

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

Table of Content:	page
Statement of comprehensive income	2
Statement of financial position	4
Statement of changes in equity	6
Statement of treasury flow	8
Explanatory notes to financial statements	
1 Information about the company	9
2 Bases for the preparation of financial statements	9
3 Significant accounting policies	14
4 Incomes from sales and other operating incomes	26
5 Material expenses	27
6 Personnel expenses	27
7 Other operating expenses	28
8 Net financial incomes	28
9 Expenses with corporate tax	29
10 Tangible assets and real estate investments	30
11 Intangible assets	33
12 Financial assets at their fair value	34
13 Stocks	34
14 Trade receivables and other receivables	35
15 Cash and cash equivalents	36
16 Share capital	36
17 Reserves	36
18 Dividends	37
19 Result carried forward	37
20 Profit distribution	37
21 Shares	38
22 Leasing	38
23 Provisions	38
24 Commitments	38
25 Trade payables and other payables	39
26 Disputes	39
27 Presentation of transactions with affiliated parties	40
28 Reporting on segments	41
29 Objectives and policies for managing financial risk	42
30 Sources of estimation uncertainty	45
31 Events subsequent to the reporting period	46
32 Economic-financial indicators	47

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

Farmaceutica REMEDIA S.A.

STATEMENT OF COMPREHENSIVE INCOME - unconsolidated (Lei)

	31.12.2022	31.12.2021
Net turnover	18.307.055	14.513.188
Income from the sale of goods	15.084.967	11.849.099
Commercial discounts granted	0	0
Income from services provided and rents	3.222.088	2.664.089
Other operating income	2.874.500	428.550
OPERATING INCOME - TOTAL	21.181.555	14.941.739
Expenses with materials	13.608.407	10.201.477
Expenses regarding goods	13.058.243	9.705.229
Commercial discounts received	-76.566	-31.753
Expenses with raw materials and consumables	375.199	305.584
Other expenses with materials (inventory objects)	47.316	59.219
Energy and water expenses	204.215	163.198
Expenses with personnel	4.417.169	3.741.748
Salaries and allowances	3.502.561	3.118.515
Expenses with insurance and social protection	165.582	102.396
Other personnel expenses	749.026	520.837
Amortisations and provisions	2.716.674	159.546
Amortisations	2.717.999	162.745
Net provisions	-9.191	-9.191
Losses from receivables	7.865	5.992
Other operating expenses	2.823.298	1.632.689
Expenses on external services	1.334.698	1.087.340
Expenses with other taxes, charges and assimilated payments	802.627	508.810
Other expenses	685.973	36.539
OPERATING EXPENSES - TOTAL	23.565.548	15.735.460
OPERATING RESULT	-2.383.993	-793.721
Financial income	5.321.320	1.665.974
Interest income	237.069	12.349
Income from exchange rate differences	4.424	13.005
Income from dividends	5.079.826	1.640.333
Advance payment discounts	0	288
Other financial income	0	0
Financial expenses	21.301	13.098
Expenses with interests	0	0
Operational leasing interests (IFRS16)		
Expenses due to exchange rate differences	21.301	13.098

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

Discounts received in advance	0	0
Other financial expenses		
FINANCIAL RESULT	5.300.018	1.652.876
TOTAL INCOME	26.502.875	16.607.713
TOTAL EXPENSES	23.586.849	15.748.558
GROSS RESULT	2.916.026	859.155
Profit tax	0	0
TOTAL NET PROFIT of which distributable	2.916.026	859.155
Shareholders of the company	2.916.026	859.155
Minority interest		
Other elements of comprehensive income		
Revaluation of tangible assets		
Tax related to other elements of comprehensive income		
Minority interest		
COMPREHENSIVE INCOME AFFERENT TO THE PERIOD TOTAL	2.916.026	859.155
Shareholders of the company	2.916.026	859.155
Minority interest		
Earnings per share (in Lei)		
- basic	0,0305	0,0090
- diluted	0,0305	0,0090

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

by representative
Valentin – Norbert TARUS

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

Farmaceutica REMEDIA S.A.
STATEMENT OF FINANCIAL POSITION - unconsolidated (Lei)

