

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

Table of Contents :	pag
Statement of comprehensive income	2
Statement of financial position	4
Statement of changes in equity	5
Statement of treasury flow	7
Explanatory notes to financial statements	
1 Information about the company	8
2 Bases for the preparation of financial statements	9
3 Significant accounting policies	11
4 Incomes from sales and other operating incomes	21
5 Material expenses	22
6 Personnel expenses	22
7 Other operating expenses	23
8 Net financial incomes	24
9 Expenses with corporate tax	24
10 Tangible assets and real estate investments	25
11 Intangible assets	28
12 Financial assets at their fair value	30
13 Stocks	30
14 Trade receivables and other receivables	31
15 Cash and cash equivalents	32
16 Share capital	32
17 Reserves	32
18 Dividends	33
19 Result carried forward	33
20 Profit distribution	33
21 Shares	34
22 Leasing	34
23 Provisions	34
24 Commitments	35
25 Trade payables and other payables	35
26 Disputes	36
27 Presentation of transactions with affiliated parties	36
28 Reporting on segments	37
29 Objectives and policies for managing financial risk	38
30 Sources of estimation uncertainty	41
31 Events subsequent to the reporting period	42
32 Economic-financial indicators	43

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

Farmaceutica REMEDIA S.A.

**STATEMENT OF COMPREHENSIVE INCOME -
unconsolidated (lei)**

	31.12.2021	31.12.2020
Net turnover	14.513.188	63.833.250
Incomes from the sale of merchandise	11.849.099	61.752.389
Commercial discounts granted	0	0
Incomes from services provided and rents	2.664.089	2.080.861
Other operating incomes	428.550	39.971.863
OPERATING INCOMES - TOTAL	14.941.739	103.805.113
Material expenses	10.201.477	51.152.380
Expenses with merchandise	9.705.229	51.154.844
Commercial discounts received	-31.753	-1.115.724
Expenses with raw materials and consumables	305.584	526.205
Other material expenses (inventory objects)	59.219	49.024
Expenses with energy and water	163.198	538.031
Personnel expenses	3.741.748	12.217.535
Salaries and allowances	3.118.515	10.845.492
Expenses with insurance and social protection	102.396	369.579
Other personnel expenses	520.837	1.002.464
Amortisation and provisions	159.546	259.867
Amortisation	162.745	253.399
Net provisions	-9.191	0
Losses from receivables	5.992	6.468
Other operating expenses	1.632.689	8.570.541
Expenses on external benefits	1.087.340	2.904.736
Expenses with other duties, taxes and similar levies	508.810	478.766
Other expenses	36.539	5.187.038
OPERATING EXPENSES - TOTAL	15.735.460	72.200.323
OPERATING RESULT	-793.721	31.604.789
Financial incomes	1.665.974	1.017.644
Interest income	12.349	14.956
Incomes from exchange rate differences	13.005	4.973
Incomes from dividends	1.640.333	966.733
Discounts for advance payments	288	30.982
Other financial incomes	0	0
Financial expenses	13.098	5.911
Interest charges	0	0
Operational leasing interests (IFRS16)		
Expenses from exchange rate differences	13.098	1.093
Advance collections discounts	0	4.818
Other financial expenses		
FINANCIAL RESULT	1.652.876	1.011.733

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

TOTAL INCOME	16.607.713	104.822.756
TOTAL EXPENSES	15.748.558	72.206.234
GROSS RESULT	859.155	32.616.522
Corporate tax	0	4.380.073
TOTAL NET PROFIT of which distributable	859.155	28.236.449
Company's shareholders	859.155	28.236.449
Minority interest		
Other elements of the comprehensive result		
Other elements of comprehensive income		
Tax afferent to other elements of comprehensive income		
Minority interest		
COMPREHENSIVE INCOME AFFERENT TO THE PERIOD - TOTAL of which attributable:	859.155	28.236.449
Company's shareholders	859.155	28.236.449
Minority interest		
Result per share (in Lei)	0	
- basic	0,0090	0,2662
- diluted	0,0090	0,2662

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

STATEMENT OF FINANCIAL POSITION - consolidated (Lei)

