MEDIKA d.d. and its subsidiaries

ANNUAL REPORT
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
for the year ended 31 December 2025

MEDIKA d.d., Zagreb, and its subsidiaries

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MEDIKA d.d., Zagreb, and its subsidiaries

MANAGEMENT REPORT

The Medika Group (the "Group") generated consolidated revenue of EUR 959,879 thousand in 2025, which is EUR 127,432 thousand more compared to the consolidated revenue achieved in the previous year. The consolidated operating profit amounts to EUR 21,683 thousand, which is EUR 1,634 thousand less than the result achieved in the previous year

The consolidated profit before tax amounts to EUR 33,786 thousand, and the consolidated net profit amounts to EUR 27,785 thousand, which is EUR 7,474 thousand more than the result achieved in 2024.

When observing by business segments (note 6 to the financial statements), 43.4% of total consolidated revenue is generated in pharmacies (2024: 45.5%), of which 10.0% in own pharmacies (2024: 10.7%). At the same time, 41.1% of total consolidated revenue is generated in hospitals (2024: 40.5%).

Total consolidated assets amount to EUR 587,180 thousand, representing an increase of 22.7% compared to the previous year. Within the structure of consolidated assets, non-current assets increased by 14.3% year-on-year, primarily driven by the increase in right-of-use assets. Current assets increased by 24.6%. Consolidated current assets account for 82.7% of total assets. Trade receivables and other receivables represent the most significant component of total consolidated assets and are higher by 20.1% compared to the previous year.

Total consolidated borrowings amount to EUR 42,217 thousand and relate entirely to a short-term loan (note 24).

The equity financing ratio amounts to 26%, indicating that 26% of total consolidated assets are financed from equity.

The consolidated operating results are presented in the statement of comprehensive income on page 164 of the financial statements.

Research activities and expected future development of the Group

The Company will retain its core activity of the distribution of pharmaceuticals and medical products, while further strengthening the development of operations related to the products that constitute its principal line of business.

The development strategy of the Healthcare Institution Ljekarne Prima Pharme is the expansion of its pharmacy network across the entire territory of the Republic of Croatia.

Treasury shares

As at 31 December 2025, the portfolio of Medika d.d. includes 1,240 shares, representing 4.11% of the total number of shares. The nominal value of each individual share is EUR 920.

Subsidiaries and associates

The Company has a 100% owned subsidiary Zdravstvena ustanova (ZU) Ljekarne Prima Pharme.

ZU Ljekarne Prima Pharme is 49% owner of ZU Ljekarne Jagatić.

The company does not have branch offices.

Related parties

The Company with the majority of voting rights, i.e. the parent company Auctor d.o.o., holds an ownership interest of 48.04%, i.e. 50.10% shares with voting rights.

Auctor Pharma d.o.o., Zagreb, holds a 25.32% ownership interest, representing 26.41% of the voting rights in the Company.

Risks

Credit risk

The most significant market risk for the Group is the long collection period for trade receivables, especially HZZO (Croatian State Health Insurance) related receivables. Therefore, a significant amount of working capital is not available, which significantly affects the cash flow and timely settlement of the Group's liabilities. As the receivables represent, directly or indirectly, amounts owed by/from state institutions, their collection should not be regarded as probable of default risk. This indirectly increases the need for additional financing, which means additional operating costs.

Credit risk arises primarily from trade receivables. The risk is higher when dealing with privately owned pharmacies. Hospitals, on the other hand, have longer collection deadlines, but the risk of non-settlement is almost nil.

Price risk

A constant decrease in the prices of prescription medicinal products on the HZZO list and the HZZO administrative approach in determining the prices and margins is a further risk. In order to reduce this risk, the Group has focused on expanding the lines of products that are not limited by law in respect of the price of the product.

Interest rate risk

The Group’s interest rate risk arises from received and granted short-term and long-term borrowings, in conditions of variable interest rates. Variable-rate borrowings expose the Group to the interest-rate cash flow risk. Fixed-rate borrowings expose the Group to the interest-rate fair value risk.

A part of the Group’s assets are interest-bearing assets, as a result of which its revenue and investing cash flows depend on fluctuations in market interest rates.

CORPORATE GOVERNANCE STATEMENT

As a company listed on the official market of the Zagreb Stock Exchange, Medika d.d. applies the Corporate Governance Code adopted by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange. The Code will be published on the website of the Zagreb Stock Exchange

The key components of the internal control and risk management system in the area of financial reporting include the following: The main elements of the internal control and risk management system relating to financial reporting include

- An appropriate organisational structure at all levels, with appropriate segregation of duties and defined levels of powers;
- Internal controls integrated into business processes and activities;
- A comprehensive set of accounting policies and procedures governing the preparation of annual report in accordance with International Financial Reporting Standards adopted by the European Union.

The Company is not involved in any mutual-shareholding relationship with other companies, it has no securities with special rights or securities with voting rights restriction.

Corporate governance structure

Medika is a joint-stock company based on the dualistic governance model and its governing bodies are the following:

- General Assembly
- Supervisory Board
- Management Board

General Assembly
The General Assembly decides in the matters specified by the law and the Company's Statute which it also adopts, as well as decides on the use of the profit, on the increase and decrease in share capital, elects and dismisses members of the Supervisory Board members, it provides note of release to the members of the Management and the Supervisory Board, appoints an external auditor and performs other tasks in accordance with the Law and the Company's Statute.

Supervisory Board
The Supervisory Board oversees (supervises) the management of the Company's affairs. To this end, it reviews and examines the business records, accounts and documentation of the Company. The Supervisory Board appoints members of the Management board and provides its consent with certain Management decisions, such as strategic plans, business plans, financial statements and major investments. The Supervisory Board submits its report on the supervision over the management of the Company's affairs to the General Assembly to which it also presents decision proposals for adoption. The Supervisory Board consists of seven members. As a general rule, regular Supervisory Board meetings are held quarterly. The Supervisory Board may decide on matters, i.e. cast vote by telephone. The term of office of the Supervisory Board members is governed by the Company's statute and expires at the closing of the General Assembly meeting in which approvals of action are granted for the third business year after their election.

The Supervisory Board consists of: Mr Oleg Uskoković, Chair; Mr Damjan Možina, Deputy Chair; and members Mr Jozef Harviš, Mr Josef Pilka, Ms Tanja Kragulj Mežnarić and Mr Ivica Roso.

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate governance structure (continued)

Management Board

The Management Board determines business plans and controls the implementation, co-ordinates the activities of individual organisational units of the Company and their compliance with current needs and business plans, reports to the Supervisory Board about the operational developments and activities, profitability and efficiency, significant transactions and events as well as other matters specified in the Statute.

The Management Board of Medika has three members: Mr Jasminko Herceg, President of the Management Board, Mr Matko Galeković, Member of the Management Board and Mr Jakov Jaki Radošević, Member of the Management Board, who independently and individually represent the Company.

Audit Committee

The Audit Committee was established by a decision of the Supervisory Board. The activities of the Audit Committee is regulated by the Audit Act, the Companies Act, the Accounting Act and other regulations. The term of office of the Audit Committee members coincides with the term of office for the Supervisory Board.

The Audit Committee consists of: Mr Josef Pilka, President, Mr Oleg Uskoković and Mr Dalibor Briški.

MEDIKA d.d., Zagreb, and its subsidiaries

RESPONSIBILITY OF THE MANAGEMENT FOR THE SUSTAINABILITY REPORT

In accordance with the provisions of Articles 32 and 36 of the Accounting Act (Official Gazette 85/24, 145/24 and 151/25), the Management Board is responsible for the preparation of the consolidated Sustainability Statement in accordance with the European Sustainability Reporting Standards (ESRS) and for:

- preparing the disclosures in the section *'Disclosures pursuant to Article 8 of Regulation 2020/853 (Taxonomy Regulation)'* of the consolidated Sustainability Statement in accordance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation)
- designing, implementing and maintaining such internal control systems as the Management determines are necessary to enable the preparation of the consolidated Sustainability Statement, free from material errors due to fraud or error; and
- selecting and applying appropriate Sustainability Reporting methods and making appropriate assessments and judgments on individual sustainability disclosures that are reasonable in the circumstances.

The Management Board is also responsible for designing and implementing the process for identifying the information disclosed in the consolidated Sustainability Statement in accordance with the ESRS, and for disclosing this process in the *section "ESRS 2; IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities" and IRO-2 Requirements in ESRS covered by the undertaking's Sustainability Statement* in the Consolidated Sustainability Statement. This responsibility includes:

- an understanding of the context in which the Group's activities and business relationships take place and an understanding of the stakeholders affected;
- identification of actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect or could reasonably be expected to affect the Group's financial position, financial results or financial performance, cash flows, access to finance or cost of capital in the short, medium or long term;
- assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate materiality thresholds; and
- making assumptions that are reasonable in the circumstances.

The consolidated Sustainability Statement on pages 6 to 151 was approved by the Management Board on March 11, 2026.

Signed on behalf of the Management Board on March 11, 2026

Jasminko Herceg	Matko Galeković	Jakov Jaki Radošević
President of the Management Board	*Member of the Management Board*	*Member of the Management Board*

SUSTAINABILITY STATEMENT OF MEDIKA D.D. AND ITS SUBSIDIARIES FOR THE YEAR 2025

ESRS 2

BP-1- General basis for preparation of the sustainability statement

The Consolidated Sustainability Statement for the year 2024, alongside the Financial Report, provides all stakeholders of Medika d.d. ("the Company") and its subsidiaries (collectively "the Group") with an in-depth view of the operations, processes, and the ways in which the Medika Group manages material impacts, risks and opportunities, as well as its operational approach to sustainable development, projects, and initiatives implemented by the organization to manage its material environmental, social, and governance factors more effectively.

The Group's Sustainability Statement for 2024 is prepared in accordance with the Accounting Act (Official Gazette 85/24, 145/24) and the European Sustainability Reporting Standards (ESRS) as per the Corporate Sustainability Reporting Directive (CSRD).

This report covers the companies of the Medika Group (hereinafter referred to as "the Group"): Medika d.d. (hereinafter referred to as "the Company") and Ljekarne Prima Pharme (hereinafter referred to as "the Institution" or "pharmacy branches"). The company Primus nekretnine d.o.o., which is part of the Group, is not included in the sustainability report as the Company decided in February 2024 to terminate Primus nekretnine d.o.o. through a shortened procedure without liquidation, and ceased operations during 2024. Data for this company were not considered since it had no operations, owned no real estate, and had no employees. The report includes Medika d.d. and all subsidiaries consolidated within the financial report (pages 145-194), ensuring consistency and comprehensiveness of all operations.

The content of this report is based on the results of the double materiality assessment conducted in 2024 in accordance with the requirements outlined in CSRD and ESRS. This assessment identifies material environmental, social, and governance (ESG) impacts, risks and opportunities while addressing the interests of various stakeholders of the Group. The double materiality assessment serves as the foundation for prioritizing the most important sustainability topics for disclosure.

In this report, certain data are presented disaggregated, i.e., unconsolidated, to ensure the most accurate and transparent information. This method of presentation allows for a more detailed insight into different business segments, representing the actual state in both the Company and the Institution. It also contributes to a more precise evaluation of sustainability achievements in each business segment. Disaggregated data, besides presenting the real situation, provide stakeholders of the Group with information tailored to their specific interests and needs. The disaggregation is clarified when presenting such information.

The Sustainability Report provides key information on operations at the Group level. Due to the complexity of data collection from the value chain, the Group has decided to apply the transitional provisions from point 133 of ESRS 1 for the first three years of sustainability reporting.

These transitional provisions allow a company to limit information on higher and lower levels of the value chain to those already available within the company, such as internal and publicly available data. It is not mandatory to include information on higher and lower levels of the value chain when publishing indicators, except those required by other EU regulations, as stated in Appendix B of ESRS 2.

ESRS 2 (continued)

BP-1- General basis for preparation of the sustainability statement (continued)

The Group has not made use of the possibility to omit certain information relating to intellectual property, know-how or innovation results, as well as information on upcoming events or issues under negotiation.

BP-2 - Disclosures in relation to specific circumstances

The Group has adopted definitions for short, medium and long-term time horizons, aligned with ESRS 1, 6.4. For the purposes of Sustainability Reporting, the short-term time horizon is the same as the one used by Medika as the reporting period in its financial statements. The medium-term time horizon covers a period of up to five years from the conclusion of the short-term time horizon, in accordance with the strategic horizon of the Group's business planning. In the long term, it includes any period that goes beyond the medium term. These definitions have been applied to maintain consistency between the Group's sustainability disclosures and financial reporting practices, ensuring consistency with internal planning and decision-making frameworks.

Obtaining information on indicators from the value chain has proven to be a challenging task with a high degree of uncertainty. In addition to the GHG emissions indicator, Scope 3 greenhouse gas emissions, the Group does not disclose indicators from the value chain. In the absence of accurate indicators or measurable data directly from the value chain, the Group was not able to accurately assess the relevance of these sources to its value chain. However, compared to last year, progress has been made in the process of collecting data on greenhouse gas (GHG) emissions, with the aim of increasing the completeness and accuracy of data coming from the value chain. In this context, more extensive data (for a large number of products) were collected for Scope 3, Category 11 – Use of sold products. Also, category 5 Waste generated in operations has been expanded to include mixed municipal waste and water consumption in the Group's leased premises (based on the lessor/distributor's invoice or estimate).

The Group will continue to improve the processes of collecting data from key stakeholders in the value chain, taking into account the development of the ESRS, and will set up data collection systems in accordance with the requirements. Scope 3 greenhouse gas emissions for Categories 1 (Purchased goods and services), 2 (Capital goods), 4 (Upstream transportation and distribution), 9 (Downstream transportation) were calculated on the basis of an estimate using the financial consumption approach and applying the appropriate calculation factors through financial spending.

Generally accepted emission factors from databases approved by the GHG Protocol (e.g. Exiobase, USEEIO, DEFRA, etc.) were used, which do not create high uncertainty based on the calculations. In addition, for the purpose of calculating categories 1, 2, 4, and 9, the Group’s cost for 2025 was used, so the cost data is not uncertain.

ESRS 2 (continued)

BP-2 - Disclosures in relation to specific circumstances (continued)

At the moment, the Company does not have any formally defined measures in place, but it is expected that the improvement of data availability and quality will result from the regular improvement of internal processes, the establishment of more stable communication channels with suppliers, and the monitoring of regulatory requirements and market practices. The Company will continue to monitor the development of methodologies and tools relevant to the calculation of emissions in the value chain and, when feasible, will introduce additional steps to increase the accuracy of the data.

Changes in preparation and presentation of sustainability information.

Certain changes have been made to the methodology for calculating and reporting greenhouse gas emissions. During the reporting period, a portion of the emissions related to the operating lease of premises was reclassified (classified in Scope 3, Category 8 – Upstream leased assets in 2024) and emissions were reassigned from Scope 3 to Scope 1 and Scope 2, depending on the fuel type and energy source, respectively.

During the reporting period, a portion of the emissions related to the increase in assets was excluded from operating car leases (in 2024, the increase in assets due to operating car leases under IFRS 16 Leases is included in Scope 3, Category 2 – Capital Goods). Given that the assets acquired through operating leases are capitalized in the balance sheet in accordance with IFRS 16 Leases, and emissions from fuel consumption are consistently reported in Scope 1, the emissions included in the previous reporting period are excluded from Scope 3, Category 2 – Capital Goods this year. This refinement ensures methodological consistency and prevents double reporting of the same capital assets.

These changes improve transparency, ensure consistency with financial reporting and better reflect the Group's actual operational responsibility for these emission sources.

In accordance with ESRS 1, paragraph 95, the comparative values for the previous reporting period have been recalculated. This was done to ensure comparability of historical data on total emissions (Scope 1, Scope 2 and Scope 3), allowing report users to consistently track changes in greenhouse gas emissions.