	31.12.2022	31.12.2021
ASSETS		
Fixed assets	47.370.124	45.871.850
Tangible assets	23.487.049	21.141.457
Real estate investments	16.545.703	18.657.330
Operational leasing assets		
Software licences	63.649	35.237
Pharmacy licences	689.200	689.200
Participations held in group companies	891.720	292.320
Participations held in companies outside the group	5.916	5.316
Deposits and guarantees paid	5.686.888	5.050.992
Current assets	14.704.786	19.936.593
Stocks	2.179.248	2.479.331
Trade receivables	3.085.858	4.188.251
Other receivables	542.286	338.679
Cash and cash equivalents	8.897.395	12.930.332
Accrued expenses	439.812	1.941.105
TOTAL ASSETS	62.514.723	67.749.548
EQUITIES AND DEBTS		
Equities	52.977.439	55.326.909
Share capital	9.860.311	9.860.311
Share premiums	757.485	757.485
Reserves	39.419.786	43.826.127
Current result	2.916.026	859.155
Retained earnings	448.688	448.687
Retained earnings - retreatment	-312.229	-312.229
Profit distribution	0	0
Own shares	-112.628	-112.628
Long-term debts	3.175.842	2.544.268
Debts from financial leasing		
Debts from operational leasing		
Provisions		
Debts with deferred income tax	3.175.842	2.544.268
	6.361.443	9.878.372
Current debts		
Bank loans		
Debts from financial leasing		
Suppliers and other similar debts	5.531.838	8.976.083
Provisions		

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

Current tax debts		-242.606
Other short-term debts	829.605	1.144.895
Total debts	9.537.284	12.422.640
TOTAL EQUITIES AND DEBTS	62.514.723	67.749.548

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Unconsolidated financial statements concluded as at 31.12.2022

NOTE 6 STATEMENT OF CHANGES IN EQUITY (LEI)

	Share	Legal	Re- evaluation	Other	Issuance	Result carried	Current	Profit	Own	TOTAL
	capital	reserves	reserves	reserves	premiums	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
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 other 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
Acquiring 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 31.12.2022

STATEMENT OF CHANGES IN EQUITY (LEI) – continuation

NOTE 6 CHANGES IN EQUITY	Share capital	Legal reserves	Re-evaluation reserves	Other reserves	Issuance premiums	Result carried forward	Current result	Profit distribution	Own shares	TOTAL
Balance as at 01.01.2022	9.860.311	2.121.796	21.942.201	19.762.129	757.485	136.459	859.155	0	-112.628	55.326.909
Profit transfer 2021 to result carried forward						859.155	-859.155			0
Profit distribution 2021 to dividends				-3.899.880		-859.155				-4.759.035
Profit distribution 2021 to other reserves										0
Profit distribution 2021 to legal reserves										0
Result 2022							2.916.026			2.916.026
Legal reserve 2021										0
Closure of account 129 (legal reserve 2020)										0
Outputs buildings + lands										0
Revaluation of buildings and lands			-506.460							-506.460
Deferred tax										0
Correction of accounting errors 2020										0
Purchase of own shares										0
Balance as at 31.12.2022	9.860.311	2.121.796	21.435.741	15.862.249	757.485	136.459	2.916.025	0	-112.628	52.977.439

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

STATEMENT OF TREASURY FLOWS (RON)

Unconsolidated	31.12.2022
Cash flows from operating activities	
Collections from the sale of goods and from the provision of services	20.679.779
Other cash inflows	1.248.092
Payments to suppliers of goods and services	-
	19.895.308
Payments to and on behalf of employees (including taxes on salaries)	-3.627.936
Corporate tax payments	0
Payments of other taxes and fees	-2.133.197
Paid interests	
Collected interests (current account)	237.069
Other cash outflows	-1.340.013
Total operating cash flow	-4.831.513
Cash flow from investment activities	
Collections from the sale of long-term assets and financial investments	197.700
Collected interests (from deposits))	
Collected dividends	5.079.826
Payments for the acquisition of long-term assets	
Total cash flow from investments	5.277.526
Cash flow from financing activities	
Short-term loan withdrawals	
Repayment of short-term loans	
Net foreign exchange differences	-8.950
Financing received from shareholders	
Repayments of long-term loans, including interest	
Payments to shareholders (dividends)	-4.470.000
Payments own shares	
Total cash flow from financing	-4.478.950
Total cash flow	-4.032.938
Cash at the beginning of the period	12.930.332
Cash at the end of the period	8.897.395

Farmaceutica REMEDIA S.A.

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

By representative
Valentin-Norbert TARU

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

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 stateowned 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 2022 Farmaceutica REMEDIA S.A. did not participate in mergers.

