNEDOARA	STR VIORELE NR 6	114,62	230	1200	595.107	49,98%	354.088,67
	Bdul 1848 nr 7	151,85	226	675	354.124	67,19%	237.936,17
	Str.Republicii nr 10 bl D8	95,25	95,25	875	415.640	100,00%	415.640,40

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CLUJ	STR FAGULUI NR 1	95	207	320	457.204	100,00%	457.204,00
		112		380			
SIMERIA	SF. ANDREI	30	377,41	252	746.053	„63,10%	470.759,44
		94,37		700			
		23,8		178,5			
		36		216			
		5		110			
		16		120			
		33		231			
BUCURESTI	BD.METALURGIEI, NR.78	2173	5340	13,852	5.059.054	41,9%	2.119.743,46
	TARUS MEDIA	65		325			
BRASOV	Str. Zizinului	572	572	1,995	713.239	100%	713.238,93
TOTAL		7100,29	9327	29850,547	16.986.672		10.453.290,97

## NOTE 11

### 11.1 SOFTWARE LICENSES

	Software licenses	Amortisation	Remained value
<b>as at 01 January 2020</b>	<b>669.749</b>	<b>599.479</b>	<b>70.270</b>
Inflows	13.475	96.637	
Transfers			
Outflows		600	
<b>as at 31 December 2020</b>	<b>899.061</b>	<b>774.271</b>	<b>124.790</b>
Inflows	44.209	90.231	
Transfers			
Outflows			
<b>as at 31 December 2021</b>	<b>943.270</b>	<b>864.502</b>	<b>78.768</b>

### 11.2 LICENSES OF PHARMACIES

	Licenses of pharmacies	Amortisation	Total
<b>as at 01 January 2020</b>	<b>5.004.938</b>	<b>0</b>	<b>5.004.938</b>
Inflows			
Transfers			
Outflows	-4.791.302		-4.791.303
<b>as at 31 December 2020</b>	<b>213.636</b>	<b>0</b>	<b>213.636</b>
Inflows	475.564		475.564
Transfers			
Outflows			
<b>as at 31 December 2021</b>	<b>689.200</b>	<b>0</b>	<b>689.200</b>

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In 2020, the company alienated assets afferent to 52 pharmacy licenses held in Bucuresti and in Alba, Arad, Dambovita, Dolj, Giurgiu, Hunedoara, Ilfov, Ialomita, Mures and Timis counties.

In 2021 the company bought two licenses in Bucharest worth 475.564 Lei.

## NOTE 12 FINANCIAL ASSETS AT THEIR FAIR VALUE

Name	value
<b>Participations of companies inside the group</b>	<b>292.320</b>
of which:	
FRDL(SIBMEDICA)	292.320
<b>Participations of companies outside the group</b>	<b>5.316</b>
of which:	
EUROM BANK*	2.413
BODY FARM*	2.903
Deposits and paid guarantees	126.110
<b>Total</b>	<b>423.746</b>

\* Companies over which Farmaceutica REMEDIA S.A. does not have control and does not influence their decisions (EUROM BANK/LEUMI BANK and BODY FARM S.R.L.).

## NOTE 13 STOCKS

Description	31-Dec-21	31-dec-2020
Merchandise in warehouses	38.283.683	<b>33.283.345</b>
Merchandise in pharmacies*	3.370.554	<b>2.600.870</b>
Adjustments	0	<b>0</b>
Other stocks	0	<b>3.176</b>
Trade mark-up	-748.885	<b>-582.366</b>
VAT not applicable	-304.358	<b>-227.837</b>
<b>TOTAL</b>	<b>40.600.994</b>	<b>35.077.188</b>