Regarding the calculation of Scope 3 category 5, invoices for mixed municipal waste are not standardized, but their format and level of detail vary depending on the utility company in charge of each location. Therefore, different available data are used in the calculations, depending on the information reported in the invoices. The calculation is carried out based on parameters such as the number of container collections, container volume, the share in the use of containers at locations with multiple users and other relevant data stated on the invoices. Since each location is specific, and multiple users often use the same container, this increases uncertainty in the allocation of waste volumes.

ESRS 2 (continued)

BP-2 - Disclosures in relation to specific circumstances (continued)

Changes in preparation and presentation of sustainability information (continued)

For locations for which invoices of mixed municipal waste collection service providers were not available, the quantities of waste were estimated using a standardized assumption of 243 kg of mixed municipal waste per employee per year. The estimated quantity for each location was determined by multiplying that value by the number of employees at locations for which actual data was not available.

By summing up the estimated quantities, the total amount of mixed municipal waste was determined for all locations without available invoices. Likewise, for locations for which water consumption data is not available, consumption was estimated using an area-based indicator. The total water consumption of spaces with available data was divided by their total surface area to obtain the average annual water consumption per m^2.
There have been updates to the methodology and scope of reporting for indicator S1-16 - Compensation indicators (difference in wages and total remuneration). In the previous reporting period, the indicator S1-16 was presented exclusively on an individual basis for the two main entities: the Company and the Institution.

In this reporting period, this indicator is presented on both an individual and consolidated basis. The aim of this change is to provide a more comprehensive view of human resource management and pay equity within the Group. This ensures a consolidated comparative value that allows for consistency with the new presentation method.

The Group shall include in this Sustainability Statement the information referred to in Article 8. of Regulation 2020/852 (Taxonomy Regulation). The information required by the Taxonomy Regulation can be found in the thematic section of the report related to climate change in the DISCLOSURES UNDER ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION)

The Group has made use of the transitional provision under ESRS 1 10.4, according to which it omits certain phased in disclosure requirements in this report that have been identified as material. This includes the following disclosure requirements: E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities, E5-6 Expected financial effects from resource use and cicrular economy-related impacts, risks and opportunities, S1-13 Training and skills development, and S1-15 Work-life balance.

GOV-1 - The role of the administrative, management and supervisory bodies

Corporate governance structure

The company is a joint-stock company of a dualistic type and has the following bodies:

- General Assembly
- Supervisory Board
- Management Board

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

General Assembly

The General Assembly decides on issues determined by the Law and the Company's Articles of Association, and among other things, adopts the Articles of Association, decides on the allocation of profit, decides on the increase and decrease of capital, elects and dismisses members of the Supervisory Board, grants discharge to members of the Management Board and the Supervisory Board, appoints an external auditor and performs other tasks in accordance with the Law and the Company's Articles of Association.

Supervisory Board

The Supervisory Board oversees the management of the Company's affairs and for this purpose reviews and examines the Company's books and documentation. The Supervisory Board appoints the Management Board of the Company and grants its consent to some decisions of the Management Board, such as strategic plans, business plans, financial reports and significant investments. The Supervisory Board shall submit to the General Assembly a report on its supervision of the Company's business management and shall submit proposals for decisions to be adopted by the General Assembly. The Supervisory Board consists of six members. As a rule, regular sessions of the Supervisory Board are convened once every three months.

The Supervisory Board may decide on important and urgent issues at meetings held by telephone. The term of office of the members of the Supervisory Board is regulated by the Company's Articles of Association and lasts until the conclusion of the General Assembly, at which it is decided to grant discharge for the third (3rd) business year after their election to the Supervisory Board, not counting the business year in which they were elected. The Supervisory Board consists of: Mr. Oleg Uskoković, President, Mr. Damjan Možina, Deputy Chairman, members: Mr. Jozef Harviš, Mr. Josef Pilka, Ms. Tanja Kragulj Mežnarić, and Mr. Ivica Roso.

On April 30, 2025, Mr. Mihael Furjan will no longer hold the position of a member of the Supervisory Board. On 2 May 2025, Ms. Nikolina Dizdar Čehulić, with the duration of the mandate until the expiry of the current mandate of the other members of the Supervisory Board. On December 23, 2025, Ms. Nikolina Dizdar Čehulić, ceases to hold the position of a member of the Supervisory Board. During the reporting period, as well as in 2024, there were no independent members in the Supervisory Board. As of 31 December 2025, the gender diversity indicator for the Supervisory Board shows a male-to-female ratio of 5:1.

Management

The Management Board determines business plans and oversees their implementation, coordinates the activities of individual organizational parts of the Company and their alignment with current needs and business plans, reports to the Supervisory Board on the course of business, profitability of business, significant transactions and other matters in accordance with the provisions of the Statute.

The Management Board of Medika consists of several members: Mr. Jasminko Herceg, President of the Management Board, Mr. Matko Galeković, Member of the Management Board and Mr. Jakov Jaki Radošević, Member of the Management Board, who independently and individually represent the Company. On 12 December 2024, the Management Board of Medika d.d., with the consent of the Supervisory Board, adopted a decision to grant a procuration for human resources management, appointing Mr. Ivan Gregov as procurator. Gender diversity within the Management Board, as in 2024, remains at 0%.

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

Audit Committee

The Audit Committee was established by a decision of the Supervisory Board. The work of the Audit Committee is regulated by the Audit Act, the Companies Act, the Accounting Act and other regulations. The mandate of the Audit Committee is aligned with the duration of the Supervisory Board's mandate.

The Audit Committee consists of: Mr. Josef Pilka, Chairman, Mr. Oleg Uskoković and Mr. Dalibor Briški.

Prima Pharme Pharmacy Bodies

Management Council of Prima Pharme Pharmacies

Management Council of Prima Pharme Pharmacies manages the Institution and has five members, who in 2025 were: Jasminko Herceg, Matko Galeković, Jakov Jaki Radošević, Željka Radalj and Filip Šarunić. The Chairman and members of the Management Council are appointed by Medika as the founder of Prima Pharme Pharmacies.

The Principal of Prima Pharme Pharmacies

The Principal organizes and manages the business, represents and acts on behalf of the Prima Pharme Pharmacy and is responsible for the legality of the Prima Pharme Pharmacy activities. The professional operations of the Prima Pharme Pharmacy are managed by the Princial in cooperation with the Expert Council. The principal is Ivan Gregov, mag. pharm.

Other mandatory bodies of Prima Pharme Pharmacies

The Expert Council of Prima Pharme Pharmacies acts as an advisory body to the principal. The members of the Expert Council and the Chair of the Expert Council are appointed and dismissed by the principal.

In addition to the above information, all management and supervisory bodies are presented below, broken down by the individual companies within the Group. Within the category of non-executive members of Medika's supervisory bodies, as well as in the presentation by gender diversity, for both reporting years under review, in addition to the members of the Supervisory Board, one member of the Audit Committee is also listed, given that the remaining two members of the Audit Committee are simultaneously members of the Supervisory Board.
Gender diversity in management and supervisory bodies is presented on a consolidated basis for all companies within the Group.

Administrative, management, supervisory bodies	**Medika 2025**	**Ljekarne Prima Pharme 2025**	**Medika 2024**	**Ljekarne Prima Pharme 2024**
Number of executive members	3	1	3	1
Number of non-executive members	7	5	8	5

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

Members of administrative, management and supervisory bodies	Percentage (%) 2025	Percentage (%) 2024
Men	85%	88%
Women	15%	12%
Other	-	-

Information on the representation of employees and other workers in the administrative, management and supervisory bodies of Medika

The Company has a Works Council whose role includes participation in decision-making relating to the rights and interests of workers. One member of the Works Council is a member of the Supervisory Board. The representative of the workers in the Supervisory Board is Mr. Ivica Roso. The Institution has an Independent Trade Union – HUS Pharmacy Prime Pharma.

Oleg Uskoković, Chairman of the Supervisory Board

Oleg Uskoković began his career as a lawyer after graduating from the Faculty of Law in Zagreb in 1994. After completing his internship in 1997, he continued working at the law firm as a lawyer for a short time.

At the end of 1998, he was one of the founders of the Law Firm Korušić, Hrg and Uskoković j.t.d., the legal predecessor of today's Law Firm Uskoković & Partners d.o.o., into which the firm was transformed in 2008. Although the Law Firm deals with all branches of law, Mr. Oleg Uskoković's narrow field of work is commercial law and corporate law, M&A and legal business consulting.
Oleg Uskoković is a Senior Partner and Director at the Law Firm Uskoković & Partners Ltd., based in Varaždin and with branches in Zagreb and Dubrovnik. Since mid-2019, he has also been a director at Auctor d.o.o., and manages the strategy of companies from the Auctor system, as well as companies from his portfolio, and also performs the functions of President and member of the Supervisory Board in Medika d.d., Aminess d.d., Nexe d.d., Glas Slavonije d.d., Drvoprodukt d.o.o., Pan Parket d.o.o. and others. In addition, Oleg Uskoković is a member of the Audit Board of Medika d.d.

Mihael Furjan, Deputy Chairman of the Supervisory Board (until 30 April 2025)

Mihael Furjan has been the President of the Management Board of Pliva Croatia d.o.o. since 2015, a member of the Teva Group, and is responsible for Pliva's operations in Croatia and the Southeast Europe region.

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

CVs of the members of the Supervisory Board (continued)

Mihael Furjan, Deputy Chairman of the Supervisory Board (until 30 April 2025) (continued)

He developed his expertise in various areas of the pharmaceutical industry in the positions of Biotechnology Project Director in Research and Development, Director of New Product Launch in the Strategic Marketing Department and Senior Director of Corporate Products in the Business Development Department, after which he became responsible for the entire product lifecycle and for leading the European project management and market support team. In 2009, he left Pliva and continued his career as Executive Director at Croatian Post, responsible for the Post Division. Prior to returning to Pliva, he served as CEO of a global generic company in Switzerland since 2010, in charge of the international product portfolio.

During his career, he also held the position of President of the Association of Pharmaceutical Manufacturers at the Croatian Employers' Association, and since 2021 he has held the position of President of the Croatian Employers' Association. On April 30, 2025 Mihael Furjan ceased to hold the position of a member of the Supervisory Board.

Nikolina Dizdar Čehulić, Member of the Supervisory Board (from 2 May 2025 to 23 December 2025.)

On May 2, 2025, Nikolina Dizdar Čehulić became a member of the Supervisory Board.
Nikolina Dizdar Čehulić started her professional career at Arthur Andersen and continued at Ernst & Young in 2002. She joined Pliva in 2004 as a senior financial analyst, and soon took over managerial positions in finance and controlling. Since 2009, she has been working at the European level within the Teva Group as Director of Finance and Accounting, and in 2010 she moved to General Electric GBS as Regional Manager for Southeast Europe.

She returned to Pliva in 2013 to the position of Chief Financial Officer and Member of the Management Board. As of 2023, she has been further expanding her responsibilities by supporting strategic planning and international operations as Regional Chief Financial Officer for Southeast European countries within the Teva Group. Ms. Dizdar Čehulić has been actively involved in the work of the Croatian Employers' Association of Pharmaceutical Manufacturers for the last ten years, graduated from the Faculty of Economics and Business in Zagreb, completed the Executive MBA International Business School and is an international certified auditor.

Damjan Možina, Deputy Chairman of the Supervisory Board

Since 2004, Damjan Možina has held the position of Sales Director for the Eastern Europe region at Krka d.d., Novo Mesto, Slovenia. He has many years of experience in sales, development of marketing activities and positioning of over-the-counter drugs (OTC drugs). He has an active role in the management and supervisory boards of companies in various countries and in various associations in the field of marketing. Since 2011, he has been the Deputy Chairman of the Supervisory Board of Medika and as a member of the Supervisory Board since 2023, and again as Deputy Chair of Medika’s Supervisory Board as of 2 May 2025.

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

CVs of the members of the Supervisory Board (continued)

Damjan Možina, Member of the Supervisory Board (continued)

He graduated in 1987 from the Faculty of Economics in Ljubljana, and in 1997 he completed his MBA at the Faculty of Economics and Business in Maribor and improved his skills in the fields of sales and marketing. He also holds a certificate for membership in management and supervisory boards.

Jozef Harviš, Member of the Supervisory Board

Jozef Harviš is a dentist and experienced public health expert from Slovakia. His main focus is the sustainability of healthcare facilities, hospitals and private clinics. He started his career as a dentist and head of healthcare financial sustainability at Audacia Klinik in the Czech Republic. In 2010, he started working at his own clinic Hardent in Prague, Czech Republic, where he continues to work to this day.

He graduated from the Faculty of Medicine of the Pavol Jozef Šafárik University in Košice in 2006.

Josef Pilka, Member of the Supervisory Board

Josef Pilka is an experienced financial expert from the Czech Republic. His main focus is corporate finance, banking, and business valuations.
He started his career at RSM CZ, one of the best licensed professional business appraisal institutes in the Czech Republic. In 2008, he joined the strategy department of Unipetrol, the main petrochemical company in Central and Eastern Europe, where he participated in various M&A projects and restructuring.

Since 2013, he has been working at J&T as a project manager in charge of active monitoring of investments in various sectors. In 2017, he moved to J&T Bank in Croatia, where he held the position of Head of Investment Banking and led M&A and project financing in the region. Since 2020, he has continued his career at J&T Private Equity Group Limited.

He graduated in Business Administration from the Faculty of Economics in Prague in 2007.

Josef Pilka, in addition to being a member of the Supervisory Board of Medika d.d., also holds the position of President of the Audit Board of Medika d.d.

Tanja Kragulj Mežnarić, Member of the Supervisory Board

Tanja Kragulj Mežnarić is employed as an attorney-at-law at the Law Firm Uskoković i partneri d.o.o. Her experience and area of expertise is in the field of corporate and commercial law, which includes legal advice in various investment projects, structuring strategic partnerships and specific agreements on the purchase and sale of shares and operations and receivables, company and business restructuring, capital market issues (shares, bonds and other securities) and the like.

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

Tanja Kragulj Mežnarić, Member of the Supervisory Board (continued)

Also, she has material experience in domestic and foreign arbitrations. In connection with, but not limited to these activities, she has successfully advised on and/or carried out numerous mergers, mergers and acquisitions, legal due diligence, as well as a wide range of contracts and other documentation related to the above matters.

She graduated in 2002 from the Faculty of Law, University of Zagreb.

Ivica Roso, Member of the Supervisory Board

Ivica Roso started his career as a transport manager in the company Farmacon d.o.o. from Osijek. Following the merger of Farmacon into Medika d.d. in 2008, he joined the Osijek business center in the same role. In 2017, he was appointed to the position of logistics manager at the Business Center (PC) Osijek. At Medika, he applies his extensive experience to improve organizational processes and propose improvements in business efficiency. Since 2023, he has been a member of the Supervisory Board as a representative of the Works Council, to which he was elected by Medika employees.

Curriculum vitae of a member of the Audit Committee

(The Chairman of the Audit Committee is Josef Pilka, who is also a member of the Supervisory Board of Medika d.d., and Oleg Uskoković is the President of the Supervisory Board of Medika and a member of the Audit Committee of Medika.)

Dalibor Briški is one of the members of the Audit Committee of Medika. He graduated in 1992 from the Faculty of Economics and Business in Zagreb, where he defended his master's thesis in 2004. He has been a certified auditor and a member of the Croatian Chamber of Auditors since 2002.

He started his career at Zagrebačka banka d.d. and later served as the director of finance in several companies. From 2004 to 2009, he was the Director of the Finance Sector of Medika d.d.

From 2009 to 2016, he was a partner in the auditing company gmc-unitreu Croatia, and after that until 2024 he was a managing partner in Grant Thornton Croatia. He is currently a partner in the auditing company Apex Audit and Consulting d.o.o. During his career, he has managed audits of large and medium-sized companies and international subsidiaries in Croatia. He has participated in several important projects such as due diligence, valuations, restructuring and evaluation of investment projects.