On **February 2022**, Farmaceutica REMEDIA SA sold 3 pharmaceutical licenses related to the pharmacies in Ghermanesti, Reviga, Motaieni and Vulcana de Sus.

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

On **June 2022** Farmaceutica REMEDIA SA opened, in Deva, Drogheria HOREA, diversifying the product portfolio with para-pharmaceuticals, medical devices, food supplements, dermato-cosmetics, childcare products.

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

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

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 of 31.12.2022 of the reporting entity were approved by the Board of Administrators of the Company as at 15.03.2023.

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).

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 2022, 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.

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

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

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

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

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

The financial statements for the year ended 31.12.2022 comprise the statement of financial position, Statement of comprehensive income, statement of cash flows, statement of changes in equity and explanatory notes.

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

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

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

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

These provisions correspond to the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Effects of changes in foreign exchange rates, in respect of functional currency. For the purposes of preparing these financial statements in accordance with Romanian legislative requirements, the Company's functional currency is considered to be RON ("Romanian Leu").

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

New accounting regulations

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

Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Reform of the Interest Rate Benchmark - Phase 2. They were adopted by the EU on 15 January 2020, and are applicable for periods beginning on or after 1 January 2021.

Amendments to IFRS 4 Insurance Contracts - Extension of the temporary exemption from the application of IFRS 9. The expiry date of the temporary exemption from the application of IFRS 9 has been extended for annual periods beginning on or after 1 January 2023.

Amendments to IFRS 16 Leases adopted by the EU on 30 August 2021 and effective after 30 June 2021.

From 1 January 2018, the Company has applied **IFRS 15 Revenue from Contracts with Customers**. IFRS 15 establishes a five-step model to be applied for revenue recognition arising from a contract with a customer (with limited exceptions), regardless of the type of transaction or industry. The requirements of the standard will also apply to the recognition and measurement of gains and losses on the sale of certain non-operating assets that are not the result of the entity's ordinary activities (e.g. the sale of property, plant and equipment and intangible assets). Extended disclosure will be provided, including disaggregation of total income, information about performance obligations, changes in contract balances of asset and liability accounts between periods and key rationales and estimates.

The Company earned income in the current year from the rental of premises to other companies and income is measured at the fair value of net receipts. Revenue from rental of space is recognised when there is an obligation to enter into a contract, i.e. if the following conditions have been met:

- The parties to the contract have approved the contract in writing

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

- The company can identify the rights of each party in respect of the services to be transferred
- The company can identify the payment terms for the rent
- The contract has commercial content

Based on the internal assessment of the possible impact resulting from the application of IFRS 15 we consider that the business continuity supported by the two aspects mentioned above, namely the increase in the number of tenants and the extension of their existing contracts, is clear; no significant effect has been identified in these financial statements.

New standards, amendments and interpretations issued by the IASB and adopted by the EU:

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (all issued on 14 May 2020) - applicable for periods beginning on or after 1 January 2022.

IFRS 17 Insurance Contracts (issued 18 May 2017); including Amendments to IFRS 17 (issued 25 June 2020) - applicable for periods beginning on or after 1 January 2023.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued 12 February 2021) - effective for periods beginning on or after 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements and Practice Statement 2 IFRSs: Presentation of Accounting Policies (published 12 February 2021) - effective for periods beginning on or after 1 January 2021.

The Company anticipates that the adoption of these standards and amendments to existing standards will not have a significant impact on the Company's financial statements in the period of initial application.

There are no other IFRS or IFRIC interpretations not yet effective that could have a material impact on the Company's financial statements.

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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

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.

RECOGNITION OF REVENUE ACCORDING TO IFRS 15 (replaces IAS 18 - Revenue)

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

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

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

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

Revenue from rental income and/or rights to use assets is recognised on an accruals basis, as contractually agreed.

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

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

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

Since 1 January 2018, IFRS 15 on contracts with customers came into force. In some cases, IFRS 15 may require changes to current systems and may affect some aspects of transactions.

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

IFRS 15 is a complex standard that introduces much more prescriptive requirements than were previously in IAS 18- Revenue, IAS 11 Construction Contracts and therefore may lead to changes in revenue recognition policies.

Based on IAS 18, revenue was measured at the fair value of the consideration received or receivable, less rebates or discounts. Revenue from the sale of goods was recognised when all of the following conditions were met:

- The entity has transferred to the buyer the significant risks and rewards of ownership of the assets ;
- The entity no longer manages the assets sold at the level it would normally have done if it had owned them, nor does it have effective control over them;
- The amount of revenue can be measured reliably;
- It is probable that economic benefits associated with the transaction will flow to the entity;
- The costs incurred or to be incurred in connection with the transition can be measured reliably.