\* at retail price

Name	Balance as at 01.01.2021		Inflows	Outflows	Balance as at 31.12.2021	
	Debit	Credit			Debit	Credit
Materials	3.176		18.944	22.120		
Objects of inventory			59.219	59.219		
Merchandise in custody						
Merchandise in pharmacies	2.600.871		9.264.398	8.494.714	3.370.554	
Merchandise in warehouses/BD Rowa	33.560.342		457.158.343	452.206.622	38.512.062	
Other merchandise			0		0	
Trade mark-up		582.366	1.998.824	1.832.305		748.885

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Provisions for merchandise depreciation		276.998	212.767	261.386		228.379
VAT not applicable		227.837	806.250	729.729		304.358
<b>Total</b>	<b>36.164.389</b>	<b>1.087.201</b>	<b>469.518.745</b>	<b>463.606.095</b>	<b>41.882.616</b>	<b>1.281.622</b>

**BALANCE 40.600.994**

**NOTE 14 TRADE RECEIVABLES AND OTHER RECEIVABLES**

Description	31-dec-2021	31-dec-2020
<b>TRADE RECEIVABLES:</b>	<b>137.629.452</b>	<b>130.201.749</b>
trade receivables	141.331.539	133.617.185
adjustments for trade receivables	-3.702.087	-3.415.436
<b>OTHER RECEIVABLES:</b>	<b>3.782.734</b>	<b>3.340.268</b>
Medical leaves to be recovered	198.836	202.787
court costs to be recovered afferent to disputes under progress	0	41.583
VAT to be recovered	41.562	90.878
other receivables	3.416.428	3.014.211
provision for receivables depreciation		-9.191

**NOTE 15 CASH AND CASH EQUIVALENTS**

	31 - dec- 2019	31 - dec - 2020	31 - dec - 2021
Bank accounts in RON	8.528.285	33.712.159	23.390.882
Bank accounts in CURRENCY	686.277	451.026	1.672.991
Cash deposit RON	1.051.587	185.356	152.136
Cash deposit other CURRENCY		1.873	1.740
Other values	7.750		
<b>Total cash and cash equivalents</b>	<b>10.273.899</b>	<b>34.350.414</b>	<b>24.217.749</b>

**NOTE 16 SHARE CAPITAL**

**31-dec-2021**

Shareholders	No. of shares	% of share capital
TARUS Valentin - Norbert	80.496.847	84,3068
OTHERS	14.983.973	15,6932
<b>TOTAL</b>	<b>95.480.820</b>	<b>100,0000</b>

Retreatment of the share capital was carried out according to IAS 29 “Financial reporting in in hyperinflationary economies”, resulting an adjustment in a total value of 312.229 lei.

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**NOTE 17 RESERVES**

	<u>31-dec-2020</u>	<u>31-dec- 2021</u>
Legal reserves	2.122.356	2.122.356
Other reserves	12.201.107	19.990.539
Revaluation reserves tangible assets	20.479.593	21.942.202
<b>TOTAL</b>	<b>34.803.056</b>	<b>44.055.097</b>

**Legal reserve:** according to law 31/1990, at the closure of each financial year at least 5% is taken over, applied over the accounting profit, before determining the corporate tax, of which non-taxable incomes are deducted and the expenses related to these non-taxable incomes are added, until it reaches the fifth part from the subscribed and paid-up share capital or from the patrimony, as appropriate, according to the organization and functioning laws.

**Fixed assets revaluation reserves:** when the accounting value of a tangible asset increases as a result of revaluation, then the increase must be recognized in other elements of the comprehensive result and cumulated in equities, with title of revaluation surplus. Revaluation reserves cannot be distributed and cannot be used at the share capital increase.

**Other reserves** include reserves representing tax facilities, as well as reserves constituted from profits in previous years.