As part of the training of the Croatian Chamber of Auditors, he was educated on the preparation of Sustainability Statements, as well as on the regulations and standards related to the verification of Sustainability Statements by auditors. In addition, as a certified auditor, he holds an authorization to perform the assurance of Sustainability Statements.

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

CVs of Management Board members

Jasminko Herceg is the President of the Management Board of Medika d.d., in charge of finance, internal audit, legal and human resources affairs and investment management.

He graduated in 1992 from the Faculty of Economics and Business in Zagreb.

He began his distinguished career in 1992 at Zagrebačka banka d.d., where he worked until 1999 as a project manager in the Investment Sector. In addition, he spent a short period in 1996 in the company Hrvatski hoteli i ljetovališta d.o.o., which was owned by Zagrebačka banka.
He moved to Privredna banka Zagreb in 1999, where he held various positions, including the position of Assistant General Manager for Finance.

He joined Medika in 2004, where he first held the position of a member of the Management Board, and since 2008 he has taken over the position of Director, which made him responsible for the strategic management of the company. In 2019, he became the President of the Management Board. He is continuously advancing his expertise in the field of corporate governance, so among other things, he attended the Corporate Governance and ESG Development training organized by the Zagreb Stock Exchange.
In addition to all of the above, he actively contributes to the development dynamics of the pharmaceutical industry in Croatia. Since 2012, he has been the president of the Association of Wholesale Trade in Pharmaceuticals and Orthopaedic Aids at the Croatian Chamber of Commerce. He is also a member of the Council of Members of the Croatian Employers' Association and an active representative of Croatian wholesalers in the European Wholesalers Association (GIRP).

He is recognized for his strong competencies, including his strategic vision in the business world, the development of key market partnerships, and tactical planning capabilities, which enables him to successfully lead the company and contribute to the development of the industry.

Matko Galeković is a member of the Management Board of Medika d.d. in charge of sales, marketing, commercial representation and digital business operations. He has extensive experience in the wholesale drug business. He graduated in 1998 from the Faculty of Pharmacy and Biochemistry, University of Zagreb and obtained the title of Master of Pharmacy. At the Faculty of Economics and Business in Zagreb, he attended postgraduate studies in the field of organization and management. He continues to develop his skills in the areas of sales, business negotiation, and is also actively improving his digital skills by attending various specialized IT courses. He is also improving in the field of corporate governance, has completed the Corporate Governance and ESG Development training organized by the Zagreb Stock Exchange.

After completing his studies, he began his career in the pharmaceutical industry. From 1998 to 2002, he worked at Pliva d.d., where he gained experience as a technologist in pharmaceutical production, actively participating in the project of building a new highly automated plant and in the SAP project as a key user.

In 2002, he joined Farmacija d.d., later renamed PHOENIX Farmacija d.d., where he participated in various projects, including the implementation of CRM systems and PHARMOS-SAP as a key user. He also became a member of the Supervisory Board of Farmacija d.d., and later Phoenix Farmacija d.d., and held the position of Vice-President of the Shareholders' Assembly.

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

CVs of Management Board members (continued)

His professional path continued in 2005 when he became Sales Director at PHOENIX Farmacija d.d. in Zagreb. There he was responsible for the implementation of the business plan, the organization and development of sales, the coordination of marketing activities and the management of business relationships with key customers. He also participated in the process of restructuring the company after the acquisition by the Phoenix Group. He joined Medika in 2008, first as Director of the Sales Department, and then, from 2019, he became a member of the Management Board. His extensive experience, expertise in sales management and development, and continuous training have enabled him to become a key leader in the industry.

Jakov Jaki Radošević is a member of the Management Board of Medika d.d. in charge of procurement, logistics and IT, with 30 years of experience in the pharmaceutical industry. He graduated in 1995 from the Faculty of Pharmacy and Biochemistry, University of Zagreb, and obtained the title of Master of Pharmacy. He continued his academic path at the Faculty of Economics and Business in Zagreb, where in 2004 he completed postgraduate professional studies in the field of business marketing management and obtained the title of Master of Economics Specialist. He is further developing his skills in the field of corporate governance and has completed the Corporate Governance and ESG Development training organized by the Zagreb Stock Exchange. He started his professional career at Oktal Pharma d.o.o., where he spent 12 years in various positions, including the position of Executive Director of the Procurement Department and the Warehouse Department. In 2007, he joined Medika d.d. as the director of the procurement sector, and in 2019 he became a member of the Management Board in charge of procurement.

Throughout his professional career in the pharmaceutical wholesale sector, he has been dedicated to advancing and improving the pharmacy profession in the Republic of Croatia, including through the organization of various industry events that bring together the key stakeholders from the pharmaceutical sector.

CV *of the Principal of Prima Pharme pharmacies*

Ivan Gregov is the Principal of Prima Pharme Pharmacies, responsible for the organization of work and professional management of the Institution, which includes entering into contracts with the Institute.

He graduated in 2005 from the Faculty of Pharmacy and Biochemistry, University of Zagreb and obtained the title of Master of Pharmacy. In 2013, he completed his business education at Cotrugli Business School in Zagreb earning an MBA degree through the EMBA program. He ifurther enhanced his skills in the areas of sales and business negotiation through the TEVA EMIA SFE (2011-2012) and TEVA Europe Early Talent Program (2013-2014).

He started his professional career in 2006 in the pharmaceutical company Pliva Hrvatska d.o.o., where he held several different senior management positions in Croatia and abroad. In 2015, he continued his career path in the Medika Group as the Principal of the Prima Pharme Pharmacy, and from 1 January 2025 he additionally assumed the role of Medika Procurator for defining and approving human resources management policies and strategies. He is also continuously advancing his knowledge in the field of corporate governance, and, among other porgrams, he completed the Corporate Governance and ESG Development training organized by the Zagreb Stock Exchange. In addition to all of the above, he actively contributes to the development dynamics of the pharmaceutical industry in Croatia and in 2021 he was elected president of the Croatian Employers' Association of Pharmacists.

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

Monitoring impacts, risks and opportunities

The members of the Management Board and the Director of the Accounting and Finance Department are in charge of overseeing sustainability-related impacts, risks and opportunities at the highest level of management. The Director of Accounting and Finance is responsible for impacts, risks and opportunities and is involved in day-to-day monitoring, management and supervision activities and proposes improvement measures, which he then presents to the Management Board. The Management Board plays a key role in overseeing the management process, as well as in establishing controls and procedures for monitoring, managing and monitoring impacts, risks and opportunities. The Management Board reviews and approves the Company's sustainability policies, which include environmental, social and governance (ESG) aspects. The Supervisory and Audit Committees are briefed on impacts, risks and opportunities on an annual basis. Although responsibility for managing impacts, risks and opportunities is not formally defined in the Company's internal regulations, the Management Board has assigned this responsibility to the Director of the Accounting and Finance Department. Dedicated controls and procedures to manage impacts, risks and opportunities have not yet been implemented. In the coming periods, the Group will introduce dedicated controls and procedures to manage impacts, risks and opportunities, which will be integrated with other internal functions, as well as set targets that will be related to material impacts, risks and opportunities.

At present, the Management Board and the Supervisory Board, do not have formalized procedures for managing impacts, risks and opportunities across the Group, and a system of controls, impacts, risks and opportunities, i.e. assessments of double materiality, has not been introduced, but these mechanisms will be introduced in the coming periods. Management has a key role to play in identifying and addressing material impacts, risks and opportunities on sustainability. The management shall possess or may have access to the appropriate skills and expertise to monitor sustainability issues through the following measures:

- The Accounting and Finance Department, together with the Director of the Accounting and Finance Department, is in charge of conducting double materiality analysis, regulatory compliance, stakeholder engagement, and implementation of sustainability goals. These experts are accountable and provide targeted insights to the Board.
- The Management Board has constant access to specialized external consulting knowledge in the field of sustainability.
- The Supervisory Board includes members with extensive academic and professional experience, who are experienced industry leaders, thereby ensuring a strong understanding of strategic and operational challenges.
- Material impacts, risks and opportunities were identified through the collaboration beween internal experts and the Management Board for each ESRS topic. For environmental topics, quality, environmental protection and logistics services are included under a member of the Procurement Directorate. For workforce-related matters, the Department of Legal, Human Resources and Administrative Affairs of the Company, the Human Resources Management Service of the Company and the Department of Legal and Personnel Affairs and Payroll of the Institution under the President of the Management Board and Principal of the Institution, as well as a representative of the Works Council and the Trade Union are engaged. For consumer and end-user issues, the Management Board member in charge of sales, together with the IT Department, Quality Department, Procurement Department and members of the Management Board in charge of these segments participated in the process. Regarding management topics, the Management Board and the Legal Department are involved. In the pharmacy segment, the Principal collaborated with all departments of Prima Pharme Pharmacies. The Management Board and the Principal played a key role in validating material topics.

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

Monitoring impacts, risks and opportunities (continued)

- In addition, the Management Board and individual experts from various IT, logistics, quality, occupational safety, procurement, sales and finance management departments participated in additional internal training programs in order to deepen their knowledge and skills on these topics and thus ensure that administrative and management bodies have access to the experts and expertise needed to manage material impacts, risks and opportunities. The list of trainings is listed below.

The Group regularly conducts training sessions for sustainability working group members and senior management to deepen their understanding of sustainability regulations and frameworks.

Training of the sustainability working group during the reporting period:

- Training: "ESG Academy - Capital for Sustainability: Access to Finance in the New ESG Environment" organized by the Croatian Chamber of Economy
- Training: "ESG Academy - People in Focus: How to Manage Social Aspects of Sustainability" organized by the Croatian Chamber of Economy
- Training: "ESG Academy - Plan for the Future: How to Create a Sustainable and Credible Transition Plan" organized by the Croatian Chamber of Economy
- Training: "ESG Academy: Application of the Requirements of the European Sustainability Reporting Standard – Social and Governance Standards with Practical Examples" organized by the Croatian Chamber of Economy
- Training: "ESG Academy - European Sustainability Reporting Standards (ESRS) – ESRS1: General Requirements with Practical Examples - European Sustainability Reporting Standards (ESRS) - ESRS 1: General Requirements with Practical Examples" organized by the Croatian Chamber of Economy
- Training: "ESG Academy - European Sustainability Reporting Standards (ESRS) – Environmental Standard ESRS E1: Climate Change and EU Taxonomy" organized by the Croatian Chamber of Economy
- Training: "Auditors' Procedures in Auditing Sustainability Statements - Presentation of the Requirements of the International Standard for Sustainability Assurance ISSA 5000" organized by RRiF
- Training: "ESG-8-2 Procedures of Auditors in the Audit of Sustainability Statements - Current State of Prescribed Requirements under ISAE 3000 (Revised)" organized by the Croatian Chamber of Auditors
- Conference: "Let's Support the Sustainable in 2025" organized by the Croatian Chamber of Economy
- Training: "A New Approach to Sustainability Reporting from 2025: Key Regulatory Changes in EU Regulations and Directives" organized by Ernst & Young Croatia

ESRS 2 (continued)

GOV-1 - The role of the administrative, management and supervisory bodies (continued)

Monitoring impacts, risks and opportunities (continued)

Training of Group employees, including administrative and management bodies, on sustainability and the management of material impacts, risks and opportunities in the reporting period:

- A large number of employees of the Company, including administrative and management bodies in 2025, participated in the training via webinar on the topic "Energy management according to ISO 50001". Through this education, they gained key knowledge about ways to save energy and successfully manage it.
- The Human Resources department received specialized training on the topic of the Company's own workforce:
    - Training: "ESG Academy - People in Focus: How to Manage Social Aspects of Sustainability" organized by the Croatian Chamber of Economy
    - Training: "ESG Academy: Application of the requirements of the European Sustainability Reporting Standard – Social and Governance Standards with Practical Examples" organized by the Croatian Chamber of Economy
    - Conference: "HR.Weekend; Panel „It's a Kind of Magic! When HR Drives the ESG Agenda" organized by Degordian and Pepermint
- Annual training for all employees related to IT security: "Better understanding of threats and reducing the risk of incidents caused by human error."
- In addition to the above, other professional trainings that have been conducted refer to the Anti-Corruption Policy Guidelines, Code of Ethics, Personal Data Protection Policy (GDPR), Quality and Environmental Management, Induction of New Employees, Employee Training, Non-Compliance Management, Counterfeiting Procedures and many others.

The role and expertise of the Management Board and the Supervisory Board in matters of business conduct

The role of the Management Board in matters of business conduct is defined by the Rules of Procedure of the Management Board, which regulates the duties, responsibilities, organization, manner of work and decision-making of the Management Board of the Company as part of the corporate governance process. In the event of non-compliance involving a breach of business conduct, the Management Board is obliged to notify the Supervisory Board. The expertise of the members of the Management Board, the Principal and the members of the Supervisory Board in matters of business conduct is based on their many years of experience in managerial positions, as well as access to various trainings.

The Management Council of Prima Pharme Pharmacies is managed by the President of the Chairman of Directors, while the Principal of the Prima Pharme Pharmacy ensures professional and technical conditions for operations, without having voting rights. Decisions of the Management Board are adopted by a simple majority of votes of its members, and their implementation is overseen by the Principal. The Principal represents and acts on behalf of Pharmacies and makes business decisions that are not within the competence of the Management Council. Also, the Principal concludes contracts with the Institute, proposes to The Management Council the work program, investment and procurement plan for the current year. In addition, the Principal appoints the Expert Council and its Chairman.

ESRS 2 (continued)

GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Management Board, the Principal, the Supervisory Board and the Audit Committee are informed about sustainability issues through established reporting mechanisms:

- ESG reporting is provided on an annual basis during scheduled meetings of the Management Board, the Supervisory Board and the Audit Committee, as well as on an ad-hoc basis when material changes occur.
- The responsibility for informing these bodies has been assigned to the Accounting and Finance Department and its Director, who ensure the timely delivery of all relevant reports. The Management Board and the Director were involved in analysing the results, engaging key external stakeholders, reviewing the results of the climate risk and resilience analyses, overseeing the development of tools for collecting and monitoring the data needed for the preparation of Sustainability Reporting, and defining the further steps for the preparation of the sustainability strategy and Sustainability Statement.

In the coming periods, the Group will integrate the identified material impacts, risks and opportunities in the implementation of the strategy oversight, in the risk management process and in the decisions on main transactions.

List of material impacts, risks and opportunities addressed by the administrative, management and supervisory bodies or their relevant committees during the reporting period

The impacts, risks, and opportunities related to the Company's workforce are presented in the table below.

ESRS 2 (continued)

GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (continued)

IRO	Classification	Activities
Equal pay through the systematization of wages and rights	Positive impact	The following has been updated: • Labour Regulations • Ordinance on Salaries and Other Employee Benefits Ordinance on the Organization and Systematization of Jobs
Labor shortages and high labor turnover	Risk	Benefits introduced: • Remote work • The number of days for paid leave has been increased in various well-defined cases • Employee benefits have been defined mostly in the maximum non-taxable amount.
Lack of Masters of Pharmacy Interested in Working in Pharmacies	Risk	
Employee education and training	Opportunity	A new Decision on Performance-Based Rewards has also been adopted - the amounts of bonuses for employees evaluated as exceeding or significantly exceeding expected behavior standards have been increased. In addition, the amounts of employee meal allowances have been increased, as well as monthly employee bonuses.
Adequate salaries and benefits.	Opportunity	During 2025, the salaries of a significant number of employees were increased and the hiring of additional foreign workers helped reduce the operational workload and the number of employee overtime hours.
Taking care of the well-being of employees through the provision of benefits	Opportunity	Introduction of foreign labor: • The foreign workforce receives essential materials before arriving in Croatia, such as a bilingual dictionary with the most commonly used expressions in the workplace. • Upon arrival, an induction day is organized during which the organization is presented, important documents (regulations, decisions, key contacts, guidelines and code of conduct) are provided and a logistics tour is conducted to help the new employees become familiar with their working environment in advance. On their first working day, each new employee is assigned a mentor who helps them integrate into the work process faster and more efficiently. • After the start of work, a quarterly a feedback meeting is held with the direct supervisor with the aim of monitoring progress, addressing possible challenges and providing additional support in the adaptation process. • The Human Resources Management Department oversees all steps of the recruitment and retention process for foreign workforce and is continuously available to provide support and address any issues that may arise.