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

Under IFRS 15 it means that we may have revenue recognised over a period for some outcomes that have been accounted for as assets under IAS 18.

Revenue is measured in accordance with IFRS 15 - Revenue from contracts with customers.

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

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

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

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

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

For all private clients related to the goods distribution activity, the company uses as credit limit the amount granted by the insurance company with which the company has a contract. The company identifies the terms of payment and the rights of each party in terms of regarding the goods and services, it is established that it has commercial content, and the parties have approved the contract and undertake to fulfil their obligations according to the payment terms for the goods and services transferred.

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

Performance obligations are explicitly stated in the contract.

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

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

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

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

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

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

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. In the case of contracts with customers, the sale of goods and other assets (pharmaceutical robots) is generally expected to be the only performance obligation, revenue recognition occurs at a point in time when control of the asset is transferred to the customer, i.e. when the goods are delivered/put into service in accordance with the terms of the contract.

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

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

The income related to the goods - RX type medicines exclusively, for which the co-payment of the goods is provided by the contracts with CNAS are recognized in the month in which the patient has taken possession of the goods, on the basis of the invoices issued to the Health Houses.

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

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

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 2022 are evaluated in RON using the exchange rate (NBR) valid on the date of concluding the financial year, respectively 1 EUR = 4,9224 RON ; 1 USD = 4,6477 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. Nonmonetary 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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

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 – IAS 12

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 – 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.

Deferred tax liabilities are the amounts of income tax payable in future periods in respect of taxable temporary differences (paragraph 5 of IAS 12). These deferred tax liabilities are recognised when:

- the carrying amount of an asset exceeds its tax base;
- the carrying amount of a liability is less than its tax base.

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

Deferred tax assets and liabilities are recognised when the carrying amount of an asset or liability in the statement of financial position differs from the tax base.

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 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.

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

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.

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.

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

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 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 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 2022, 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 2022 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.

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

Intangible assets with the definite useful life are amortised on the economic life and are depreciated whenever 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 in value of 475.564 lei.

In 2022 the company sold 3 pharmacy licenses related to pharmacies Ghermanesti, Reviga, Motaieni and the office in Vulcana de Sus.

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.

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) represents 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

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

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 parapharmaceutical 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 (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.

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

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 13 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.

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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

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.

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

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

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.

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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

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:

Description	2022	2021
NET TURNOVER, of which:	18.307.055	14.513.188
Incomes from the sale of merchandise, of which:	15.084.967	11.849.099
- Sales of Remedia pharmacies	10.587.770	7.606.797
- Sales of BD Rowa robots	4.497.197	
- distribution to hospitals		
- deposit distribution		
- other distribution channels		4.242.302
Commercial discounts granted		
incomes from services provided and rents, of which:	3.222.088	2.664.090
- logistic services and store keeping		
- rents	2.765.830	2.634.703
- BD Rowa services	455.118	
- other services	1.140	29.387

Other operating income

description	2022	2021
Penalties		

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

Sales of tangible assets	267.029	417.515
Supplier statement reconciliation		
Other incomes	2.607.471	11.035
TOTAL	2.874.500	428.550

NOTE 5 MATERIAL EXPENSES

Description	2022	2021
Cost of merchandise *	12.981.677	9.673.476
Utilities	204.215	163.198
Fuel	225.900	151.008
Spare parts	19.142	43.010
Consumables	130.157	111.565
Inventory items	47.316	59.219
TOTAL	13.608.407	10.201.476

* net value obtained by adjustment with the received discounts

NOTE 6 PERSONNEL EXPENSES

Personnel expenses have the following composition:

Description	2022	2021
Gross salaries and allowances	3.502.561	3.118.515
Expenses with insurances and social protection	165.582	102.396
Insurance contribution for labour	79.632	70.349
Other expenses on insurance and social protection expenses	85.950	32.047
Other personnel expenses	749.026	520.837
PFA/PFI	389.400	284.000
Fund for disabled persons	67.556	55.541
Meal tickets/gift	292.070	181.296
TOTAL	4.417.169	3.741.748

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

The costs (including fees) with remuneration in 2022 of the Board of Administrators and of the General Director, were in a total amount of 427.000 lei.