	31.12.2021	31.12.2020
ASSETS		
Fixed assets	45.871.850	48.725.139
Tangible assets	21.141.457	28.034.238
Real estate investments	18.657.330	8.204.038
Operational leasing assets		
Software licenses	35.237	83
Pharmacy licenses	689.200	213.636
Participations held in group companies	292.320	292.320
Participations held in companies outside the group	5.316	5.316
Deposits and guarantees paid	5.050.992	11.975.509
Current assets	19.936.593	29.376.485
Stocks	2.479.331	1.793.844
Trade receivables	4.188.251	1.637.382
Other receivables	338.679	413.355
Cash and cash equivalents	12.930.332	25.531.903
Accrued expenses	1.941.105	990.057
TOTAL ASSETS	67.749.548	79.091.681
EQUITIES AND LIABILITIES		
Equities	55.326.909	73.672.543
Share capital	9.860.311	10.921.209
Issuance premiums	757.485	757.485
Reserves	43.826.127	34.574.086
Current result	859.155	28.236.449
Result carried forward	448.687	-26.410
Result carried forward - restatement	-312.229	-312.229
Profit distribution	0	-365.419
Own shares	-112.628	-112.628
Long-term liabilities	2.544.268	2.246.739
Liabilities from financial leasing		
Provisions		
Liabilities with deferred profit tax	2.544.268	2.246.739
Current liabilities	9.878.372	3.172.399
Bank loans		
Liabilities from financial leasing		
Liabilities from operational leasing		
Suppliers and other assimilated liabilities	8.976.083	2.773.247
Provisions		
Liabilities with current tax	-242.606	-242.606
Other short-term liabilities	1.144.895	641.758
Total liabilities	12.422.640	5.419.138
TOTAL EQUITIES AND LIABILITIES	67.749.548	79.091.681

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

**STATEMENT OF CHANGES IN EQUITY
(RON)**

	Share	Legal	Revaluation	Other	Issuance	Result	Current	Profit	Own	TOTAL
	capital	reserves	reserves	reserves	premiums	carried forward	result	distribution	shares	
Balance as at 01.01.2020	10.921.209	1.756.377	17.442.767	11.664.754	757.485	-312.229	2.563.206	-133.467	-112.628	44.547.474
										0
Profit transfer 2019 to result carried forward						2.429.739	-2.429.739			0
Profit distribution 2019 to dividends						-				-2.121.796
Profit distribution 2020 to other reserves		365.419						-365.419		0
Profit distribution 2019 to other reserves				307.943		-307.943				0
Result 2020							28.236.449			28.236.449
Legal reserve 2020										0
Closure of account 129 (legal reserve 2019)							-133.467	133.467		0
Outputs buildings + lands										0
Revaluation of buildings and lands			3.615.269							3.615.269
Deferred tax			-578.443							-578.443
Correction of accounting errors 2019						-26.410				-26.410
Balance as at 31.12.2020	10.921.209	2.121.796	20.479.593	11.972.697	757.485	-338.639	28.236.449	-365.419	-112.628	73.672.543

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

STATEMENT OF CHANGES IN EQUITY – continuation

	Share	Legal	Revaluation	Other	Issuance	Result	Current	Profit	Own	TOTAL
	capital	reserves	reserves	reserves	premiums	carried forward	result	distribution	shares	
Balance as at 01.01.2021	10.921.209	2.121.796	20.479.593	11.972.697	757.485	-338.639	28.236.449	-365.419	-112.628	73.672.543
										0
Profit transfer 2020 to result carried forward						27.871.030	-27.871.030			0
Profit distribution 2020 to dividends						-	14.277.108			-14.277.108
Profit distribution 2020 to other reserves				13.093.922		-	13.093.922			0
Profit distribution 2020 to legal reserves										0
Result 2020							859.155			859.155
Legal reserve 2020										0
Closure of account 129 (legal reserve 2020)							-365.419	365.419		0
Outputs buildings + lands										0
Revaluation of buildings and lands			1.760.141							1.760.141
Deferred tax			-297.533							-297.533
Correction of accounting errors 2020						-24.902				-24.902
Purchase of own shares	-1.060.898			-5.304.490					0	-6.365.388
Balance as at 31.12.2021	9.860.311	2.121.796	21.942.201	19.762.129	757.485	136.459	859.155	0	-112.628	55.326.909