ESRS 2 (continued)

GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (continued)

IRO	Classification	Activities
Lack of storage space	Risk	The Company compensated for the risk of lack of storage space by leasing a new warehouse of 11,525 m2, with the lease agreement effective from April 15, 2025.
Cybersecurity	Risk	During 2025, the Group continued to improve cyber security primarily through the completion of network segmentation, the introduction and stabilization of the EDR system, and the harmonization of work with the SOC. Administrative access has been cleaned up and consolidated, access rules have been edited, and remote connections have been strengthened. Employee safety trainings are regularly held and an analysis of reported incidents is carried out, and the system is gradually aligned with the recommendations of expert partners. As part of strengthening proactive risk management, the Company has contracted a Cyber One Insurance Policy to protect the Company's operations and data in the digital environment.

ESRS 2 (continued)

GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (continued)

Impacts, risks and opportunities related to own workforce (continued)

The Management Board, Department Directors and the competent heads of departments were informed of all decisions and adopted regulations. The Works Council of the Company and the Trade Union of the Institution have been informed of all changes and new regulations. The Management Board, the Audit Committee, the Supervisory Board and all departments of the Company were informed about the activities related to the lack of storage space. The Management Board and all departments of the Company have been informed about the activities related to the Group's cybersecurity, and the Supervisory Board will also be informed during 2026. The Human Resources Management Department informs the members of the Collegium and the Logistics Department about all activities related to foreign workers.

A detailed list of all material impacts, risks and opportunities, together with their specifications, can be found in the table "Overview of Material Impacts, Risks and Opportunities (IRO)" (see SBM-3).

GOV-3 - Integration of sustainability-related performance in incentive schemes

Incentive programs and remuneration policies are not related to sustainability factors for the Management Board and the Supervisory Board. Climate related considerations are not included in the remuneration of members of the Management Board and the Supervisory Board.

GOV–4 – Statement on due diligence

In accordance with the requirements of the ESRS, the Group has started the process of establishing a detailed due diligence framework for managing sustainability issues. The Group conducted an analysis of key external stakeholders throughout 2025 and actively engaged them through a survey to confirm material impacts, risks and opportunities.

In addition, the Group used external sources such as reports from major suppliers, employee satisfaction surveys, customer satisfaction analysis, communication with the regulator as well as the practices of comparable companies in the sector, sector-specific materiality analyses of ESG rating agencies such as MSCI, S&P Global, ISS ESG and Sustainalytics, and sector-specific material topics defined under the SASB reporting standard.

The following table shows how the Group applies the fundamental elements of due diligence for people and the environment and where they are presented in this Sustainability Statement.

ESRS 2 (continued)

GOV–4 – Statement on due diligence (continued)

Key elements of the due diligence process	**Points in the Sustainability Statement**
1. Incorporating due diligence into governance, strategy and business model	GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies GOV-3 Integration of sustainability-related performance in incentive schemes SBM-3 Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model
2. Cooperation with affected stakeholders	GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies SBM-2 Interests and views of stakeholders Interests and views of own workforce (S1 SBM-2) Interests and views of consumers and end-users (S4 SBM-2)
3. Identification and assessment of negative impacts on humans and the environment	IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
4. Taking action to mitigate negative impacts on people and the environment	Information on measures specified in topic standards (E1-3, S1-4, S4-4)
5. Monitoring the effectiveness of these efforts	E1-4 - Targets related to climate change mitigation and adaptation E5-3 – Targets related to resource use and circular economy S1-5 – Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

ESRS 2 (continued)

GOV-5 - Risk management and internal controls over Sustainability Reporting

Internal controls related to Sustainability Reporting

The Group does not have a risk register, risk management system and internal controls related to Sustainability Reporting and plans to establish them in the next reporting periods. During 2025, the Group introduced an operational framework (matrix) for the systematic collection and validation of data from various sources within the organization, with the aim of ensuring full compliance with ESRS standards. The matrix covers all material indicators related to the Group's sustainability. It enables transparent monitoring of the fulfillment status of each individual requirement, identification of missing data and responsibilities, and serves as a basis for the preparation of an official Sustainability Statement. The fulfillment checklist additionally allows for quick verification and documentation of progress in report preparation, minimizing the risk of non-compliance and facilitating process auditing.

Risks related to Sustainability Reporting

In the following reporting periods, the Group will also integrate the results of its risk assessment and internal controls related to the Sustainability Reporting process into the relevant internal functions and procedures, as well as periodic reporting to the Management Board, the Supervisory Board and the Audit Committee.

SBM-1 - Strategy, business model and value chain

The Company is a leading pharmaceutical wholesaler founded in 1922 in the Republic of Croatia, with headquarters in Zagreb at Capraška 1. The main activities are the sale, storage and distribution of human and veterinary medicines, medical devices, equipment and dental aids, cosmetic, dietetic, hygienic and other products intended for the healthcare market.

With quality and reliable distribution, Medika contributes to public health and the healthcare system in general, strengthening its position as a leading actor and an indispensable partner in the healthcare sector. With its wide range of products, Medika supplies pharmacies, health institutions, hospitals, health centers, clinics, doctor's offices, wholesalers and specialized stores.

Pharmacy activities are carried out in the largest pharmacy chain in the Republic of Croatia - Prima Pharme Pharmacies, which, through the provision of pharmaceutical care across their 81 pharmacy branches, constitutes a significant component of primary healthcare.

Wholesale

The primary activities of wholesale are the sale, storage and distribution of sales assortments offered by Medika. This assortment includes medicines for human and veterinary needs, medical devices, equipment and dental aids, dietetic, cosmetic, hygienic and other products intended for the health market. In terms of assortment, the largest part of the turnover is made up of medicines, about 85 percent. Buyers of the wholesale assortment are primarily pharmacies and hospitals, but also other actors such as veterinary clinics, dental offices, health centers, polyclinics and other wholesalers.

ESRS 2 (continued)

SBM-1 - Strategy, business model and value chain (continued)

Wholesale (continued)

In addition to the above basic logistics services and its own assortment, Medika is also a representative of the Italian, natural cosmetics line L'Erbolario on the domestic market. In addition, the brand has been exported to Montenegro and Bosnia and Herzegovina for many years.

Medika recognized the challenges of digitalization and modern processes and in 2022 developed a digital platform called Pharmeria. In the past three years, Pharmeria can boast of the largest pharmacy network of over 280 pharmacy units, and the offer it offers exceeds more than 5000 products. Pharmeria has become a reliable destination for finding drugstore and pharmacy assortment. What distinguishes this platform from similar web shops is the ability to collect orders free of charge at a selected pharmacy, with home delivery also available. Given that education is the key to health, in addition to offering a wide and trusted assortment, Pharmeria is a platform that provides its users with professional and educational advice, and its vision is to become a unique health platform in the near future, where users will be able to find all the useful health-related tips in a few clicks while purchasing their favorite products, including advice on nutrition, motherhood and related topics.

Medika's primary market operates is the Republic of Croatia, where it generates over 99% of its total revenue. To a lesser extent, Medika also operates in the markets of Slovenia, Lithuania, Serbia, Bosnia and Herzegovina, North Macedonia, Montenegro and the Czech Republic.

With the aim of developing the pharmaceutical wholesale business and implementing innovative solutions, the digitalization process continues, with the aim of increasing business efficiency and accessibility. Currently, there are several business areas that have been recognized as candidates for digitalization.

Retail

Retail activities are carried out through the operations of pharmacy units of Prima Pharme Pharmacies. Prima Pharme pharmacies are an unavoidable part of the healthcare chain in Croatia. Prima Pharme pharmacies currently have 81 pharmacy branches.

Retail operations include pharmacy activities that ensure the supply and production of magistral and galenic preparations. Supply refers to the retail trade of medicinal products, and includes the ordering, storage and dispensing of prescription and over-the-counter medicines, according to the contract with the Croatian Health Insurance Fund (HZZO), as well as the production and dispensing of magistral and galenic preparations of proven quality.

In addition, retail sales include the supply of homeopathic products, medical devices, baby food and dietetic products, cosmetic and other health protection products determined by the act of the Croatian Chamber of Pharmacists (HLJK). The supply of medical devices is offered to patients, healthcare institutions and other legal entities, as well as to healthcare professionals in private practice.

ESRS 2 (continued)

SBM-1 - Strategy, business model and value chain (continued)

Retail (continued)

Pharmacy activity also includes providing guidance on the prescription or proper use of medicines, medical, homeopathic and dietary products. Pharmacy care is carried out through the cooperation of Masters of Pharmacy and other health professionals with the aim of achieving better pharmacotherapeutic effects, promoting the rational use of drugs and medical devices, and active participation in disease prevention and health protection. At the Group level, the quality offered in the pharmacy branches is in accordance with the highest standards and is intended for the best possible consumer experience. The pharmacy care provided by pharmacy branches, in addition to rationalizing costs for certain therapeutic protocols, also improves pharmacotherapy procedures in order to achieve all therapeutic goals, as well as to monitor, avoid or reduce drug side effects that may occur. The prevention of interactions, therapeutic duplication or the appearance of allergies is also included in the pharmacy care offered, which is supporetd through the education of patients so that they know how to adhere to therapeutic protocols. On a daily basis, efforts are made to improve the effect of clinical treatment and the implementation of preventive measures aimed at preserving and protecting the health of all customers and patients.

In 2024, the Group had 1,032 employees, and in 2025 this number increased to 1,079 employees, with all employees working in the Republic of Croatia.

The Group is not active in the fossil fuel sector, the production of chemicals, controversial weapons, or the cultivation and production of tobacco.

Elements of the Group's strategy relating to sustainability matters

The Company aims to meet environmental and social expectations while maintaining the growth of business indicators. Key challenges include global risk management and regulatory compliance, with a focus on improving ESG performance management and transparency. In the current period, an analysis of best practices was carried out as a basis for the formulation of the sustainability strategy. An assessment of the feasibility of the proposed strategic measures and targets is currently underway, taking into account regulatory requirements, resources and the expected impact on the business. The results of this assessment will serve as a basis for the implementation of the strategy.

The focus on the health and safety of end users is a vital element of the Group's business strategy related to sustainability, as it ensures that the products distributed and sold meet safety and quality standards. Adapting the business model, to prevent the distribution of counterfeit medical devices, is key to sustainability. This ensures that consumers receive reliable and high-quality products, thereby protecting their health while strengthening the Group's market credibility.

The sustainability matters identified in double materiality assessment will be incorporated in the sustainability strategy, and the business strategy will be further updated accordingly. Alignment of these strategies is planned in the upcoming periods.

ESRS 2 (continued)

SBM-1 - Strategy, business model and value chain (continued)

Input data and approach to collecting, producing and securing this data (continued)

In its business model, the Group uses a wide range of inputs related to the procurement of raw materials and packaging, energy, labor, supply chain services and other resources needed for the distribution of medicines and medical equipment. Data on the quantity, quality of medicines and medical equipment, as well as data on energy products, waste and activities in the value chain, are collected through internal management systems and certified processes. The collection, production and quality assurance of input data is carried out through integrated management systems, including quality, environmental and energy management systems (ISO 9001, ISO 14001, ISO 50001). In addition to internal technical and operational data, the Group also systematically collects input data necessary for the development of a sustainability strategy, reporting procedures and double materiality assessment (DMA). In addition to internal information systems and certified quality, environmental and energy management processes, the Group also uses external data sources such as regulatory requirements, sector analyses, key supplier reports, relevant market indicators and publicly available data on environmental and social impacts.

Taken together, these data enables an understanding of material impacts across the entire value chain and form the basis for strategic decision-making, activity planning and the production of ESRS-compliant disclosures. The operational framework (matrix) for data collection and validation for compliance with ESRS standards, introduced in 2025, further supports this process. The matrix covers all material indicators related to the Group's sustainability, which makes it possible to monitor the fulfilment of requirements, identify missing data and responsibilities, and serve as the basis for the official report. The checklist further facilitates progress monitoring, reduces the risk of non-compliance, and simplifies auditing.

Current and expected benefits for stakeholders

The Group's core activities are the sale, storage and distribution of human and veterinary medicines, medical devices, equipment and dental aids, cosmetic, dietetic, hygienic and other products intended for the health market. With quality and reliable distribution, the Group contributes to public health and the healthcare system in general, strengthening its position as a leading stakeholder and an indispensable partner in the healthcare sector. With its wide range of products, the Company supplies pharmacies, health institutions, hospitals, health centers, clinics, surgeries, wholesalers and specialized stores, while Prima Pharme Pharmacies supply end users.

Key resources and value chain overview

The Group's primary resources include natural resources, financial capital, qualified human resources, assets (warehouses, retail outlets, transport vehicles) and technological innovation. For example, qualified employees, including Masters of Pharmacy, and procurement and quality specialists are responsible for supplier selection, supply chain management, and drug quality and safety assurance. The Company has implemented quality and safety systems, and has provided appropriate premises and equipment for storage and distribution, as well as the necessary permits and certificates for the distribution of medicinal products such as ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), DDP (Good Distribution Practice), DPP (Good Manufacturing Practice) and HACCP (Food Safety Control System) standards.

ESRS 2 (continued)

SBM-1 - Strategy, business model and value chain (continued)

Key Resources and Value Chain Overview (continued)

These resources enable the Group to efficiently manage the distribution, wholesale and retail of medicines, ensuring the quality and safety of products for end users. The Group invests in continuous workforce training and cutting-edge technology to ensure the efficient use of these resources. The Group's value chain includes both upstream and downstream activities. Upstream, the Group cooperates with various suppliers, the most represented of which are manufacturers of prescription and over-the-counter drugs and manufacturers of medical devices and equipment. The procurement process is governed by existing procurement regulations and distribution contracts with general terms and conditions.

Downstream, the Group focuses on creating value for end users through the marketing of medical devices through its own retail channels and cooperation with pharmacies, hospitals, opticians, practices and polyclinics. The Group also engages in regular communication and collaboration with regulatory authorities to ensure regulatory compliance. The goal is to improve the user experience and ensure the availability of a wide range of medical devices.

Structure of costs and revenues of business segments according to the requirements of IFRS 8

The Group monitors revenue generation and gross profit through two main distribution channels: wholesale and retail.
The wholesale distribution channel consists of:

1. Pharmacies
2. Hospitals
3. Other customers that are divided into:
    - Dental clinics
    - Veterinary stations
    - Health centers
    - Wholesalers
    - other customers (herbal pharmacies, companies, opticians and others)

The retail distribution channel consists of its own pharmacies (a subsidiary of ZU Ljekarne Prima Pharme with its subsidiaries). Information on business segments can be found in the Notes to the Consolidated Financial Statements, Note 6 – Information on Business Segments of this Annual Financial Report.

Impacts, risks and opportunities in significant sectors and their relationship with the business model and value chain

Most of the material impacts, risks and opportunities identified are directly related to the Group's business model or value chain. In the environmental domain, material impacts are Scope 1 and 2 greenhouse gas emissions for transportation, storage of goods and offices, and refrigerants for the proper storage of pharmaceuticals and Scope 3 greenhouse gas emissions. All these impacts derive directly from the Group's business model and the main activities of wholesale and distribution.