NOTE 7 OTHER OPERATING EXPENSES

Description	2022	2021
Repairs	71.104	88.189
Rents	356.750	267.106
Insurance	55.970	41.629
Post and telecommunications	57.311	61.168
Displacements and transport	139.227	73.275
Advertisement	27.841	14.395
Protocol	23.860	18.593
Donations and sponsorships		3.000
Other taxes and fees	802.627	508.810
Bank fees	89.600	59.703
Other services provided by third parties	513.035	463.283
Other operating expenses	685.973	33.539
TOTAL	2.823.298	1.632.689

NOTE 8 FINANCIAL RESULTS

Description	2022	2021
Interest income	237.069	12.349
Interest expenses		
Incomes from exchange rate differences	4.424	13.005
Incomes from dividends	-21.301	-13.099
Expenses from exchange rate differences		
Advance collections discounts		288
Received dividends	5.079.826	1.640.333
Result	5.300.018	1.652.876

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

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	2022	2021
total income	26.502.875	16.607.713
total expenses (without corporate tax)	23.586.849	15.748.558
gross accounting result	2.916.026	859.155
deductions	2.718.328	153.554
non-taxable income	7.639.791	1.649.523
non-deductible expenses	3.666.470	282.899
tax result	-3.774.622	-661.023
corporate tax	0	0
deductions	0	0
Tax reduction	0	
total corporate tax on current profit	0	0

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

NOTE 10 TANGIBLE ASSETS & REAL ESTATE INVESTMENTS

10.1 TANGIBLE ASSETS							
		Buildings	Technical	Equipment	Furniture	Advances for	
	Lands	and other constructions	installations and machinery	and vehicles		fixed assets	Total
as at 01 January 2021	5.336.937	21.332.198	62.869	2.809.066	1.399.626	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		-10.453.290					-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	34.549	24.906.609
Inflows/reevaluations	117.604	3.952.065		270.783	12.020	460.070	4.812.542
Transfers		2.111.626				0	2.111.626
Outflows	-919	-4.397.188			500		-4.397.607
as at 31 December 2022	5.531.450	16.084.985	123.902	3.753.894	1.444.320	494.619	27.433.170

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

10.1 TANGIBLE ASSETS (continuation)		Buildings	Technical	Equipment	Furniture	Total
Cumulative amortisation	Lands	and other constructions	installations and machinery	and vehicles		
<u>as at 01 January 2021</u>			349.334	2.236.274	1.028.675	3.614.283
amortization of the year			684	76.240	73.945	250.113
cumulative amortisation						
affluent to outflows						0
<u>as at 31 December 2021</u>			350.018	2.312.514	1.102.620	3.765.152
amortization of the year			372	132.922	47.675	180.969
cumulative amortisation						
affluent to outflows						0
<u>as at 31 December 2022</u>			350.390	2.445.436	1.150.295	3.946.121

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

10.2 Real estate investments

As at 31.12.2021 **18.657.330**

As at 31.12.2022 **16.545.703**

City	Adress	Rented area (sqm)	Total area (sqm)	Rent except VAT(EUR)	Revaluated value, 31.12.2022 (lei)	% rented area	Real estate investment value
ABRUD	Str.Piata Eroilor nr 6 ap i	163,71	163,71	735,7	174.402	100%	174.402
ARAD	Str.Voinicilor nr 38 bl 245 ap 25	73	73	1576,8	655.164	100%	655.164
	Str. Zorilor nr 1 bl 280 sc C nr 4	164,2	297	1576,5	620.178	100%	620.178
ALBA IULIA	Str.Nicolae Titulescu bl 280	130,77		1200	619.886	100%	619.886
BLAJ	Str.Piata 1848 nr 21	201,67	201,67	1051	311.473	100%	311.473
DEVA	str. Pta Victoriei nr 3	48	336	1008	2.143.757	79%	1.693.568
		152		2700			
		66		1452			
	SF.STEFAN str. 22 Dec	6	167,4	500	906.415	100,00%	906.415,00
		88		1471,4			
		19		210,2			
	SF. MARIA, str. Mihai Eminescu nr 13A	109	150	1891,8	992.680	100,00%	992.680,00
		41		500			
	REMEDIA DEPOZIT, str Dorobantilor nr. 43	500	3576,2	2627,5	2.233.178	14,40%	321.577,63
		15		50			
	Str Horea nr 5	75	154	550	451.153	49%	221.064,97
DOBRA	Str 1 DECEMBRIE BL 4	106	166	473	166.315	100,00%	166.315,00
	Str.. 1 DECEMBRIE BL 4	60		150			
VATA	SF PARASCHIVA	75	184	530	218.197	40,80%	89.024,44
HATEG	SF. TREIME, Ovidiu Densuseanu	51	355	475	914.671	81,00%	740.883,51
		56		550			
		125,68		1261,2			
		55		515			
HATEG	PIATA UNIRII	35	93	250	81.632	37,50%	30.612,00
HUNEDOARA	STR VIORELE NR 6	115	239	1366,3	643.570	48,10%	309.557,16
	Bdul 1848 nr 7	152	185	735,7	305.335	82,20%	250.985,37
	Str.Republicii nr 10 bl D8	95,25	95,25	1051	436.776	100,00%	436.776,00
CLUJ	STR FAGULUI NR 1	205	205	1500	712.043	100,00%	712.043,00
SIMERIA	SF. ANDREI	30	305	264,852	672.922	78,20%	526.225,00
		94,37		735,7			
		36		227,016			
		24		190,4			
		5		110			
		16		130			
		33		227,016			
BUCURESTI	BD.METALURGIEI, NR.78	2173	5340	14558,45	14.212.184	41,9%	5.954.905,10
	TARUS MEDIA	65		341,58			
BRASOV	Str.Zizinului	572	572	2096,75	811.969	100%	811.969,00
TOTAL		6085,65	9282,03	46839,86	28.283.899		16.545.703