**NOTE 18 DIVIDENDS**

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

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Initial balance	<b>217.459</b>	<b>205.414</b>	<b>214.756</b>	<b>241.226</b>	<b>209.353</b>	<b>117.155</b>	<b>327.582</b>
Distributed gross dividends	<b>0</b>	<b>700.927</b>	<b>1.060.898</b>	<b>1.591.347</b>	<b>2.121.796</b>	<b>14.277.108</b>	<b>4.759.036*</b>
Paid tax on dividends	<b>0</b>	<b>34.415</b>	<b>52.675</b>	<b>78.995</b>	<b>104.900</b>	<b>711.866</b>	
Paid dividends	<b>12.045</b>	<b>657.170</b>	<b>981.753</b>	<b>1.544.225</b>	<b>2.109.093</b>	<b>13.354.815</b>	
Payment dividends	<b>205.414</b>	<b>214.756</b>	<b>241.226</b>	<b>209.353</b>	<b>117.155</b>	<b>327.582</b>	

\* 859.155 of the current year's profit

\* 3.899.881 from previous year's profit



#### NOTE 19 RESULTS CARRIED FORWARD

	2021	2020
<b>Balance at the beginning of the year</b>	<b>-3.944.627</b>	<b>2.431.226</b>
Profit transfer 2020	<b>37.393.593</b>	<b>3.319.778</b>
Profit distribution 2020	<b>-28.871.030</b>	<b>-2.429.738</b>
Profit transfer 2018		
Profit distribution 2018		
Retreatment of dividends FRDL->FR	<b>0</b>	<b>0</b>
Accounting corrections	<b>-337.141</b>	<b>-26.410</b>
Retreatment of IFRS 16	<b>2.189.350</b>	<b>-7.239.485</b>
<b>Balance at the end of the year</b>	<b>6.430.145</b>	<b>-3.944.629</b>

#### NOTE 20 PROFIT DISTRIBUTION

As at 31.12.2021, the Company recorded a net profit of 859.155 Lei, which is proposed for distribution as follows:

- dividends: 859.155 Lei

As at 31.12.2021 the net profit realized by Farmaceutica REMEDIA Distribution & Logistics SRL, in the amount of 8.304.980 Lei is proposed to be distributed on the following destinations:

- dividends to be paid to Farmaceutica REMEDIA S.A. – 5.000.000 lei
- other reserves – 304.980 lei
- non-distributed profit – 3.000.000 lei

#### NOTE 21 OWN SHARES

In 2015, following the change of the main activity object imposed by the Law No. 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 established by an authorised assessor.

On 11.01.2021, Farmaceutica REMEDIA SA completed a share repurchase operation, followed by the cancellation of the shares and the reduction of the share capital. A number of 10.608.980 shares, i.e. 10% of the share capital, were repurchased at a price of 0,6 Lei/share, for a total amount of 6.397.216 Lei. The share capital resulting after the operation of repurchase, cancellation of shares and reduction is 9.548.082 Lei.

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**NOTE 22 LEASING**

As at 31 December 2021, the Company did not have any leasing contract in progress.

FRDL has a number of operating leases outstanding, which have been restated in accordance with IFRS 16

**NOTE 23 PROVISIONS**

Name of the provision	Balance at the beginning of the financial year	Transfers		Balance at the end of the financial year
		in the account	from the account	
<b>PROVISIONS FOR CURRENT ASSETS:</b>	<b>3.833.318</b>	<b>394.945</b>	<b>288.606</b>	<b>3.939.657</b>
provision for expired merchandise	276.998	212.767	261.386	<b>228.379</b>
provision for doubtful clients	3.547.129	182.178	27.220	<b>3.702.087</b>
provision for the depreciation of debtors	9.191			<b>9.191</b>
<b>PROVISIONS FOR RISKS AND EXPENSES:</b>	<b>31.781</b>	<b>317.307</b>	<b>0</b>	<b>349.088</b>
Provision for VAT expired merchandise	0	217.307	0	<b>217.307</b>
Provision for interest related to debts to group companies	31.781	100.000	0	<b>131.781</b>
<b>GRAND TOTAL</b>	<b>3.865.099</b>	<b>712.252</b>	<b>288.606</b>	<b>4.288.745</b>