ESRS 2 (continued)

SBM-1 - Strategy, business model and value chain (continued)

Impacts, risks and opportunities in significant sectors and their relationship with the business model and value chain (continued)

The impact of Scope 3 greenhouse gas emissions, which is unavoidable given the business model of cooperation with manufacturers and the sale of medicines, is also linked to the Group's value chain. In the environmental domain, the risk of losing the ISO 14001 certificate has been identified, which would prevent the Company from carrying out its main wholesale and distribution activity. In the social domain, the Group has identified an impact on the health and safety of end users through the prevention of counterfeiting and illicit trade that is directly related to the Group's business model, i.e. wholesale and retail activities. Furthermore, in its relations with suppliers, the Group has identified the risk of hospital debts and debt collection deadlines that is specific to the business model as well as related to the downstream part of the Company's value chain and the specifics of the public healthcare system with which the Group cooperates. A list of all material impacts, risks and opportunities can be found in the table "Brief overview of material impacts, risks and opportunities (IRO) of the Group".

SBM-2 - Interests and views of stakeholders

During 2024, the Medika Group conducted its first double materiality assessment in accordance with the requirements of the ESRS. Internal stakeholders participated in the process through active engagement and external stakeholders through passive engagement, through activities such as value chain mapping, benchmark analysis (including comparison with related companies, sectoral relevant topics from reporting standards and rating agency ratings), as well as the collection of material ESG information about stakeholders through available reports and websites. In 2025, the Group improved the process by analysing key external stakeholders and actively involving them in order to confirm material impacts, risks and opportunities.

In addition to employees, the following key external stakeholders have been identified as key internal stakeholders of the Group:

- Consumers and end-users
    - Users of pharmacy services (retail customers – patients, families and caregivers of patients)
    - Wholesale customers (hospitals, pharmacies, wholesalers, health centers, polyclinics, dental practices, veterinary clinics, institutes, companies)
- Key suppliers
- Shareholders and members of the Supervisory Board
- Financial institutions
- Regulatory and public administration bodies
    - Ministry of Health[1]
    - Croatian Medicines Verification Organization (HOPAL)
- Community
    - Croatian Chamber of Pharmacists
    - Universities

[1] The survey was sent, but no official statement was received.

ESRS 2 (continued)

SBM-2 - Interests and views of stakeholders (continued)

These key external stakeholders, in the process of updating the double materiality analysis, are actively involved in the confirmation of material impacts, risks and opportunities. Involvement was carried out through surveys sent to identified representatives of external stakeholders. The surveys were sent to the representatives electronically, with the exception of users of pharmacy services who were surveyed via a paper form in the selected pharmacy. The analysis was structured around environmental, social and governance (ESG) issues to ensure that stakeholders assess the impacts, risks and opportunities that are truly relevant to them.

The results of the survey showed that all material impacts, risks and opportunities of the Group were confirmed by external stakeholders. In addition, stakeholders are given the opportunity to propose additional impacts, risks and opportunities that they consider relevant through comments. If the proposed IRO has not previously been included in the double materiality analysis, it has been added to the long list for further consideration. During the survey, individual stakeholders presented suggestions related to the Group's strategy and business model, and their insights were summarized and presented for further consideration. At the end of the survey, stakeholders were asked whether they believe that the Group takes into account their interests and attitudes when making business decisions and whether they are interested in participating in similar surveys in the future, in order to assess the level of satisfaction and readiness for further cooperation. Most stakeholders consider that some of their interests and views have been taken into account and have expressed a desire to be further involved in the development of the Group's approach.

Employees, as key internal stakeholders, actively participated in the initial double materiality analysis through interviews. Their insights, together with the perspective of the Works Council as an employee representative, have shaped the impacts, risks and opportunities that the Group addresses. The reason behind their engagement – both during the double materiality analysis and in their daily work – is to ensure a healthy, safe and supportive working environment, to foster a high level of motivation, a sense of belonging and purpose, and to provide opportunities for professional development and fair compensation. The Works Council was also involved in 2025 to confirm the Group's material impacts, risks and opportunities.

The Management Board, the Supervisory Board and the Audit Committee were informed about the views and interests of key stakeholders through a presentation of the survey analysis results. Also, this year, the Supervisory Board was actively involved in the survey process as a shareholder representative. The Management Board, the Supervisory Board and the Audit Committee are informed about sustainability topics at least on an annual basis.

Interests and views of own workforce (S1 SBM-2)

The Group places significant importance on the rights and interests of its employees, which is reflected in the Group's strategy and business model. The strategy and business model are determined by management, and the opinions of workers are taken into account in relation to matters that affect their rights. The Group has put in place mechanisms to swiftly and effectively address potential discriminatory or other forms of unfair practices, including the appointment of a Commissioner to protect the dignity of workers. Also, activities aimed at integrating foreign workers and promoting gender equality are carried out. The Group also ensures equal opportunities for all employees, regardless of gender, and enables them to demonstrate their skills and advance in their careers.

ESRS 2 (continued)

SBM-2 - Interests and views of stakeholders (continued)

Interests and views of own workforce (S1 SBM-2) (continued)

Risks and opportunities related to working conditions, employee rights, and employee satisfaction are actively analyzed to identify areas for improvement. Maintaining relationships and social dialogue with employees through regular satisfaction surveys, quarterly conversations and communication with the Works Council and feedback are included in decision-making, which helps to adjust the strategy and business model in line with the views and needs of employees, where possible.

Interests and views of consumers and end-users (S4 SBM-2)

The Group places strong emphasis on the interests, views and rights of consumers and end users, which materially affects the strategy and business model. The Group continuously monitors customer satisfaction in order to understand their experiences and recognize the advantages and disadvantages of a business relationship. This is achieved by regularly surveying customers about their satisfaction with services and business processes, and the results are used to continuously improve the quality system.

The Group also provides access to quality products and services through an extensive network of pharmacies. In addition, the Group focuses on responsible sales, ensuring that all products are serialized at release, allowing for a quick response in case of need. In addition, as stated above, consumers and end-users were actively involved in confirming the Group's material impacts, risks and opportunities during 2025.

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Overview of material impacts, risks and opportunities of the Group (IRO)

Theme	*Sustainability issues and related IDPs*	*I/R/O*	*Location in the business model*	*Location in the value chain*	*Time horizon*
E1 Climate change	**Climate change mitigation**				
	Scope 1 GHG Emissions – Transport of Goods	Negative impact	Transport, logistics	Own operations	Short-term
	Scope 1 GHG Emissions – Refrigerants	Negative impact	Transport, logistics, warehouse, pharmacies	Own operations	Short-term
	GHG Emissions Scope 3	Negative impact	Value chain	Upstream Downstream	Short-term
	Energy				
	Energy consumption and GHG emissions of Scope 1 and 2 – Heating, cooling, lighting	Negative impact	All business segments	Own operations	Short-term
	Investing in renewable energy sources	Opportunity	Logistics, all business segments	Own operations	Medium Term Long Term
E5 Resource use and circular economy	**Waste** Loss of ISO 14001 certification	Risk	Logistics	Own operations	Medium term Long-term

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of Material Impacts, Risks and Opportunities of the Group (IRO) (continued)

Theme	*Sustainability issues and related IDPs*	*I/R/O*	*Location in the business model*	*Location in the value chain*	*Time horizon*
S1 Own workforce	**Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value**				
	Equal pay through the systematization of wages and rights	Positive impact	All business segments	Own operations	Short-term
	Working conditions - safe workplaces				
	Labor shortages and high labor turnover	Risk	Logistics	Own operations	Short-term
	Working conditions - Working hours				
	Lack of storage space	Risk	Logistics	Own operations Upstream Downstream	Short-term
	Lack of Masters of Pharmacy Interested in Working in Pharmacies	Risk	Pharmacies	Own operations Downstream	Short-term
	Equal treatment and opportunities for all - Training and skills development				
	Employee education and training	Opportunity	All business segments	Own operations	Short-term
	Working conditions - adequate wages				
	Adequate salaries and benefits.	Opportunity	All business segments	Own operations	Short-term
	Working conditions - work-life balance				
	Taking care of the well-being of employees through the provision of benefits	Opportunity	All business segments	Own operations	Short-term

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of Material Impacts, Risks and Opportunities of the Group (IRO) (continued)

Theme	*Sustainability issues and related IDPs*	*I/R/O*	*Location in the business model*	*Location in the value chain*	*Time horizon*
S4 Consumers and end-users	**Effects related to information for consumers and/or end-users - Privacy**				
	Cybersecurity	Risk	IT, pharmacies	Own operations	Medium Term Long Term
	Personal safety of consumers and/or end-users - Health and safety				
	Preventing counterfeits and illicit trade	Positive impact	Sales	Upstream Own operations	Short-term
G1 Business Conduct	**Supplier relationship management, including payment practices**				
	Hospital debts and long debt collection deadlines	Risk	Procurement and sales	Own operations Downstream	Short-term

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of the material impacts, risks and opportunities of the Grupe (IRO) (continued)

During 2024, the Group identified its material impacts, risks and opportunities for the first time, and reaffirmed them in 2025. In 2025, the Group started developing a sustainability strategy and gradually defining related measures and targets. The aim is to respond to the identified challenges, mitigate negative impacts, effectively manage risks and seize opportunities to highlight positive impacts. The Group will continue to work on the development of the sustainability strategy, as well as on the implementation of measures and setting target values in the coming periods. The list of implemented measures can be found in the relevant topical sections of this report.

The identified material risks and opportunities are not expected to have an increased risk on the adjustment of the value of assets and liabilities presented in the financial statements, but the measures implemented to manage these risks and enhance the positive impact and use of opportunities have influenced the Group’s financial statements through increased personnel costs, depreciation and other operating costs, and they also affected the Group's cash flows

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of Material Impacts, Risks and Opportunities of the Group (IRO) (continued)

A detailed overview of material impacts

Theme	***Sustainability issues and related IDPs***	***Negative/positive impact***	***Description***	***Affected stakeholder***	***It is related to the strategy.***
E1 Climate change	**Climate change mitigation**				
	Scope 1 GHG Emissions – Transport of Goods	Actual negative impact	Greenhouse gas emissions (Scope 1) emitted during transport (internal transport of goods (inter-warehouse) and transport of goods from warehouses to customers) contribute to climate change.	Nature	It stems from the strategy and business model
	Scope 1 GHG Emissions – Refrigerants	Actual negative impact	Refrigerants used in refrigeration chambers, refrigerators and air conditioners contain greenhouse gases with a stronger global warming potential (GWP) than CO2.	Nature	Stems from strategy – stems directly from the Group's activities

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of Material Impacts, Risks and Opportunities of the Group (IRO) (continued)

A detailed overview of material impacts (continued)

Theme	*Sustainability issues and related IDPs*	*Negative/positive impact*	*Description*	*Affected stakeholder*	*It is related to the strategy.*
E1 Climate change	**Climate change mitigation (continued)**				
	GHG Emissions Scope 3	Actual negative impact	Greenhouse gas emissions generated in the value chain (upstream and downstream - Scope 3), which are related to the production of medicines and other products and services, transport of goods and services, business travel, waste disposal and other activities, affect climate change.	Nature	Linked to strategy – from the value chain
	Energy				
	Energy consumption and GHG emissions of Scope 1 and 2 - Heating, cooling, lighting	Actual negative impact	The use of energy for heating, cooling and lighting purposes of warehouses and offices generates greenhouse gas emissions (Scope 1 and 2) that contribute to climate change. Electricity, natural gas and diesel (generators) are used, with the consumption of energy from non-renewable sources being primary.	Nature	It arises from the strategy – it arises directly from the activities

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of Material Impacts, Risks and Opportunities of the Group (IRO) (continued)

A detailed overview of material effects (continued)

Theme	*Sustainability issues and related IDPs*	*Negative/positive impact*	*Description*	*Affected stakeholder*	*It is related to the strategy.*
S1 Own workforce	**Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value**				
	Equal pay through the systematization of wages and rights	Actual impact positive	Equal opportunities for all employees through prescribed job descriptions and prescribed financial frameworks for each position, regardless of gender, origin or other.	Own workforce	Strategy-related – the strategy includes certain aspects that affect the work environment, such as sales goals, team dynamics, or the resources available to employees.
S4 Consumers and end-users	**Personal safety of consumers and/or end-users - Health and safety**				
	Preventing counterfeits and illicit trade	Actual impact positive	Through serialization and monitoring of the authenticity of medicines, Medika works to protect patients/consumers by preventing counterfeits and illicit trade.	Consumers and end-users	It stems from the strategy – the health and safety of end users is a determinant of the Group's strategy. The prevention of counterfeits and illicit trade is a consequence of the implementation of the strategy.

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of Material Impacts, Risks and Opportunities of the Group (IRO) (continued)

A detailed overview of material risks and opportunities (continued)

Theme	***Sustainability issues and related IDPs***	***Risk / Opportunity***	***Description***
E1 Climate change	***Energy***		
	Investing in renewable energy sources	Opportunity	Investing in renewable energy sources can bring medium and long-term cost savings, reducing dependence on fossil fuels. Possible opportunities include building your own photovoltaic cells or buying green electricity from the grid.
E5 Resource use and circular economy	***Waste***		
	Loss of ISO 14001 certification	Risk	Possibility of losing ISO 14001 (International Standard for Environmental Management Systems) certification due to potential non-conformities. ISO 14001 is necessary to maintain the Good Distribution Practice (GDP) certificate, without which it is not possible to perform drug distribution services in the EU.

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of Material Impacts, Risks and Opportunities of the Group (IRO) (continued)

Detailed overview of material risks and opportunities (continued)

Theme	***Sustainability issues and related IDPs***	***Risk / Opportunity***	***Description***
S1 Own workforce	***Working conditions - safe workplaces***		
	Labor shortages and high labor turnover	Risk	Labor shortages and high worker turnover affect the quality of work and employee satisfaction, which can lead to additional costs caused by errors.
	Working conditions - working hours		
	Lack of storage space	Risk	The lack of warehouse space in relation to the growth of turnover can lead to the rejection of jobs due to the inability to execute and difficult implementation of logistics operations.
	Lack of Masters of Pharmacy Interested in Working in Pharmacies	Risk	Due to the decreasing interest of Masters of Pharmacy in working in pharmacies, the Company faces challenges in securing the necessary staff, which can lead to the closure of pharmacies and the consequent loss of income. It is a legal obligation to have a Master of Pharmacy present in the pharmacy with a licence for independent practice.

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of Material Impacts, Risks and Opportunities of the Group (IRO) (continued)

Detailed overview of material risks and opportunities (continued)

Theme	*Sustainability issues and related IDPs*	*Risk / Opportunity*	*Description*
S1 Own workforce	**Equal treatment and opportunities for all - Training and skills development**		
	Employee education and training	Opportunity	Providing education and training to employees and taking care of well-being affects employee satisfaction and employee retention, which results in continuous work, preservation of knowledge within the company, savings on the introduction of new employees and satisfaction of suppliers and customers.
	Working conditions - adequate wages		
	Adequate salaries and benefits.	Opportunity	Adequate salaries and care for employees increase their satisfaction and retention, which results in continuity of work, preservation of organizational knowledge, reduction of the costs of introducing new employees, and greater satisfaction of suppliers and customers.
	Working conditions - work-life balance		
	Taking care of the well-being of employees through the provision of benefits	Opportunity	Taking care of employees through the provision of various benefits increases their satisfaction and motivation, so they stay longer in the company. This ensures continuity of work, preservation of organizational knowledge, reduction of costs of introducing new employees and increase the level of satisfaction of suppliers and customers.