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

NOTE 11 INTANGIBLE ASSETS (RON)

11.1.	SOFTWARE LICENSES		
	Software licenses	Amortisation	Total
as at 01 January 2021	467.880	467.797	83
Inflows	36.299	1.646	
Transfers			
Outflows		-500	
as at 31 December 2021	504.179	468.943	35.236
Inflows	29.084	672	28.412
Transfers			
Outflows			
as at 31 December 2022	533.263	469.615	63.648

11.2.	PHARMACIES LICENSES		
	Licenses of pharmacies	Amortisation	Total
as at 01 January 2021	213.636	0	213.636
Inflows	475.564		475.564
Transfers			
Outflows	0		0
as at 31 December 2021	689.200	0	689.200
Inflows			0
Transfers			
Outflows			
as at 31 December 2022	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.

In 2022 the company sold 3 pharmacy licenses for the pharmacies of Ghermanesti, Reviga, Motaieni and the office in Vulcana de Sus.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

NOTE 12 FINANCIAL ASSETS AT THEIR FAIR VALUE

Name	Value
Participations of companies inside the group	891.720
of which:	
FRDL(SIBMEDICA)	292.320
Pharma Expertspedition	600.000
Participations of companies outside the group	5.916
of which:	
EUROM BANK	2.413
BODY FARM	2.903
Pharma Expertspedition	600
Deposits and paid guarantees	5.686.888
Total	6.584.524

* 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% of the total of Farmaceutica Remedia S.A stocks

Description	31-Dec-22	31-Dec-21	31-Dec-20
Merchandise in warehouses/ BD Rowa	161.126	162.020	0
Merchandise in pharmacies	2.999.307	3.370.554	2.600.870
Adjustments		0	0
Other stocks		0	3.176
Trade mark-up	-728.047	-748.885	-582.366
VAT not applicable	-253.138	-304.358	-227.837
TOTAL	2.179.248	2.479.331	1.793.843

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

NOTE 13 STOCKS (continuation)

Name	Balance as at 01.01.2022		Inflows	Outflows	Balance as at 31.12.2022	
	Debit	Credit			Debit	Credit
Materials			33.750	33.750		
Objects of inventory			47.316	47.316		
Merchandise in custody						
Merchandise in pharmacies	3.370.554		11.519.667	11.890.914	2.999.307	
Merchandise in warehouses/BD Rowa	162.020		4.196.706	4.197.601	161.126	
Other merchandise						
Trade mark-up		748.885	2.090.432	2.111.270		728.047
Provisions for merchandise depreciation						
VAT not applicable		304.358	993.691	1.044.911		253.138
Total	3.532.574	1.053.243	18.881.562	19.325.762	3.160.433	981.185