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

STATEMENT OF TREASURY FLOWS (RON)

Unconsolidated		
		2021
		12 months
Cash flows from operating activities		
Collections from the sale of goods and from the provision of services		16.655.295
Other cash inflows		5.388.083
Payments to suppliers of goods and services		-12.988.111
Payments to and on behalf of employees (including taxes on salaries)		-3.255.375
Corporate tax payments		0
Payments of other taxes and fees		-2.030.222
Paid interests		
Collected interests (current account)		12.349
Other cash outflows		-4.966.070
Total operating cash flow		-1.184.051
Cash flow from investment activities		
Collections from the sale of long-term assets and financial investments		294.351
Collected interests (from deposits))		
Collected dividends		1.640.333
Payments for the acquisition of long-term assets		
Total cash flow from investments		1.934.684
Cash flow from financing activities		
Short-term loan withdrawals		
Repayment of short-term loans		
Net foreign exchange differences		2.612
Finantari primite de la actionari		
Repayments of long-term loans, including interest		
Payments to shareholders (dividends)		-13.354.815
Payments own shares		
Total cash flow from financing		-13.352.203
Total cash flow		-12.601.571
Cash at the beginning of the period		25.531.903
		0
Cash at the end of the period		12.930.332

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 1 INFORMATION ON COMPANY

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

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

On **January 1st 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 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 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 11th 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 7th 2021** the Trade Register Office has registered the reduction of the share capital of Farmaceutice REMEDIA SA.

On **June 17th 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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 2 BASES FOR THE PREPARATION OF FINANCIAL STATEMENTS

Conformity statement

The 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 Financing 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 Financing Reporting Standards (IFRS), as adopted by the European Union.

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.

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 counterperformance 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).

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 authorised valuator, ANEVAR (*National Association of Romanian Valuers*) member, having a recent and relevant experience in what concerns localisation 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 realised 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).

The company does 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.

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.

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2021

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 periodically reviewed. The review of accounting estimates is recognised 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 recognised in financial statements:

- Life span of fixed assets
- Deferred taxes
- Provisions
- Reporting on segments

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 2020 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

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

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

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.

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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

Recognition of expenses

Expenses represent the reduction of economic benefits recorded during the accounting period in the form of outflows or 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.

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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

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.

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

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.

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2021

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
Computing	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 optimisation of their exploitation and framing within the legal norms are capitalised.

Leasing contracts

Leasing contracts have as object means of transportation for merchandise and were only financial 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).

Remedia did not have any ongoing financial or operational leasing contract.

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.

The company was 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

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2021

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 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 2020, the company alienated assets afferent to 52 pharmacy licences held in Bucharest and 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.

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).

The Company does 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.

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2021

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.

In order to ensure optimal cash flow, the reporting company and FRDL have a credit line opened in common in the amount of 74,6 million LEI, used at 31.12.2021 exclusively for the issuance of letters of guarantee of participation/performance bond issued in favour of clients and for payment of guarantees to suppliers of goods.

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

Stocks

The stock of merchandise (pharmaceutical and para-pharmaceutical products) represent over 99,6% 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.

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2021

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 (lack of cash in the cashier's office).

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.

The company did not constitute a provision for the claw back tax, having no legal obligation to bear the costs of its amount, since it is not performing pharmaceutical products manufacturing.

Employees benefits (IAS 19)

a) Pensions plan

All employees of the Company 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 company 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 labour contract benefit from food vouchers according to the legislation in force.

All employees also benefit from fixed bonuses on the occasion of Easter and Christmas, as well as the holiday bonuses, according to the collective employment agreement.

Also according to the collective employment agreement, employees individually fired benefit from an allowance equal to the last gross salary, if they have a seniority of 1-3 years, 2 gross salaries if they have a seniority of 3-6 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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

The company policy for other benefits of employees on long term is to recognise the gains and losses when they occur within the account of profit and loss.

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 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.

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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

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 2nd category of BSE, subsequently becoming STANDARD category.

The evolution of the share capital of the reporting company:

	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
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
	TOTAL	95.480.820	9.548.082	

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.