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of Material Impacts, Risks and Opportunities of the Group (IRO) (continued)

Detailed overview of material risks and opportunities (continued)

Theme	*Sustainability issues and related IDPs*	*Risk / Opportunity*	*Description*
S4 Consumers and end-users	**Effects related to information for consumers and/or end-users - Privacy**		
	Cybersecurity	Risk	A breach of an IT system as a result of a cyber attack can cause data leaks, downtime and data loss, which can result in a decrease in customer trust and have an impact on the company's revenues through the loss of customers, the costs of repairing the damage and possible ransom payments.
G1 Business Conduct	**Supplier relationship management, including payment practices**		
	Hospital debts and long debt collection deadlines	Risk	Non-payment by hospitals and borrowing from distributors to pay suppliers can result in outstanding obligations.

ESRS 2 (continued)

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Overview of Material Impacts, Risks and Opportunities of the Group (IRO) (continued)

As part of the double materiality assessment process, the resilience of the Group's business model during this reporting period was taken into account with the aim of identifying, understanding and managing material impacts, risks and opportunities, i.e. the Group considered whether and in what ways it could address them.

In the current reporting period, the Group conducted a quantitative analysis of resilience to climate risks, in accordance with the timeframes defined in ESRS 1, paragraph 64. Based on the results of the analysis of climate, physical and transition risks, the resilience analysis included the most material climate risks and the assessment of the effectiveness of existing protection and control measures. Among the key measures, infrastructure solutions such as raised warehouse floors, regular maintenance of drains and roofs, air conditioning of all spaces and vehicles, and storage of medicines above floor level stand out. Operational resilience is based on updated and tested emergency protocols for all types of emergencies, while financial resilience derives from comprehensive insurance policies with high coverage limits for damages and business interruptions. The resilience analysis showed that these measures have proven to be effective in practice, ensuring the resilience of the strategy and business model, given that there have been no material disruptions in distribution, supply or financial performance due to climate events in the last few years. The Group continuously invests in fleet and infrastructure renewal, monitors regulatory changes, diversifies suppliers and proactively manages inventory, further reducing risk exposure and strengthening long-term resilience to climate challenges.

No resilience analysis was performed for the identified material impacts and risks associated with other sustainability matters.

The Group also gradually worked on developing a sustainability strategy during the reporting period and will continue to do so in subsequent reporting periods in order to better respond to material impacts and risks and take advantage of material opportunities.

The Group updated its double materiality analysis in the course of 2025, but there were no changes in material impacts, risks and opportunities compared to the previous reporting period.

All material impacts, risks and opportunities are covered by the ESRS disclosure requirements described in Table Overview of material impacts, risks and opportunities of the Group in part SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model of this report, and there are no material impacts, risks and opportunities specific to the entity.

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

In 2024, the Group conducted the first double materiality assessment in accordance with the ESRS. The process included the identification and assessment of impacts, risks and opportunities (IRO) as a basis for determining the materiality of sustainability factors. The double materiality assessment addresses impact materiality and financial materiality and is the cornerstone of Sustainability Reporting, ensuring consistency in the identification and assessment of sustainability topics that are critical to the Group and stakeholders.

ESRS 2 (continued)

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities (continued)

During 2025, the Group upgraded last year's double materiality analysis, which served as a solid foundation and remained relevant and current. This year's analysis has been further improved through the active involvement of key external stakeholders, the implementation of a quantitative analysis of climate risks and the analysis of the Group's resilience to identified climate risks. This approach represents the best practice that ensures the continuous progress and quality of the double significance analysis process. The Group will conduct an annual review of the double materiality assessment process to ensure its relevance. In the event that it is determined that the results are no longer current or there is room for improvement, the analysis will be revised and upgraded to adapt to the new circumstances. It is important to point out that the results of the double materiality assessment process, as well as the identified material topics and impacts, risks and opportunities, remain unchanged compared to the previous reporting period.

The methodology for estimating double materiality, which includes all relevant steps of the initial analysis and the changes and improvements made during the current reporting period, is presented and described in detail below.

Identification and involvement of stakeholders

As part of the double materiality assessment process, the views of the Group's stakeholders were taken into account in order to gather their insights on potentially key topics for the Group. Internal stakeholders were involved, including representatives and experts from various fields, a representative of the works council through interviews.

The review of the value chain was conducted through passive engagement, using value chain mapping and benchmark analysis, and gathering relevant ESG information from publicly available sources. During 2025, a detailed analysis of the value chain was carried out, based on the analysis of the Group's key external stakeholders. A value chain analysis includes a list of all key external and internal stakeholders, their descriptions and roles in the value chain, as well as resource dependencies and locations.

Identification of impacts, risks and opportunities

In the initial double materiality analysis, based on engagement with internal stakeholders, value chain mapping, benchmark analysis, sector analysis and passive engagement of external stakeholders, a list of potentially relevant sustainability issues was compiled. Resources, locations and business activities were reviewed to assess the actual and potential impacts, risks and opportunities within the Group's operations and value chain. In advancing the analysis during the current reporting period, key external stakeholders were actively involved in this phase through a survey in which they had the opportunity to express their views on potential impacts, risks and opportunities, and their insights were included in a long list for further consideration.

Identification of impacts: Relevant impacts are identified and mapped to specific business segments, value chain stages and affected stakeholders. This process followed the ESRS requirements, so that all relevant data were taken into account.

ESRS 2 (continued)

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities (continued)

Identification of impacts, risks and opportunities (continued)

Identification of risks and opportunities: Risks and opportunities are documented, including their origin within the value chain and financial implications. The interdependencies between impacts and risks and opportunities were considered, in order to take into account the possibility of developing sustainability impacts into financial risks or opportunities. Each impact was analysed to determine whether it could have a financial impact on the Group and, if so, was classified as a risk. Also, dependencies were assessed for each risk and opportunity.

Assessment of the materiality of impacts and financial significance

After identifying a long list of impacts, risks and opportunities, the phase of quantification and assessment of impacts, risks and opportunities was initiated.

Materiality of impacts: In the impact assessment, the Group followed the materiality criteria set out in ESRS 1. Impacts were assessed according to severity, consisting of scale, scope and irremediable character of the impact (in the case of negative impacts) and likelihood (in the case of potential impacts). Also, as regards the potential adverse impact on human rights, the severity of the impact took precedence over the likelihood of that impact.

Financial materiality: In assessing risks and opportunities, the analysis took into account factors that are likely to have a material impact on the Company's financial performance, reputation, or ability to develop its strategic objectives, such as a gradual transition to renewable energy sources, where possible, the ability to maintain ISO certification, employee retention, customer privacy, and supplier relationship management. Risks and opportunities were assessed according to their scale and the likelihood of financial consequences. The assessment of financial scale shall consider all risks, including those related to sustainability and other areas. Consequently, sustainability-related risks are assessed in terms of their interdependence with financial risks (e.g. liquidity risk, credit risk, customer collection risk, price risk, macroeconomic and political risks, supply chain disruption risks, IT system risk, etc.). There is currently no specific system in place to single out and prioritise sustainability risks and no tools are used for such assessments at this stage, beyond the double materiality analysis.

A scale of 1 to 5 was used to assess the severity of the impacts. For potential impacts, in addition to the severity scale, a probability scale of 1 to 4 was used. A scale of 1 to 5 was used to assess the magnitude of the potential financial impact and the likelihood of risks and opportunities. The materiality threshold is set at 3.0 for materiality of actual impacts, 3.5 for materiality of potential impacts, and 3.5 for financial materiality, on a scale of 1 to 5. Below these materiality thresholds, impacts, risks and opportunities are not considered material enough to be defined as material under Section 3.2 of ESRS 1, 'Material factors and materiality of information'. The different materiality thresholds for impact assessment are the result of an assessment methodology to ensure that the assessment of actual and potential impacts is aligned.

ESRS 2 (continued)

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities (continued)

Assessment of the significance of impacts and financial significance (continued)

In the initial double materiality analysis, the scoring and assessment results were validated exclusively by key internal stakeholders together with validation by the Management Board. In the improvement of the process in the current reporting period, key external stakeholders were actively involved in the confirmation of material impacts, risks and opportunities through a survey. The stakeholder engagement process is described in detail in Chapter SBM-2 – Stakeholder Interests and Views.

Integration of risks and opportunities into the overall governance process of the Group

The process of identifying, assessing and managing impacts, risks and opportunities in the Group was carried out at the level of the Finance and Accounting Department, which aims to ensure that sustainability-related impacts, risks and opportunities are systematically embedded in the overall risk management processes and contribute to the assessment of the Group's overall risk profile. In 2025, the Group started working on a sustainability strategy in accordance with material topics and will define mitigation measures for identified material risks and opportunity management approaches in the coming periods. Consequently, the integration of sustainability risks into the Group's risk management system has not yet been established.

Input parameters and internal controls

The materiality assessment process relies on reliable input parameters to ensure an accurate and objective assessment. Data sources include internal metrics, such as operational reports, employee feedback, in addition to external benchmarks such as ESG scores and regulatory standards, including ESRS and EU Taxonomy. The scope of the assessment covers the value chain, including the largest manufacturers with which the Group cooperates, financial institutions, regulatory and public administration bodies, own operations and downstream stakeholders, such as customers, end-users and local communities. To ensure thoroughness, the process also integrates industry-specific standards and benchmarks, along with assumptions such as estimates of probability and financial scale, which are based on historical data and future projections.

During 2025, the Group introduced an operational framework (matrix) for the systematic collection and validation of data from various sources within the organization, with the aim of ensuring full compliance with ESRS standards.

ESRS 2 (continued)

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities (continued)

IRO-1 Climate Change

In the process of identifying material impacts related to climate change, the Group took into account its value chain, business model, reviewed its assets and primarily focused on all impacts resulting from the combustion of GHG emissions, as well as energy consumption, resulting from the strategy and business model. The Group identified actual material negative effects on climate change mitigation as well as on energy.

The Group conducted a climate risk analysis to identify, assess and disclose the actual and potential financial impacts of transition and physical climate risks, as well as climate-related opportunities, across short, medium and long-term time horizons. This included assessing how climate change may affect Medika's own operations, value chain, and business strategy. The process began by identifying a set of potential physical and transition risks and opportunities related to climate change using a multi-layered methodology based on internationally recognized frameworks, including the Task Force on Climate-related Financial Disclosures (TCFD), the Carbon Disclosure Project (CDP), and the Corporate Sustainability Reporting Directive (CSRD).

The climate risk analysis included an assessment of the following physical risks: heatwaves, wildfires, droughts, floods, storms (including snowstorms, sandstorms and dust storms), heavy precipitation (rain, hail, snow/ice), landslides, changing temperature (air, freshwater and marine water), heat stress, temperature variability, changes in wind patterns, changes in precipitation patterns and types (rain, hail, snow/ice), precipitation or hydrological variability; saline intrusion, sea level rise, water stress, coastal erosion, soil degradation and soil erosion. The analysis lists the scenarios used, their sources – including the Intergovernmental Panel on Climate Change, the National Meteorological and Hydrological Service, ThinkHazard, CLIMADA models, Copernicus Climate Change Service and others – key drivers, inputs and constraints, and explains their relevance to the Group's business and strategy. The narratives describe the expected impacts and reasons for the choice of scenarios, and the likelihood of risks and uncertainties are considered in the context of scientific coherence. An overview of assets and business activities to exposure and vulnerability to identified hazards shall be carried out for own operations and upstream and downstream value chains, with confirmation that high-carbon scenarios inform the identification, assessment of exposure and vulnerability of climate hazards. Assessments of how assets and business activities may be exposed and vulnerable to identified climate hazards are included, as well as an assessment of gross physical risks and the extent of exposure and vulnerability for assets and activities.

The analysis also included an assessment of the following transition risks: increased pricing of greenhouse gas emissions, enhanced emissions-reporting obligations, mandates on and regulation of existing products and services, exposure to litigation, mandates on and regulation of existing production processes, substitution of existing products and services with lower emission options, unsuccessful investments in new technologies; costs of transition to lower-emissions technologies, uncertainty of market signals, increased cost of raw materials, increased stakeholder concern or negative stakeholder feedback, and shifts in consumer preferences.

ESRS 2 (continued)

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities (continued)

IRO-1 Climate Change (continued)

Transition events are considered across short, medium and long-term time horizons, and scenario analysis is used to anticipate exposures and vulnerabilities, assessing the need to adjust assets and operating activities to comply with a climate-neutral economy. An overview of assets and operating activities shall be carried out to assess exposure and vulnerability to transition events, and shall identify opportunities related to energy efficiency, renewables and investments in resilient infrastructure.

Qualitative risk assessment included screening and prioritization of identified risks based on their vulnerability and exposure through defined time horizons. This was complemented by quantitative analysis using climate scenario modelling, including the Climate Excellence Tool, which was applied to assess the potential impacts on the Group's real estate portfolio, energy consumption, greenhouse gas emissions and selected financial indicators. Internal consultations were carried out with representatives of the Board of Directors and relevant functional stakeholders to confirm the assumptions, confirm the findings and ensure consistency with the Group's business strategy and operational context.

Two climate scenarios were used to support a forward-looking assessment. A high emissions scenario (approximately 4°C, aligned with IPCC RCP8.5) was used to assess potential physical climate risks, while a fast-track decarbonisation scenario (approximately 1.5°C, aligned with IEA Net Zero Emissions by 2050) was used to assess the risks and opportunities of the transition to a low-carbon economy. These scenarios were used to assess potential impacts on business continuity, exposure to energy and carbon costs, indicative investment needs related to asset modernisation, and long-term impacts of energy efficiency measures and renewables.

After a qualitative and quantitative assessment, a review of geospatial hazards and an assessment of vulnerability to exposure at all operational locations, the analysis concluded that no climate transition or physical risks exceed the materiality threshold. While several hazards such as storms, heatwaves, floods and physical disruptions in supply chains show increasing likelihood in the medium and long term, none are expected to cause material financial consequences during the assessment period. In contrast, the analysis identified one material climate opportunity associated with the transition to renewable energy sources. This opportunity reflects Medika's ability to reduce its exposure to future carbon costs and energy price volatility through investments in photovoltaic systems, green electricity procurement, and electrification of logistics activities.

Climate risk analysis uses internationally recognized climate scenarios, namely IEA Net Zero and IPCC scenarios, which are based on scientific projections of global warming and transition trajectories. These scenarios use their own timeframes and endpoints, which are different from the time horizons defined by ESRS E1 for Sustainability Reporting. The scenario timeframes have been mapped to ESRS time horizons to ensure consistency and comparability in the assessment of risks and opportunities.

ESRS 2 (continued)

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities (continued)

IRO-1 Climate Change (continued)

In practice, this means that the short-term horizon is aligned with the current reporting period, the medium-term horizon covers up to five years in accordance with the Group's strategic planning, and the long-term horizon extends beyond five years, reflecting the scenario for the purposes of setting climate neutrality goals and the Company's long-term climate ambitions. Such mapping allows the Group to translate scenario insights into disclosures that meet ESRS requirements for short, medium and long term horizons, supporting transparent and relevant climate risk management and reporting.

Based on this structured analysis, the Group concluded that none of the climate-related physical or transition risks currently meet the materiality thresholds defined by the ESRS. However, the analysis identified one material climate-related opportunity associated with the increased use of renewables, the procurement of green electricity and the gradual electrification of logistics, which has the potential to reduce exposure to energy price volatility and future carbon-related costs. Certain physical hazards, including heatwaves, floods and storms, as well as transition drivers such as regulatory changes and cost pressures, have been identified as relevant for continuous monitoring and further consideration in the assessment of double materiality, due to their potential to increase probability in the medium and long term. These factors have been assessed taking into account the mitigation and adaptation measures already implemented by the Group, to reflect their likelihood of occurrence and potential impacts in the current operating conditions.

The results of the climate risk analysis directly informed the subsequent climate resilience analysis, which assessed the robustness of Medika Group's strategy and business model in possible transition scenarios and supports continuous monitoring and periodic reassessment of climate-related impacts, risks and opportunities.

Overall, this approach enables the Group to identify, assess and manage climate-related impacts, risks and opportunities in a timely manner and supports the continued resilience of its operations.