BALANCE 2.179.248

NOTE 14 TRADE RECEIVABLES AND OTHER RECEIVABLES

Description	31-Dec-20	31-Dec-21	31-Dec-22
TRADE RECEIVABLES	1.637.382	4.188.251	3.085.858
Clients	4.941.176	7.492.045	6.389.652
adjustments for trade receivables	-3.303.794	-3.303.794	-3.303.794
intragroup receivables			
OTHER RECEIVABLES:	413.355	338.679	542.286
medical leaves to be recovered	91.273	41.568	91.591
court costs to be recovered	90.878		242.606
afforent to disputes under progress	38.972	38.972	38.972
other receivables			
provisions for receivables depreciation	201.423	258.139	169.117

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

NOTE 15 CASH AND CASH EQUIVALENTS

	31-Dec-20	31-Dec-21	31-Dec-22
Bank accounts in RON	25.261.701	11.145.338	8.782.212
Bank accounts in CURRENCY	166.892	1.670.832	31.649
Cash deposit RON	103.310	113.062	82.984
Other values	0	1100	550
Total cash and cash equivalents	25.531.903	12.930.332	8.897.395

NOTE 16 SHARE CAPITAL

31-dec-2022		
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-21	31-Dec-22
Legal reserves	2.121.796	2.121.796
Other reserves	19.762.129	16.555.312
Revaluation reserves	21.942.202	20.742.678
TOTAL		

The following describes the nature and purpose of each reserve within equity. Legal reserves: according to Law 31/1990, at the close of each financial year, at least 5% is deducted from the accounting profit, before determining the income tax, from which non-taxable income is subtracted and expenses related to this non-taxable income are added, until it reaches one-fifth of the subscribed and paid-up share capital or of the assets, as the case may be, according to the organisation and operation laws.

Fixed asset revaluation reserves: when the book value of a tangible fixed asset increases as a result of revaluation, then the increase must be recognised in other comprehensive income and

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

accumulated in equity as revaluation surplus. Revaluation reserves may not be distributed and may not be used to increase share capital.

Other reserves include reserves representing tax relief as well as reserves set up from profits in previous years.

NOTE 18 DIVIDENDS

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

	2016	2017	2018	2019	2020	2021	2022	2023
Initial balance	217.459	205.414	214.756	241.226	209.353	117.155	327.582	379.265
Distributed gross dividends	0	700.927	1.060.898	1.591.347	2.121.796	14.277.108	4.759.036	4.615.815 *
Paid tax on dividends	0	34.415	52.675	78.995	104.900	711.866	237.353	
Paid dividends	12.045	657.170	981.753	1.544.225	2.109.093	13.354.815	4.470.000	
Payment dividends	205.414	214.756	241.226	209.353	117.155	327.582	379.265	

* 2.916.026 of the current year's profit

* 1.699.789 from previous year's profit

NOTE 19 RESULT CARRIED FORWARD

	2022	2021
Balance at the beginning of the year	448.687	-26.410
Profit transfer 2021	859.155	27.871.030
Profit distribution 2021	-859.155	-27.371.030
Accounting corrections		-24.903
Balance at the end of the year	448.688	448.687

NOTE 20 PROFIT DISTRIBUTION

As at 31.12.2022, the Company recorded a net profit of 2.916.026 Lei, which is proposed for distribution as follows:

- o dividends: 2.916.026 Lei

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

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.

NOTE 22 LEASING

As at 31 December 2022, 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	9.191	0	3.303.794
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	9.191	0	0
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	3.303.794

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

Farmaceutica REMEDIA S.A.

Unconsolidated financial statements concluded as at 31.12.2022

	Balance at 31.12.2022
Used CL 31.12.2022	0 LEI
Restricted CL 31.12.2022 exclusively for BLG	3.811.739 LEI for FR 70.788.261 LEI for FRDL
CL to be used 31.12.2022	0 LEI

As at 31.12.2022, 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-22	31-Dec-21
Suppliers, of which	5.531.838	8.976.083
merchandise suppliers	5.392.713	8.836.957
assets suppliers	139.125	139.126
other current liabilities, of which:	829.605	1.144.895
salaries and afferent taxes	127.839	156.964
dividends	379.265	327.582
VAT to be paid	29.766	388.954
other taxes and charges		
other creditors	292.735	271.395

Salaries of December 2022 and afferent taxes were liquidated in January 2023.

"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.