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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

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 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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

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:

description	2021	2020
NET TURNOVER, of which:	14.513.188	63.833.250
incomes from the sale of merchandise, of which:	11.849.099	61.752.389
- Sales of Remedia pharmacies	7.606.797	61.752.389
- Sales of third party pharmacies		
- distribution to hospitals		
- deposit distribution		
- other distribution channels	4.242.302	
commercial discounts granted		
incomes from services provided and rents, of which:	2.664.090	2.080.861
- logistic services and store keeping		
- rents	2.634.703	1.872.846
- shelf promotion		208.015
- other services	29.387	0

Other operating income

description	2021	2020
penalties		4.128
sales of tangible assets	417.515	39.847.691
Supplier statement reconciliation		
Other incomes	11.035	120.044
TOTAL	428.550	39.971.863

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 5 MATERIAL EXPENSES

Description	2021	2020
Cost of merchandise *	9.673.476	50.039.120
Utilities	163.198	538.031
Fuel	151.008	224.815
Spare parts	43.010	27.028
Consumables	111.567	274.361
Inventory items	59.219	49.025
TOTAL	10.201.476	51.152.380

* net value obtained by adjustment with the received discounts

NOTE 6 PERSONNEL EXPENSES

Personnel expenses have the following composition:

Description	2021	2020
Gross salaries and allowances	3.118.515	10.845.492
Expenses with insurances and social protection	102.396	369.579
Insurance contribution for labour	70.349	245.753
Other expenses on insurance and social protection expenses	32.047	123.826
Other personnel expenses	520.837	1.002.464
PFA/PFI	284.000	250.000
Fund for disabled persons	55.541	151.617
Meal tickets/gift	181.296	600.847
TOTAL	3.741.748	12.217.535

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

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 7 OTHER OPERATING EXPENSES

Description	2021	2020
Repairs	88.189	95.976
Rents	267.106	1.673.233
Insurance	41.629	26.799
Post and telecommunications	61.168	98.392
Displacements and transport	73.275	41.654
Advertisement	14.395	7.245
Protocol	18.593	32.589
Donations and sponsorships	3.000	75.874
Other taxes and fees	508.810	478.766
Bank fees	59.703	75.704
Other services provided by third parties	463.283	860.390
Other operating expenses	33.539	5.103.919
TOTAL	1.632.689	8.570.541,00

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 8 FINANCIAL RESULTS

Description	2021	2020
Interest income	12.349	14.956
Interest expenses		
Incomes from exchange rate differences	13.005	4.973
Incomes from dividends	-13.099	-1.093
Expenses from exchange rate differences		30.982
Advance collections discounts	288	-4.818
Received dividends	1.640.333	966.733
Result	1.652.876	1.011.733,00

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	16.607.713	104.822.756
total expenses (without corporate tax)	15.748.558	72.206.234
gross accounting result	859.155	32.616.522
deductions	153.554	614.591
non-taxable income	1.649.523	966.733
non-deductible expenses	282.899	5.388.675
tax result	-661.023	31.801.194
corporate tax	0	5.088.191
deductions	0	-194.487
Tax reduction		-513.631
total corporate tax on current profit	0	4.380.073

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 10 TANGIBLE ASSETS & REAL ESTATE INVESTMENTS

10.1 TANGIBLE ASSETS

	Lands	Buildings and other constructions	Technical installations and machinery	Equipment and vehicles	Furniture	Operational leasing assets	Advances for fixed assets	Total
as at 01 January 2020	5.040.141	19.416.833	70.095	2.675.350	2.151.635	0	125.841	29.479.895
Inflows/reevaluations	297.826	4.391.024	29.850	221.770	98.500		610.222	5.649.192
Transfers		-1.395.863						-1.395.863
Outflows	-1.030	-1.079.796	-37.076	-88.054	-850.508		-28.239	-2.084.703
as at 31 December 2020	5.336.937	21.332.198	62.869	2.809.066	1.399.626	0	707.824	31.648.521
Inflows/reevaluations	78.864	4.101.691	61.033	674.045	32.174		1.245.282	6.193.089
Transfers		-10.453.920						-10.453.290
Outflows	-1.036	-562.117					-1.918.557	-2.481.710
as at 31 December 2021	5.414.765	14.418.482	123.902	3.483.111	1.431.800	0	34.549	24.906.609