IRO-1 Resource Use and Circular Economy

In the process of identifying material impacts, risks and opportunities related to the use of resources and the circular economy, the Group reviewed its assets and primarily focused on the main activities of the wholesale and retail of medicines. Consequently, the Group has identified waste as a material sub-topic for its business, in terms of the risk of losing ISO 14001 certification due to possible non-conformities in waste management. ISO 14001 certification is necessary to maintain the Good Distribution Practices (GDP) certificate required by suppliers to distribute their products in the European Union. The process includes a benchmark analysis of similar companies, a conversation with internal experts and a review of the reports of the largest suppliers. The identified material risk was also confirmed by key external stakeholders through a survey.

ESRS 2 (continued)

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities (continued)

IRO-1 Business Conduct

In the process of identifying material impacts, risks and opportunities in terms of business conduct, the primary focus was on the Group's activity and sector as a pharmaceutical distributor. The process included a benchmark analysis of competitors, an interview with internal experts, a review of supplier reports, as well as customer relations and all the specifics of transaction structures in the healthcare sector in Croatia. As a result of the assessment, a material topic of supplier relationship management, including payment practices, was identified, and the identified risk is hospital debts and long debt collection deadlines, which was also confirmed by key external stakeholders through a survey.

IRO-1 Pollution, IRO-1 Water and Marine Resources, IRO-1 Biodiversity and Ecosystems

The double materiality analysis includes the Group's tangible and intangible assets, locations and operating activities, in order to assess the actual and potential impacts, risks and opportunities in its own operations and value chain, which are related to pollution, water and marine resources, biodiversity and ecosystems, through desk research and interviews with internal stakeholders and experts. The Group conducted an analysis of business locations, which determined that business does not border on sensitive ecosystems or is materially dependent on them, and accordingly concluded that it is not necessary to implement mitigation measures for biodiversity. As part of the double materiality assessment, potential risks and dependencies on biodiversity and ecosystems arising from the value chain were analysed and were not assessed as material for the Group's operations. During 2025, the involvement of key external stakeholders of the Group was also carried out, which did not result in new material topics, which further confirmed that E2 - Pollution, E3 - Water and Marine Resources, E4 - Biodiversity and Ecosystems are not material topics.

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

The Group has identified the information to be disclosed in relation to its identified material impacts, risks and opportunities by applying the principles and criteria set out in Section 3.2 of ESRS 1, *'Material matters and materiality of information'*. The process is designed to ensure that the information disclosed effectively reflects the Company's sustainability impact, as well as its exposure to risks and opportunities that could materially impact its business model, strategy, and financial results.

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The identification process began with a comprehensive double materiality assessment, which assessed sustainability factors from two perspectives:

1. the impact of the Group's operations on the environment, society and governance
2. the financial and strategic implications of sustainability-related risks and opportunities for the Group

ESRS 2 (continued)

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement (continued)

The process included input from multiple sources, including stakeholder consultations, regulatory requirements, industry benchmarks, internal business data, and review and validation of material topics by the Board, Supervisory and Audit Committee, and the Principal of the Institution. During 2025, the process was upgraded with the active involvement of key external stakeholders to confirm material impacts, risks and opportunities, as well as a quantitative analysis of climate risks and resilience analysis.

The Group's approach ensures that the material information published provides a comprehensive and transparent view of its most material impacts, risks and opportunities in the sustainability domain, providing stakeholders with the ability to make informed decisions and strengthening the Company's commitment to transparency in Sustainability Reporting.

As a final step, the materiality of the information principle was applied to determine the final list of disclosure requirements. In accordance with the results of the double materiality analysis, the Group reports on disclosure requirements in accordance with the ESRS Material Topical Standards (ESRS 1 3.2. Material matters and materiality of information, Appendix E: Flowchart for determining disclosures to be included under the ESRS), with the exception of certain material disclosure requirements that are being phased in.

A list of data in cross-cutting and topical standards resulting from other EU legislation (ESRS 2 Appendix B) can be found in the annex to this report on page139 A list of disclosure requirements that were met when compiling this Sustainability Statement based on materiality assessment, including page numbers, is provided in the table below.

List of disclosure requirements fulfilled by the Group's Sustainability Statement

Standard	Disclosure Requirement / Chapter	Page number
ESRS 2	BP-1 - General basis for preparation of sustainability statements	Pg. 6-7
	BP-2 - Disclosures in relation to specific circumstances	Pg. 7-9
	GOV-1 - The role of the administrative, management and supervisory bodies	Pg. 9-20
	GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Pg. 21-24
	GOV-3 - Integration of sustainability-related performance in incentive schemes	Pg. 24
	GOV-4 – Statement on due diligence	Pg. 24-25
	GOV-5 - Risk management and internal controls over Sustainability Reporting	Pg. 26

ESRS 2 (continued)

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement (continued)

List of disclosure requirements fulfilled by the Group's Sustainability Statement (continued)

Standard	Disclosure Requirement	Page number
ESRS 2	SBM-1 - Strategy, Business Model and Value Chain	Pg. 26-31
	SBM-2 – Interests and views of stakeholders	Pg. 31-33
	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Pg. 34-45
	IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	Pg. 45-52
	IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Pg. 52-57
	MDR-P – Policies adopted to manage material sustainability matters	It can be found in policy-related posts in topical standards.
	MDR-A – Actions and resources in relation to material sustainability matters	It can be found in the posts related to the measures in the topical standards.
	MDR-M – Metrics in relation to material sustainability matters	It can be found in posts related to indicators in topical standards.
	MDR-T - Tracking effectiveness of policies and actions through targets	It can be found in posts related to indicators in topical standards.
	ESRS 2 GOV-3 - Integration of sustainability-related performance in incentive schemes	Pg. 24
ESRS E1	E1-1 - Transition plan for climate change mitigation	Pg. 70

ESRS 2 (continued)

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement (continued)

List of disclosure requirements fulfilled by the Group's Sustainability Statement (continued)

Standard	Disclosure requirement	Page number
ESRS E1	ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Pg. 70-71
	ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Pg. 49-51
	E1-2 - Policies related to climate change mitigation and adaptation	Pg. 72
	E1-3 - Actions and resources in relation to climate change policies	Pg. 73-76
	E1-4 – Targets related to climate change mitigation and adaptation	Pg. 76-77
	E1-5 - Energy consumption and mix	Pg. 77-79
	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Pg. 80-88
ESRS E2	ESRS 2 IRO-1 - Description of the processes for identifying and assessing material pollution-related impacts, risks and opportunities	Pg. 52
ESRS E3	ESRS 2 IRO-1 - Description of the processes for identifying and assessing material water and marine resources-related impacts, risks and opportunities	Pg. 52
ESRS E4	ESRS 2 IRO-1 - Description of the processes for identifying and assessing material biodiversity and ecosystem-related impacts, risks and opportunities r	Pg. 52
ESRS E5	ESRS 2 IRO-1 - Description of the processes for identifying and assessing material resource use and circular economy-related impacts, risks and opportunities	Pg. 51
	E5-1 - Policies related to resource use and circular economy	Pg. 88-89
	E5-2 - Actions and resources related to resource use and circular economy	Pg. 90
	E5-3 – Targets related to resource use and circular economy	Pg. 90
	E5-5 – Resource outflows	Pg. 90-92

ESRS 2 (continued)

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement (continued)

List of disclosure requirements fulfilled by the Group's Sustainability Statement (continued)

Standard	Disclosure Requirement	Page number
ESRS S1	ESRS 2 SBM-2 Interests and views of stakeholders	Pg. 32-33
	ESRS 2 SBM–3 Material impacts, risks and opportunities and their interaction with strategy and business model	Pg. 93-96
	S1-1 – Policies related to own workforce	Pg. 96-98
	S1-2 - Processes for engaging with own workers and workers' representatives about impacts	Pg. 98-100
	S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns	Pg. 100-101
	S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Pg. 102-107
	S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Pg. 107-109
	S1-6 – Characteristics of the undertaking's employees	Pg. 109-111
	S1-9 – Diversity metrics	Pg. 111-113
	S1-10 – Adequate wages	Pg. 113
	S1-16 - Compensation metrics (pay gap and total compensation)	Pg. 114-115
	S1-17 - Incidents, complaints and severe human rights impacts	Pg. 115
ESRS S4	ESRS 2 SBM-2 — Interests and views of stakeholders	Pg. 33
	ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Pg. 116
	S4-1- Policies related to consumers and end-users	Pg. 117-121
	S4-2 - Processes for engaging with consumers and end-users about impacts	Pg. 122

ESRS 2 (continued)

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement (continued)

List of disclosure requirements fulfilled by the Group's Sustainability Statement (continued)

Standard	Disclosure Requirement	Page number
ESRS S4	S4-3 - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Pg. 122-123
	S4-4 – Taking action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions and approaches	Pg. 123-126
	S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Pg. 127
ESRS G1	ESRS 2 GOV-1 - The role of administrative, supervisory and management bodies	Pg. 9-20
	ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Pg. 52
	G1-1 - Corporate culture and business conduct policies	Pg. 128-133
	G1-2 - Management of relationships with suppliers	Pg. 133-134
	G1-3 - Prevention and detection of corruption and bribery	Pg. 134-136
	G1-6 - Payment practices	Pg. 136-137

DISCLOSURE IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION) (continued)

The report on taxonomy-eligible economic activities for the reporting period 2025 was prepared in accordance with Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 and Delegated Regulation (EU) 2026/73. The Group has carried out a comprehensive analysis of the eligibility and alignment with the technical criteria for the verification of all its economic activities based on these acts for all six environmental objectives, taking into account the “do no significant harm” criteria (DNSH). Taxonomy alignment is checked using technical screening criteria for each economic activity. These criteria are defined in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 for economic activities that can substantially contribute to the environmental objectives of climate change mitigation and adaptation. For the remaining four environmental objectives, the technical criteria for each economic activity are defined in Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023. Delegated Regulation (EU) 2026/73 introduced key simplifications in the presentation of information and the "do not significant harm” criteria (DNSH).

A taxonomy- non-eligible economic activity is any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.

Disclosures on sustainable activities in line with the EU Taxonomy

In this part of the report, the Group shall disclose the data in accordance with Article 8. of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, supplemented by European Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 laying down technical screening criteria for eligible economic activities contributing to climate change mitigation and adaptation objectives, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems; and are in line with Commission Delegated Regulation (EU) 2021/2178 laying down the reporting methodology.

The Group, in accordance with this regulatory framework, is obliged to disclose information on how and to what extent the Company's economic activities can qualify as taxonomy-eligible in relation to all six environmental objectives, i.e. as taxonomy-aligned. The eligibility and alignment of economic activities is expressed through three economic indicators: the percentage of turnover, capital expenditure and operating expenditure.

The calculation of the share of taxonomy-eligible economic activities was carried out by comparing the activities that make up the share of revenues and by comparing the Group's environmentally friendly capital investments and operating costs with the activities listed in the Taxonomy. The analysis covered the nomenclature of Appendices I and II to Delegated Regulation (EU) 2021/2178, the corresponding NACE codes, and the corresponding specific descriptions and essence of the economic activity itself for each economic activity.

As in the previous reporting period, in 2025 the Group classified all economic activities as eligible but not aligned. The Group is continuously working on improving the data collection system and supporting documentation in order to enable a detailed verification of aligned with the technical criteria for identified eligible activities in future reporting periods.

DISCLOSURE IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (REGULATION TAXONOMY) (continued)

Although the Group does not report taxonomy-aligned activities in 2025, activities have been carried out in accordance with the review of minimum safeguards under Article 18 of Regulation (EU) 2020/852, which includes verification of compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. With regard to the protection of human rights, the Group operates in accordance with all legal regulations in the Republic of Croatia. The Group is obliged to apply all laws and bylaws relating to labor relations and consumer protection and to adopt internal acts in accordance with applicable regulations. The UN Universal Declaration of Human Rights has been adopted in the Republic of Croatia, which is followed by the UN Guiding Principles on Business and Human Rights. Respect for human rights is of utmost importance in all organizational structures of the Group. No cases of breaches of minimum safeguards were identified in the Group during the reporting period. Due diligence on alignment will be carried out in future periods when identifying aligned activities.

KPIs and accounting policies

Key performance indicators ("KPIs") include Turnover KPIs and Capex KPIs. In accordance with the materiality provisions of Delegated Regulation (EU) 2026/73, the Group has made use of the exemption from the obligation to calculate and disclose operational expenditure KPIs (OpEx) in detail. The same is explained in more detail below in the Operating Expenditures section of this part of the report. The Group shall apply the methodology and templates required by Delegated Regulation (EU) 2021/2178, including the amendments introduced by Delegated Regulation (EU) 2026/73. These amendments are applied with the aim of simplifying the content and presentation of information on environmentally sustainable activities for all six environmental objectives of the EU Taxonomy.

All accounting policies specific to the calculation of each individual KPI are described in more detail in the continuation of the report with the accompanying tables.

When calculating the numerator for the revenue KPI (Turnover), a direct method of mapping revenues at the level of individual charts of accounts and economic activities related to the EU Taxonomy was applied. For the calculation of capital expenditure KPIs (CapEx), the method of allocating activities to individual items of fixed assets within the asset register, including investments in assets in preparation that were made during the reporting period, was used. For reporting purposes, economic activities are delineated, so that capital investments (CapEx) and revenues (turnover) are not double-counted in the numerator of indicators. The data used for the calculation are fully aligned with the Group's audited financial statements for 2025.

DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION) (continued)

The key performance indicators for revenue and CapEx prepared in accordance with the simplified templates set out in Delegated Regulation (EU) 2026/73 are presented below.

Financial year	2025														
					Breakdown by environmental objectives of Taxonomy aligned activities										
KPI (1)	Total (2)	Proportion of taxonomy eligible activities (3)	Taxonomy-aligned activities (4)	Proportion of Taxonomy-aligned activities (5)	Climate change mitigation(6)	Climate change adaptation (7)	Water (8)	Circular economy (9)	Pollution (10)	Biodiversity (11)	Proportion of enabling activities (12)	Proportion of transitional activities (13)	Not assessed activities considered non-material (14)	Taxonomy-aligned activities in previous financial year 2024 (15)	Proportion of Taxonomy-aligned activities in previous financial year 2024 (16)
Text	(EUR million)	%	(EUR million)	%	%	%	%	%	%	%	%	%	%	(EUR million)	%
Turnover	955,810	0.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CAPEX	22,545	67.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

DISCLOSURE IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (REGULATION TAXONOMY) (continued)

Turnover

The share of Taxonomy-eligible and EU Taxonomy-aligned economic activities in the Group's total turnover shall be calculated as part of the net revenues generated from products or services, including intangible assets, related to Taxonomy-meeting economic activities (numerator) divided by net revenues (denominator), as defined in Article 2(5) of Directive 2013/34/EU. Revenue includes revenue recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008.

An analysis of all activities was carried out and economic activities were recognized as taxonomy eligible activities based on revenues;

Economic activity	Description	Environmental objective*	NACE
4.1 Electricity generation using solar photovoltaic technology	Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology.	CCM	D35.11
5.5 Collection and transport of non-hazardous waste in source segregated fractions	Separate collection and transport of non-hazardous waste in single or comingled fractions. In the case of the Group, the activity refers to the sale of waste packaging (paper, cardboard, plastic) generated in the logistics processes of the primary activity, which is handed over for further recovery.	EC	E38.11
6.5 Transport by motorcycles, passenger cars and light commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as categories M1 and N1 falling within the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council or category L (two- and three-wheeled vehicles and quadricycles) as referred to in Article 4(1) of Regulation (EU) 2018/858.	CCM/CCA	H49.32, H49.39, N77.11
6.6. Freight transport services by road	Purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road.	CCM/CCA	H49.4.1, H53.10, H53.20, N77.12
7.7 Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate.	CCM/CCA	L68

* The environmental objectives CCM (Climate Change Mitigation) and CCA (Climate Change Adaptation) refer to the environmental objectives of climate change mitigation and adaptation and are defined within Delegated Act 2021/2139 considering the changes to the technical screening criteria introduced by Delegated Regulation (EU) 2026/73.