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at 31.12.2022

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	1.131.347	7.503.022	41.832	3.419.445
Tarus Media	services of medical promotion /premises rents	2006	23.015		1.752	

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
31.12.2022

NOTE 28	Reporting on activity segments									
					Remedia Pharmacies	BD Rowa/Robots	E-commerce	Rents spaces/auto	Provided services	TOTAL* 2022
Net turnover					10.579.733	4.952.315	8.037	2.765.830	1.140	18.307.055
	Incomes from the sale of merchandise				10.579.733	4.497.197	8.037			15.084.967
	Commercial discounts granted				0		0	0	0	0
	Incomes from services provided and rents				0	455.118		2.765.830	1.140	3.222.088
Other operating incomes					0		0		2.874.500	2.874.500
OPERATING INCOMES - TOTAL					10.579.733	4.952.315	8.037	2.765.830	2.875.640	21.181.555
										0
Expenses with merchandise					8.777.714	4.197.601	6.362	0	0	12.981.677
	Expenses on merchandise				8.854.280	4.197.601	6.362	0	0	13.058.243
	Commercial discounts received				-76.566		0	0	0	-76.566
Gross margin from the sale of merchandise					1.802.019	299.597	1.675	0	0	1.803.694
										0
Other operating costs					7.821.198	783.105	21.638	1.905.800	49.570	10.583.871
	Direct costs				2.862.884	684.059	17.871	609.562	49.036	4.223.412
	Logistics costs				0		0	0	0	0
	Promotional costs				0		0	0	0	0
	Indirect costs				4.958.314	99.046	3.767	1.296.238	534	6.360.459
OPERATING EXPENSES - TOTAL					16.598.912	4.980.706	28.000	1.905.800	49.570	23.565.548
Operating result					-6.019.179	-28.391	-19.963	860.030	2.826.070	-2.383.993
Financial result										5.300.018
Gross result										2.916.026
	Corporate tax									0
Net profit										2.916.026

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2022

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 31.12.2022 is as follows:

	31.12.2022	31.12.2021
Borrowed capital	0	0
Equities	52.977.439	55.326.909
Indebtedness degree	0%	0%

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2022

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 2022 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	31.12.2022		31.12.2021	
	EURO	USD	EURO	USD
Trade receivables	784	0	784	0
Trade liabilities	10.939	190	339.400	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
31.12.2022

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 2022.

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 budget 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
31.12.2022

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
- 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
31.12.2022

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 2022.

NOTE 31 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 02.03.2023, Farmaceutica REMEDIA SA completed a share repurchase operation carried out for the purpose of a Stock Option Plan. The number of shares repurchased on 02.03.2022, according to ASF Decision 122/08.02.2023 is 2.864.425 shares, representing 3% of the share capital. Total number of shares subscribed in the

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2022

operation: 2.864.425 shares, representing 100% of the Offer. The total amount paid by Farmaceutica REMEDIA was 2.148.319 Lei. Repurchase price: 0,75 Lei per share.

NOTE 32 – ECONOMIC-FINANCIAL INDICATORS

LIQUIDITY AND WORKING CAPITAL	31.12.2022	31.12.2021
Current liquidity (Current assets/Current liabilities)	2,24	2,02
Current assets*	14.367.922	19.936.593
Current liabilities*	6.402.052	9.878.372
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%	0%
Borrowed capital* (including leasing)	0	0
Equity*	52.586.442	55.326.909
Turnover speed for client debit items (average customer balance/turnover *365)	64 days	60 days
Average customer balance*	3.232.502	2.383.346
Net turnover *	18.307.055	14.513.188
Turnover speed of liabilities (average suppliers balance/cogs*365)	208 days	224 days
Average suppliers balance	7.410.150	5.957.020
Cost of merchandise sold	12.981.677	9.673.476
Turnover speed of stocks (average stock balance/COGS * 365)	68 days	75 days
Average stocks balance	2.406.105	2.010.796
Cost of merchandise sold	12.981.677	9.673.476
Turnover speed of fixed assets (turnover/fixed assets)	0,38	0,32
Net turnover *	18.307.055	14.513.188
Fixed assets *	47.370.124	45.871.850
Gross profit margin (%) (gross profit/net sales)	16 %	5,92 %
Gross profit*	2.918.586	859.155
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 companies are capable of covering their short-term liabilities based on receivables and cash availabilities. The indicator evolved positively compared to the same period last year.

2) **Degree of indebtedness** expresses the effectiveness of credit risk management,

Farmaceutica REMEDIA S.A.
Unconsolidated financial statements concluded as at
31.12.2022

indicating potential financing, liquidity problems, with influences in honoring the assumed commitments. In the calculation of this indicator, the borrowed capital comprises both bank loans and finance lease liabilities.

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