*exclusively real estate investments

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

	Lands	Buildings and other constructions	Technical installations and machinery	Equipment and vehicles	Furniture	Total
Cumulative amortisation <u>as at 01 January</u> <u>2020</u>			<u>348.650</u>	<u>2.236.616</u>	<u>1.608.310</u>	<u>4.193.576</u>
amortization of the year			684	117.351	132.078	250.113
cumulative amortisation affherent to outflows <u>as at 31 December</u> <u>2020</u>			<u>349.334</u>	-117.693	-711.713	-829.406
amortization of the year				76.924	73.945	150.869
cumulative amortisation affherent to outflows <u>as at 31 December</u> <u>2021</u>			<u>349.334</u>	<u>2.313.198</u>	<u>1.102.620</u>	<u>3.765.152</u>

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

10.2 REAL ESTATE INVESTMENTS (RON)

As of January 1 st 2020	6.808.175,00
Transfers	1.395.865,00
As of December 31 st 2020	8.204.040,00
Transfers	10.453.290,00
As of December 31 st 2021	18.657.330,00

Town	Adress	Rented area	Total area mp	Rent except VAT	Reevaluated value at 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
	Str. Zorilor nr 1 bl 280 sc C nr 4	164,2	164,2	1425	622.781	100%	622.781
ALBA IULIA	Str.Nicolae Titulescu bl 280	130	130	1000	394.249	100%	394.249
							0
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			
		14,85		50			
	REMEDIA DEPOZIT, str Dorobantilor nr. 43	500	3576,2	2500	2.349.115	33,43%	785.309,14
		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		51	377,41	433,5	850.727	76,22%	364.961,88

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

	SF. TREIME, Ovidiu Densuseanu	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
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		7.100,29	9327	29.850,547	16.986.672		10.453.290,97

NOTE 11 TANGIBLE ASSETS (RON)

11.1	SOFTWARE LICENSE		
	Software licenses	Amortisation	Remaining value
as at 01 January 2020	467.796	464.170	3.626
Inflows	84	4.227	
Transfers			
Outflows		-600	
as at 31 December 2020	467.880	467.797	83
Inflows	36.298	1.145	35.153
Transfers			
Outflows			
as at 31 December 2021	503.679	468.942	35.236

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

11.2.	PHARMACIES LICENSES		
	Licenses of pharmacies	Amortisation	Total
as at 01 January 2020	5.004.938	0	5.004.938
Inflows			
Transfers			
Outflows	-4.791.302		-4.791.303
as at 31 December 2020	213.636	0	213.636
Inflows	475.564		475.564
Transfers			
Outflows			
as at 31 December 2021	689.200	0	689.200

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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 12 FINANCIAL ASSETS AT THEIR FAIR VALUE

Name	Value
Participations of companies inside the group	292.320
of which:	
FRDL(SIBMEDICA)	292.320
Participations of companies outside the group	5.316
of which:	
EUROM BANK	2.413
BODY FARM	2.903
Deposits and paid guarantees	50.992
Total	348.628

* Companies over which Farmaceutica REMEDIA S.A. does not have control and does not influence their decisions.

NOTE 13 STOCKS

Merchandise stock (pharmaceutical and parapharmaceutical products) represent over 93,4 % of the total of Farmaceutica Remedia S.A stocks

Description	31-Dec-21	31-Dec-20	31-Dec-19
Merchandise in warehouses/ BD Rowa	162.020	0	0
Merchandise in pharmacies	3.370.554	2.600.870	18.478.988
Adjustments	0	0	0
Other stocks	0	3.176	3.168
Trade mark-up	-748.885	-582.366	-4.068.093
VAT not applicable	-304.358	-227.837	-1.746.630
TOTAL	2.479.331	1.793.843	12.667.433

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 13 STOCKS (continuation)