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## NOTE 24 COMMITMENTS

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

Objective	Credit line - financing of working capital
Amount	74.600.000 Lei
Maturity	09 February 2023
Guarantees	Security interest in real property over company immovables
Used CL 31.12.2021	0 Lei
Restricted CL 31.12.2021	3.851.616 LEI for FR
Exclusively for BLG	45.071.752 LEI for FRDL
CL to be used 31.12.2021	25.676.632 LEI

As at 31.12.2021, the amount used from the credit line is afferent to the letters of guarantee for participation and performance bond issued in favor of clients, letters of payment guarantee issued in favor of merchandise suppliers. The amounts afferent to guarantee letters are not interest-bearing and are emphasized only in a non-accounting manner, not being an exigible debt.

## NOTE 25 TRADE AND OTHER LIABILITIES

description	31-dec-2021	31-dec-2020
<b>Commercial debts, of which:</b>	<b>176.037.147</b>	<b>159.154.783</b>
merchandise suppliers	175.898.020	159.015.458
assets suppliers	139.125	139.325
<b>other current liabilities, of which:</b>	<b>2.761.752</b>	<b>2.238.576</b>
salaries and afferent taxes	826.392	1.347.890
dividends	327.582	117.155
VAT to be paid	1.131.067	467.895
other taxes and charges	191.836	144
other creditors	284.875	305.492

Salaries of December 2021 and afferent taxes were liquidated in January 2022.

“Other taxes and charges” are represented by ecotax, which were also paid in January 2021.

“Other creditors” represent guarantees paid by tenants and managerial personnel.

Farmaceutica REMEDIA S.A. – Consolidated financial statements  
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**NOTE 26 DISPUTES**

Companies have disputes open as claimant, mainly for the recovery of amounts of commercial nature from clients whose debits exceeded the due date.

**NOTE 27 PRESENTATION OF TRANSACTIONS WITH AFFILIATED PARTIES**

Transactions consisted of sales and purchases of merchandise, as well as in the provision of services, as follows:

<b>partner</b>	<b>object of contract</b>	<b>contract year</b>	<b>REMEDIA sales</b>	<b>REMEDIA purchases</b>	<b>client balance</b>	<b>supplier balance</b>
Farmaceutica REMEDIA Distribution & Logistics	sale/purchase of merchandise/auto, rental of premises and auto	2015 2016	1.084.023	5.876.321	42.734	4.386.755
Tarus Media	services of medical promotion /premises rents	2006	22.115		7.266	

For the transactions carried out with affiliated parties, no guarantees over receivables or liabilities are constituted.

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.

## Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2021

NOTA 28	Reporting on activity segments						
	Hospitals and clinics	Distribution	Other distribution channels**	REMEDIA pharmacies E-commerce	Provided services and rents	BD ROWA Robots	TOTAL * 31.12.2021
<b>Net turnover</b>	<b>170.284.051</b>	<b>282.543.016</b>	<b>8.150.495</b>	<b>7.606.797</b>	<b>4.275.992</b>	<b>4.242.302</b>	<b>477.102.652</b>
Incomes from the sale of merchandise	170.284.051	284.088.269	8.308.639	7.606.797	0	<b>4.242.302</b>	<b>474.530.058</b>
Commercial discounts granted	0	-1.545.253	-158.144	<b>0</b>	0		<b>-1.703.397</b>
Incomes from services provided and rents			0	<b>0</b>	4.275.991		<b>4.275.991</b>
<b>Other operating incomes</b>		<b>0</b>	<b>0</b>	<b>0</b>	847.324		<b>847.324</b>
<b>OPERATING INCOMES - TOTAL</b>	<b>170.284.051</b>	<b>282.543.016</b>	<b>8.150.495</b>	<b>7.606.797</b>	<b>5.123.316</b>	<b>4.242.302</b>	<b>477.949.976</b>
				<b>0</b>			
<b>Expenses with merchandise</b>	<b>165.916.568</b>	<b>252.516.571</b>	<b>7.675.715</b>	<b>5.776.192</b>	<b>453.906</b>	<b>3.898.459</b>	<b>436.237.411</b>
Expenses on merchandise	171.656.020	254.696.937	8.463.293	5.806.769	454.442	<b>3.898.459</b>	<b>444.975.920</b>
Commercial discounts received	-5.739.452	-2.180.366	-787.578	-30.577	-536		<b>-8.738.510</b>
<b>Gross margin from the sale of merchandise</b>	<b>4.367.483</b>	<b>30.026.445</b>	<b>474.780</b>	<b>440.243</b>	<b>5.123.316</b>	<b>343.843</b>	<b>40.776.110</b>
				<b>0</b>			<b>0</b>
<b>Other operating costs</b>	<b>4.076.999</b>	<b>22.377.650</b>	<b>175.938</b>	<b>4.393.247</b>	<b>1.301.786</b>	<b>596.927</b>	<b>32.922.547</b>
Direct costs	1.640.344	10.584.315	45	2.248.478	664.651	<b>172.696</b>	<b>15.310.530</b>
Logistics costs	1.015.514	9.961.776	106.795	<b>0</b>			<b>11.084.085</b>
Indirect costs	1.421.141	1.831.559	69.098	2.144.769	637.135	<b>424.230</b>	<b>6.527.932</b>
<b>OPERATING EXPENSES - TOTAL</b>	<b>169.993.567</b>	<b>274.894.221</b>	<b>7.851.653</b>	<b>10.169.439</b>	<b>1.755.692</b>	<b>4.495.386</b>	<b>469.159.956</b>
							<b>0</b>
<b>Operating result</b>	<b>290.484</b>	<b>7.648.795</b>	<b>298.842</b>	<b>-2.562.642</b>	<b>3.367.624</b>	<b>-253.083</b>	<b>8.790.020</b>
<b>Financial result</b>							<b>-156.883</b>
<b>Gross result</b>							<b>8.633.137</b>
Corporate tax							-1.399.978
<b>Net profit</b>							<b>7.233.159</b>

# Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded as at 31.12.2021

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## NOTE 29 OBJECTIVES AND POLICIES FOR MANAGING FINANCIAL RISK

### Financial risk management

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

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

The management of companies, by the measures taken, tries to minimize the possible adverse effects that might affect the financial results of Companies.

### Capital risk

The management objectives in what concerns the administration of Companies' equities include:

- Continuity of company activity
- Optimal dimensioning of capitals for the reduction of its cost.

The capital comprises liabilities, which include loans, cash and cash equivalents and equities comprising share capital, reserves, current result and result carried forward. The Company can review its capital structure on a regular basis by the levers that are at hand (payment of dividends to shareholders, issuance of new shares, sale of assets for the purpose of liabilities reduction etc).

The main indicator based on which the Company monitors the capital is the indebtedness degree calculated as the ratio between the borrowed capital (from bank and leasing institutions) and equities. The statement of the "indebtedness degree" indicator as at 31.12.2021:

	<b>31.12.2021</b>	<b>31.12.2020</b>
Borrowed capital*	0	0
Equities	<b>68.223.569</b>	<b>79.830.650</b>
Indebtedness degree	0,0 %	0,0 %

\*including financial leasing

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### Currency risk

Companies' exposure to the currency risk is exclusively given by monetary items such as trade receivables, trade liabilities and loans. Companies are mainly exposed to the currency risk for the payments to leasing companies, as well as at the purchases carried out in currency.

Considering that the share of liabilities in foreign currency is relatively reduced, reasonable fluctuations of exchange rates will not produce significant effects in future financial statements.

A small part of the Companies' purchases is realized in EURO and USD. At the same time, the Companies' exports merchandise in EURO.