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			4.060.479	3.898.459	162.020	
Other merchandise	0		0	0	0	
Trade mark-up		582.366	1.998.824	1.832.305		748.885
Provisions for merchandise depreciation		0				
VAT not applicable		227.837	806.250	729.729		304.358
Total	2.604.047	810.203	16.208.114	15.036.546	3.532.574	1.053.243

BALANCE 2.479.331

NOTE 14 TRADE RECEIVABLES AND OTHER RECEIVABLES

Description	31-Dec-19	31-Dec-20	31-Dec-21
TRADE RECEIVABLES	14.980.027	1.637.382	4.188.251
Clients	18.283.820	4.941.176	7.492.045
adjustments for trade receivables	-3.303.794	-3.303.794	-3.303.794
intragroup receivables			
OTHER RECEIVABLES:	279.056	413.355	338.679
medical leaves to be recovered	169.466	91.273	41.568
court costs to be recovered	0	90.878	
afforent to disputes under progress	40.135	38.972	38.972
other receivables			
provisions for receivables depreciation	69.455	201.423	258.139

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 15 CASH AND CASH EQUIVALENTS

	31-Dec-19	31-Dec-20	31-Dec-21
Bank accounts in RON	7.847.119	25.261.701	11.145.338
Bank accounts in CURRENCY	302.334	166.892	1.670.832
Cash deposit RON	810.171	103.310	113.062
Other values	7.750	0	1100
Total cash and cash equivalents	8.967.374	25.531.903	12.930.332

NOTE 16 SHARE CAPITAL

	31-dec-2021	
Shareholders	No. of shares	%
Valentin - Norbert TARUS	80.496.847	84,3068
OTHERS	14.983.973	15,6932
TOTAL	95.480.820	100,0000

NOTE 17 RESERVES

	31-Dec-20	31-Dec-21
Legal reserves	2.121.796	2.121.796
Other reserves	11.972.697	19.762.129
Revaluation reserves	20.479.593	21.942.202
TOTAL	34.574.086	43.826.127

Herein are described the nature and purpose of each reserve within the own capital

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 organisation 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

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

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:

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

* 859.155 of the current year's profit

* 3.899.881 from previous year's profit

NOTE 19 RESULT CARRIED FORWARD

	2021	2020
Balance at the beginning of the year	-26.410	0
Profit transfer 2019	27.871.030	2.429.738
Profit distribution 2019	-27.371.030	-2.429.738
Profit transfer 2018		
Profit distribution 2018		
Accounting corrections	-24.903	-26.410
Balance at the end of the year	448.687	-26.410

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:

- o dividends : 859.155 Lei

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

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.

NOTE 22 LEASING

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

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	
PROVISIONS FOR CURRENT ASSETS:	3.312.985	0	0	3.312.985
provision for expired merchandise	0	0	0	0
provision for doubtful clients	3.303.794	0	0	3.303.794
provision for the depreciation of debtors	9.191	0	0	9.191
PROVISIONS FOR RISKS AND EXPENSES:	0	0	0	0
Provision for VAT expired merchandise	0	0	0	0
GRAND TOTAL	3.312.985	0	0	3.312.985

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 24 COMMITMENTS

The company has opened at 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	9 February 2023
Guarantees	Security interest in real property over company immovables
	Balance at 31.12.2021
Used CL 31.12.2021	0 LEI
Restricted CL 31.12.2021 exclusively for BLG	3.851.616 LEI for FR 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 favour of clients, letters of payment guarantee issued in favour 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-21	31-Dec-20
Suppliers, of which	8.976.082	2.773.247
merchandise suppliers	8.836.957	2.633.922
assets suppliers	139.125	139.325
other current liabilities, of which:	1.144.895	641.757
salaries and afferent taxes	156.964	270.418
dividends	327.582	117.155
VAT to be paid	388.954	0
other taxes and charges		144
other creditors	271.395	254.040

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

Salaries of December 2021 and afferent taxes were liquidated in January 2022.
 "Other creditors" represent guarantees paid by tenants and managerial personnel.

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:

partner	object of contract	contract year	REMEDIA sales	REMEDIA purchases	client balance	supplier balance
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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2021

NOTE 28 Reporting on activity segments

	Remedia Pharmacies	BD ROWA/Roboti	E-commerce	Rent spaces / auto	Provided services	TOTAL 2021
Net turnover	7.583.717	4.242.302	23.080	2.634.702,52	29.387	14.513.189
Incomes from the sale of merchandise	7.583.717	4.242.302	23.080	0		11.849.099
Commercial discounts granted	0		0	0	0	0
Incomes from services provided and rents	0		0	2.634.703	29.387	2.664.090
Other operating incomes	0		0	0	428.550,00	428.550
OPERATING INCOMES - TOTAL	7.583.717	4.242.302	23.080	2.634.703	457.937	14.941.739
						0
Expenses with merchandise	5.758.970	3.898.459	16.046	0	0	9.673.475
Expenses on merchandise	5.790.723,00	3.898.459,00	16.046	0	0	9.705.229
Commercial discounts received	-31.753,00			0	0	-31.753
Gross margin from the sale of merchandise	1.824.747	343.843	0	0	0	1.824.747
						0
Other operating costs	4.321.113	596.927	72.134	997.188	74.624	6.061.985
Direct costs	2.182.852	172.696	65.626	254.322	66.338	2.741.834
Logistics costs	0	0	0	0	0	0
Promotional costs	0	0	0	0	0	0
Indirect costs	2.138.261	424.230	6.508	742.866	8.286	3.320.151
OPERATING EXPENSES - TOTAL	10.080.083	4.495.386	88.180	997.188	74.624	15.735.460
Operating result	-2.496.367	-253.083	-65.100	1.637.515	383.313	-793.721
Financial result						1.652.876
Gross result						859.155
Corporate tax						0
Net profit						859.155

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2021

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 is as follows:

	31.12.2021	31.12.2020
Borrowed capital	0	0
Equities	55.326.909	73.672.543
Indebtedness degree	0%	0%

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2021

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. In 2021 the company made no foreign currency purchases and the leasing contracts were transferred to FRDL

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.

Together with the obligation of large international manufacturers to sell drugs in lei (since the spring of 2009), currency risk was greatly diminished.

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	784	0	784	0
Trade liabilities	339.404	190	10.938	190
Bank loans	0	0	0	0
Financial leasing	0	0	0	0

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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2021

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

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 public houses was about 90 days in 2021.

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:

- 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

Capital expenses will be performed strictly based on the investments Budgetului and within the limits of financial availabilities, without prejudicing the operational activity.

On the other hand, challenges faced mainly by the independent pharmacies, create opportunities on the market toward finding new ways of collaboration, purchases and mergers.

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 honour 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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2021

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”)

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 analysed 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 organisational behaviour. 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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2021

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)

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 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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2021

NOTE 32 – ECONOMIC-FINANCIAL INDICATORS

*Thousand Lei

LIQUIDITY AND WORKING CAPITAL	31.12.2021	31.12.2020
Current liquidity (Current assets/Current liabilities)	2,02	9,26
Current assets*	19.936.593	29.376.485
Current liabilities*	9.878.372	3.172.399
Degree of indebtedness (Borrowed capital / Equity x 100)	0%	0%
Borrowed capital* (including leasing)	0	0
Equity*	55.326.909	73.672.543
Turnover speed for client debit items (average customer balance/turnover *365)	60 days	52 days
Average customer balance*	2.383.346	9.172.151
Net turnover *	14.513.188	63.833.250
Turnover speed of liabilities (average suppliers balance/cogs*365)	224 days	99 days
Average suppliers balance	5.957.020	13.556.169
Cost of merchandise sold	9.673.476	50.039.120
Turnover speed of stocks (average stock balance/COGS * 365)	75 days	55 days
Average stocks balance	2.010.796	7.620.605
Cost of merchandise sold	9.673.476	50.039.120
Turnover speed of fixed assets (turnover/fixed assets)	0,32	1,31
Net turnover *	14.513.188	63.833.250
Fixed assets *	45.871.850	48.725.139
Gross profit margin (%) (gross profit/net sales)	5,92 %	51,09%
Gross profit*	859.155	32.616.522
Net turnover *	14.513.188	63.833.250

Note:

1) **Current liquidity** – the indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the company is capable of covering its 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 honouring 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 is normal

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2021

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.

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

by representative
Valentin – Norbert TARUS