Assets and monetary liabilities expressed in currency on the date of the report are presented as follows:

Description	31.12.2021		31.12.2020	
	EURO	USD	EURO	USD
Trade receivables	<b>497.490</b>	<b>0</b>	<b>517.087</b>	<b>0</b>
Trade liabilities	<b>690.768</b>	<b>190</b>	<b>433.196</b>	<b>10.938</b>
Bank loans	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Financial leasing	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Interest rate risk

Companies do not have significant interest-bearing assets, income and cash flows not being substantially influenced by the changes in interests exchange rates from the market.

The reporting company has opened only one credit line for which the interest is calculated depending on the ROBOR or EURIBOR rate at 3 months, depending on the currency used. Considering the low degree of indebtedness of the Company, it is appreciated that reasonable fluctuations of the interest rate will not produce significant effects in future financial statements.

### Price risk

The companies are preponderantly trading ethical drugs whose maximum price is fixed by the Romanian authorities. The updating of those prices, in compliance with the legislation in force, is carried out on an annual basis.

In the last period, pressure is noticed from the competition, which is countered by granting discounts and diversifying and improving the quality of the services offered.

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The policy adopted by the Companies is to obtain additional discounts from the suppliers by the careful selection of them, correlated with the optimization of stocks.

### **Credit risk**

Credit risk represents the financial loss risk for the Company which appears if a client fails to meet its contractual obligations. The company is mainly exposed to credit risk occurred from sales to clients.

In the current market conditions of Romania, the distribution of drugs is based on lending.

The company adopted the policy to trade only with reliable partners and obtaining sufficient guarantees as means to mitigate risks of financial losses due to failure to meet the obligations by third parties. For its clients, the Company established lending limits and requests payment guarantee instruments, such as promissory notes guaranteed by the administrator, checks and receivables assignment contracts.

In order to counter the non-payment of receivables and the cash flow risk, the management of the company Farmaceutica REMEDIA S.A. took a series of measures, such as:

- Periodic reanalysis (6 months) of credit limits of all clients (for 2022 the analysis will be quarterly), together with the provision of balances for the risk of non-collection at a top company in the field.
- Analysis with increased frequency of debits and financial statements of clients
- Employing additional personnel within the control departments with increased attributions in what concerns the establishing and control of credit limits, stocks management, initiating and pursuing court proceedings of debtors as well as the recovery of debits.
- Strict control of costs with a positive impact on cash-flow

### **Liquidity risk**

Liquidity risk appears from the management by the Companies of current assets and of financing expenses and reimbursements for its debit instruments.

The Companies' policy is to make ensure it will always have enough cash in order to be able to meet its payment obligations upon maturity. In order to reach this objective, cash availability is maintained (or in the credit line) to meet the needs of payments. The Companies' sufficient liquid resources to honor their obligations under all the expected reasonable circumstances.

Companies' liabilities (trade liabilities and other liabilities, loans, financial leasing) are classified by the company management in short-term liabilities (due in less than 12 months) and medium and long-term liabilities (due within a period of 13-48 months). The Companies have no due liabilities more than 48 months after the date of the report.

Liabilities distribution after the maturity date 0-12 months, respectively 13-48 months is appropriately presented in the Statement of financial position ("current liabilities", respectively "long-term liabilities")



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## **Bank liquidities**

A significant amount from the cash availability of the Companies is in banks in the form of demand deposits or cash. The Companies are working mainly with Raiffeisen Bank, Banca Transilvania, and the State Treasury. The commercial and lending conditions offered by the banks to which the Companies have bank accounts opened are periodically analyzed by the management of the financial accounting department.

## **Operational risk**

Operational risk is the risk of occurrence of direct or indirect losses coming from a wide range of causes associated to processes, personnel, Companies infrastructure, as well as from external factors, such as those coming from the legal and regulatory requirements and from the generally accepted standards on the organizational behavior. Operational risks come from all the operations of the Companies.

The main responsibility in the development of control instruments related to operational risk belongs to the management of the Companies. The directions for the development of operational risk management standards are:

- drafting operational continuity plans
- alignment to the regulatory and legal requirements
- periodical analysis of operational risk to which the Companies are exposed and adapting the procedures and the manner of performing controls for preventing identified risks
- identification of operational losses concomitantly with the generation of proposals for remediation of causes that determined them
- preventing the risk of disputes
- mitigating risks, including by using insurance where appropriate
- development and professional training

## **NOTE 30 SOURCES OF ESTIMATION UNCERTAINTY**

Preparing the financial statements of the Company imposes the management to make estimations and hypotheses affecting the values in relation to income, expenses, assets and liabilities, as well as the notes accompanying them and to present contingent liabilities at the end of the reporting period.

These estimations and hypotheses determine an uncertainty that may cause a significant future adjustment of accounting values.

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Assumptions and other sources of uncertainty in estimation, presented in compliance with IAS 1.125 are related to estimations that impose the management the most difficult, subjective and complex reasoning.

The following are critical professional judgments/reasoning which the Company management has done with a significant impact on the values recognised in financial statements:

- Lifespan of fixed assets (NOTE 3)
- Deferred taxes (NOTE 3)
- Provisions (NOTE 23)
- Reporting on segments (NOTE 28)
- Cost of merchandise sold by FR and supplied from FRDL
- Retreatment of operational leasing contracts according to IFRS 16

Considering that the main sources of estimation uncertainty (risk of receivables non-collection, depreciation of stocks, other expenses) were forecasted by the management and appropriate provisions were recorded, we appreciate that there is no significant risk for the accounting value of assets and liabilities to fundamentally change in the next financial year.

### **Evaluation of the objectives, policies and procedures of the capital management entity**

The policy of companies is to include in equities the following:

- share capital: 95.480.800 shares \* 0,01 ron/share = 9.548.082 ron
- issuance premiums
- legal reserves and other reserves
- current result
- result carried forward
- own shares

Companies were not the object of provisions imposed from the outside regarding capital in 2021.

### **NOTE 31 EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

In February 2022, Farmaceutica REMEDIA SA sold 3 pharmaceutical licenses for the pharmacies in Ghermanesti, Reviga, Motaieni and the local office Vulcana de Sus.

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**NOTE 32 – ECONOMIC-FINANCIAL INDICATORS**

\*Thousand Lei

LIQUIDITY AND WORKING CAPITAL	FR	FRDL
<b>Current liquidity (Current assets/Current liabilities)</b>	<b>2,02</b>	<b>1,06</b>
Current assets	19.936.593	190.723.981
Current liabilities	9.878.372	178.516.708
<b>Degree of indebtedness (Borrowed capital / Equity x 100)</b>	<b>0%</b>	<b>0%</b>
Borrowed capital (including leasing)	0	0
Equity	55.326.909	12.743.831
<b>Turnover speed for client debit items (average customer balance/turnover *365)</b>	<b>60 days</b>	<b>101 days</b>
Average customer balance	2.383.346	130.768.931
net turnover	14.513.188	469.548.632
<b>Turnover speed of liabilities (average suppliers balance/cogs*365)</b>	<b>224 days</b>	<b>138 days</b>
Average suppliers balance	5.957.020	163.704.683
Cost of merchandise sold	9.673.476	431.919.771
<b>Turnover speed of stocks (average stock balance/COGS * 365)</b>	<b>75 days</b>	<b>32 days</b>
Average stocks balance	2.010.796	37.631.360
Cost of merchandise sold	9.673.476	431.919.771
<b>Turnover speed of fixed assets (turnover/fixed assets)</b>	<b>0,32</b>	<b>1613</b>
Net turnover	14.513.188	469.548.632
Fixed assets	45.871.850	290.975
<b>Gross profit margin (%) (gross profit/net sales)</b>	<b>5,92 %</b>	<b>2,06%</b>
Gross profit	859.155	9.704.958
Net turnover	14.513.188	469.548.632

**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

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indicator is normal for both companies 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, 15 march 2022**

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