DISCLOSURE IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (REGULATION TAXONOMY) (continued)

Turnover(continued)

Compared to the previous period, two new eligible activities were identified in 2025: 4.1. Electricity generation using solar photovoltaic technology and 5.5. Collection and transport of non-hazardous waste in source segregated fractions. Economic activity 5.5. Collection and transport of non-hazardous waste in source segregated fraction was identified through the improvement of the methodology of data collection and analysis of accompanying logistics processes. This economic activity includes revenues generated by the sale of waste materials (packaging) that were used in the packaging and distribution of products within the primary activity of the Company. This resulted in the generation of taxonomically eligible turnover that were not reported in the previous period.

Economic activity 4.1 refers to the electricity generation using solar photovoltaic technology at a location in Osijek, the produced electricity of which is mostly used for own needs. In 2025. The Group, as a user, in accordance with the concluded contract, delivers the surplus of electricity produced to the grid. This resulted in the generation of taxonomy-eligible turnover that were not generated in the previous reporting year.

DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION) (continued)

Turnover (continued)

Turnover template for the financial year 2025

KPIs reported	Turnover												
Financial year	**2025**												
					Environmental objective of Taxonomy-aligned activities								
Economic Activities (1)	**Code (2)**	**Taxonomy-eligible KPIs (Proportion of taxonomy-eligible Turnover)(3)**	**Taxonomy-aligned KPI (monetary value of Turnover) (4)**	**Taxonomy-aligned KPI (Proportion of Taxonomy-aligned Turnover)(5)**	**Climate change mitigation (6)**	**Climate change adaptation (7)**	**Water (8)**	**Circular economy (9)**	**Pollution (10)**	**Biodiversity (11)**	**Enabling activity (12)**	**Transitional activity (13)**	**Proportion of Taxonomy-aligned in Taxonomy-eligible (14)**
Text		%	(EUR million)	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
4.1. Electricity generation using solar photovoltaic technology	CCM	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
5.5. Collection and transport of non-hazardous waste in source segregated fractions	EC	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
6.5. Transport by motorcycles, passenger cars and light commercial vehicles	CCM/CCA	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
6.6. Freight transport services by road	CCM/CCA	0.06	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
7.7. Acquisition and ownership of buildings	CCM/CCA	0.27	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
Sum of alignment per objective					**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**			
Total Turnover		**0.33**	**-**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION) (continued)

Turnover (continued)

Turnover template for the financial year 2025 (continued)

	Turnover/total turnover ratio	
	Aligned	**Eligible**
CCM	*%*	*0.33%*
CCA	*%*	*0.33%*
WTR	*%*	*%*
EC	*%*	*%*
PPC	*%*	*%*
BIO	*%*	*%*

The financial data for the calculation of the EU Taxonomy indicators are taken from the audited financial statements of the Group. The values are adjusted with the corresponding items of the Consolidated Statement of Comprehensive Income of this financial report.

Note:

The label consists of an abbreviation of the relevant objective to which the economic activity can make a material contribution and the number of the section on a specific activity in the relevant Annex relating to that objective, i.e.:
— Climate Change Mitigation: CCM
— Climate Change Adaptation: CCA
— Water and Marine Resources: WTR
— Circular Economy: CE
— Pollution Prevention and Control: PPC
— Biodiversity and Ecosystems: BIO

DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION) (continued)

Capital expenditure

The CapEx ratio referred to in Article 8(2), point (b), of Regulation (EU) 2020/852 shall be calculated by dividing the numerator by the denominator. The denominator shall include increases in tangible and intangible assets in the financial year, before their depreciation and remeasurements, including increases resulting from revaluations and impairments, for the relevant financial year and excluding changes in fair value. The denominator also includes increases in tangible and intangible assets resulting from business mergers.

Capital expenditure of non-financial undertakings applying International Financial Reporting Standards (IFRS) as adopted by Regulation (EC) No 1126/2008 shall comprise costs calculated on the basis of:
(a) IAS 16 Property, Plant and Equipment, paragraph 73(e)(i) and (iii);
(b) IAS 38 Intangible Assets, paragraph 118(e)(i);
(c) IAS 40 Investments in Real Estate, paragraph 76(a) and (b) (for the fair value model);
(d) IAS 40 Investments in Real Estate, paragraph 79(d)(i) and (iii) (for the fair value model);
(e) IAS 41 Agriculture, paragraph 50(b) and (e);
(f) IFRS 16 Leases, paragraph 53(h)

Leases that do not lead to the recognition of right-of-use assets are not accounted for as capital expenditure.

Compared to the previous period, one new activity was identified in 2025: 7.7. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings. The activity refers to the system of temperature monitoring in the storage facilities required by the Group's primary activity. Due to the activities of increasing capacity and upgrading storage facilities during 2025, the aforementioned capital investments classified as taxonomically eligible in 2025 appeared.

In addition, a material increase compared to the previous period is recorded in activity 7.7. Acquisition and ownership of buildings. The Company compensated for the risk of lack of storage space by leasing a new warehouse of 11,525 m2, for which a lease agreement was concluded starting from April 15, 2025. The lease is recognised in the Company's assets in accordance with IFRS 16 Leases and consequently significantly increases capital expenditures for activity 7.7. Acquisition and ownership of buildings in 2025.

DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION) (continued)

Capital Expenditures (continued)

An analysis of all activities was carried out and economic activities were recognized as Taxonomy-eligible activities in Capital Expenditure;

Economic activity	Description	NACE
6.5 Transport by motorcycles, passenger cars and light commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as categories M1 and N1 falling within the scope of Regulation (EC) No Regulation (EC) No 715/2007 of the European Parliament and of the Council or category L (two- and three-wheeled vehicles and quadricycles) as referred to in Article 4(1) of Regulation (EU) 2018/858	H49.32, H49.39, N77.11
6.6. Freight transport services by road	Purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 covered by EURO VI, step E or its successor, for the provision of freight transport services by road.	H49.4.1, H53.10, H53.20, N77.12
7.3. Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures consisting of the installation, maintenance or repair of energy efficiency equipment.	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22 and C33.12
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28
7.7 Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate.	L68

* The environmental objectives CCM (Climate Change Mitigation) and CCA (Climate Change Adaptation) refer to the environmental objectives of climate change mitigation and adaptation and are defined in Delegated Act 2021/2139 considering the amendments to the technical screening criteria introduced by Delegated Regulation (EU) 2026/73

DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION) (continued)

Capital expenditures (continued)

CapEx Template for Financial Year 2025

KPIs reported	**CapEx**
Financial year	**2025**

Economic activities (1)	**Code (2)**	**Taxonomy-eligible KPIs (Proportion of Taxonomy-eligible CapEx) (3)**	**Taxonomy-aligned KPI (monetary value of CapEx) (4)**	**Taxonomy-aligned KPI (Proportion of Taxonomy-aligned CapEx) (5)**	**Environmental objective of Taxonomy-aligned activities**						**Enabling activity (12)**	**Transitional activity (13)**	**Proportion of Taxonomy-aligned in taxonomy-eligible (14)**
					Climate change mitigation(6)	**Climate change adaptation (7)**	**Water (8)**	**Circular economy (9)**	**Pollution (10)**	**Biodiversity (11)**			
Text		%	(EUR million)	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
6.5. Transport by motorcycles, passenger cars and light commercial vehicles	CCM/CCA	1.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
6.6. Freight transport services by road	CCM/CCA	3.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
7.3. Installation, maintenance and repair of energy efficiency equipment	CCM/CCA	1.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	CCM/CCA	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
7.7. Acquisition and ownership of buildings	CCM/CCA	60.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00
Sum of alignment per objective					**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**			
Total CapEx		**67.49**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION) (continued)

Capital expenditures (continued)

Financial Year 2025 CapEx Template (continued)

	Capital Investment/Total Capital Investment Ratio	
	Aligned	***Eligible***
CCM	*%*	*67%*
CCA	*%*	*67%*
WTR	*%*	*%*
EC	*%*	*%*
PPC	*%*	*%*
BIO	*%*	*%*

The financial data for the calculation of the EU Taxonomy indicators are taken from the audited financial statements of the Group. The values are adjusted with the corresponding items Notes 14 – Real Estate and Equipment, Notes 14 – Leases and Notes 16 – Intangible Assets of this financial report.

Note:

The label consists of an abbreviation of the relevant objective to which the economic activity can make a material contribution and the number of the section on a specific activity in the relevant Annex relating to that objective, i.e.:
— Climate Change Mitigation: CCM
— Climate Change Adaptation: CCA
— Water and Marine Resources: WTR
— Circular Economy: CE
— Pollution Prevention and Control: PPC
— Biodiversity and Ecosystems: BI

DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION) (continued)

Operating expenditure

Based on the provisions of Delegated Regulation (EU) 2026/73, the Group carried out a materiality test for the operational expenditure indicator. It was determined that the operating costs associated with taxonomy-eligible activities are not material for the Group's business model, therefore, in accordance with the methodological facilitations set out in Delegated Regulation (EU) 2026/73, the Group decided to use the exemption from the estimation and detailed disclosure of the share of taxonomy-aligned operating expenditure (OpEx).

The total OpEx for 2025 is 3,460 thousand euros (2024: 2,366 thousand euros) and represents the denominator in the calculation. Compared to the Group's total expenses of €940,305 million (2024: €811,120 thousand), the share of OpEx is only 0.37% (2024: 0.29%).

This extremely low share proves that OpEx is financially imaterial for the Group's business model and that these costs cannot materially affect investors' financial decisions. Providing a detailed OpEx KPI would require a disproportionate allocation of reporting resources and would not contribute to an adequate and fair presentation of sustainability. The structure of operating costs mostly refers to administrative activities that do not contribute to environmental objectives under Delegated Regulation (EU) 2021/2178, i.e. maintenance department salaries and cleaning overheads. Consequently, the compliance ratio of the OpEx shall not be disclosed, with a transparent indication of the total amount of the denominator.

ESRS E1 - CLIMATE CHANGE

E1-1 - TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

In the medium or longer term, the Group plans to adopt a transition plan that will include measures to mitigate climate change by reducing GHG emissions and adopting a decarbonization strategy, taking into account the development of the ESRS.

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

In accordance with the double materiality and climate risk analysis, the Group did not identify material risks related to climate change, but one transitional opportunity for a gradual transition to renewable energy sources.

Based on the results of the climate risk analysis, the climate resilience analysis assesses how robust and sustainable Medika's strategy and business model are in possible transition conditions related to climate change. The scope of this analysis is limited to Medika's own operations, where the identified opportunity is relevant and includes energy consumption, cold chain warehousing and storage, transport activities and logistics operations at Medika's key locations. Upstream and downstream value chain elements were intentionally excluded, as no material climate impacts, risks or opportunities were identified in these segments during the climate risk analysis. The resilience analysis was conducted in 2025 using the IEA's Net Zero Emissions by 2050 scenario, which reflects a transition path aligned with 1.5°C, characterized by a sharp increase in carbon prices, rapid adoption of renewables, and accelerated deployment of low-emission technologies. Key assumptions included an increase in carbon price growth, electrification of transport, a decline in the cost of renewable energy technologies, changes in macroeconomic conditions, and full decarbonization of the energy sector by 2050 in advanced economies. These assumptions were estimated for the short term (reporting period), medium term (up to five years) and long-term (more than five years) in accordance with the life of the assets and strategic planning.

The results of the resilience analysis show that Medika's strategy and business model remain resilient in all considered time periods. In the short term, resilience is supported by measures already implemented, including LED upgrades in facilities, optimization and maintenance of HVAC systems, replacement of refrigerants with high-GWP alternatives with lower GWP, investments in energy efficiency improvements in warehouses and pharmacies, and fleet renewal, including the purchase of 20 new vehicles in 2025. In addition, in 2025, contracts for the purchase of electricity from renewable sources for the Group's business purposes were signed. These measures reduce exposure to rising energy costs and allow for immediate adaptive capability. In the medium term, rising carbon prices and stricter EU climate policies increase the strategic importance of the material opportunity, as the economic case for the use of renewable electricity, the scalable deployment of photovoltaics and logistical electrification become more compelling.

In the long term, the NZE scenario envisages structurally high carbon prices, a fully decarbonised energy sector, and a broad diffusion of low-emission technologies. In such conditions, Medika's long-term resilience depends on increasing the procurement of renewable electricity and electrifying a material part of the logistics fleet, as well as the gradual upgrade of facilities to meet expectations of efficiency and resilience to climate change.

ESRS E1 - CLIMATE CHANGE

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Declining technology costs for electric vehicles and distributed energy systems increase feasibility in this period, while asset upgrades and capital cycle management become key to maintaining operational continuity and competitiveness.

The resilience analysis identifies uncertainties related to future policy developments, carbon price trajectories, energy market dynamics and the pace of technology cost reduction. Although Medika has not identified tangible assets as risk-bearing, these uncertainties affect how energy-intensive activities such as cold chain storage, storage, refrigeration and logistics are included in long-term planning.

Medika demonstrates short-term adaptive capacity through implemented measures, while medium- and long-term adaptive capacities rely on strengthening governance, integrating climate considerations into strategic planning, developing an ESG strategy and decarbonization plan, and ensuring continued access to affordable finance to support the transition.

Climate risk and resilience analyses confirm that Medika's business model is resilient in the short term and has a clear path to increase resilience in the medium and long term. Although no material climate-related risks have been identified, the existence of a material climate opportunity, combined with the planned development of governance, decarbonization strategy and capital investment planning, positions Medika to adapt its strategy over time in response to changing climate conditions, regulatory expectations and market trends.

The resilience analysis describes the scope, methodology and key assumptions, including macroeconomic trends, energy consumption, energy mix and technological developments, and explains how the time horizons used in the resilience analysis are aligned with the scenarios used to determine material physical and transition risks, as well as to set future greenhouse gas emission reduction targets and identify opportunities. The financial impacts of material physical and transition risks are considered as input for future strategic planning, capital investments and mitigation measures.

The results of the resilience analysis, including the outcomes of the scenario analysis and identified areas of uncertainty, are intended to inform the Group's future strategy, investment decisions and mitigation planning. The Group's ability to adapt or modify its strategy and business model to climate change across short, medium and long-term horizons is assessed in this context, with assets and operating activities exposed to risk being considered as input for continuous and future strategic, investment and planning decision-making.

The analysis ensures transparency of sources, assumptions, scenario parameters and the integration of climate considerations into strategic planning and regulatory compliance, supporting the Group's continued response to the challenges and opportunities brought by the transition to a climate-neutral economy.

ESRS E1 – CLIMATE CHANGE (CONTINUED)

IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities

A detailed description of the procedures for identifying and assessing material impacts, risks and opportunities related to climate change can be found in the general disclosures (ESRS 2) section of this Report.

E1-2 - Policies related to climate change mitigation and adaptation

The Group has not yet adopted a specific policy to manage the material impacts, risks and opportunities associated with climate change. In the current reporting period, the Group began working on a sustainability strategy related to material impacts, risks and opportunities. The development of the strategy is planned in phases, within which it will be possible to develop and adopt related policies. However, when managing risks, the Company is guided by the guidelines of Good Manufacturing Practice (GMP) and Good Distribution Practice (DDP), ISO 9001 (Quality Management System) and ISO 14001 (Environmental Management System), and ICH Q9 Quality risk management - Scientific guideline.

In order to ensure the success of the implementation of the risk management process, as well as the effectiveness of the quality and environmental protection systems, the Management Board holds meetings to assess the effectiveness of these processes at least once a year. In addition to the mandatory meetings, the Management Board may also convene an extraordinary review, during the year, if it considers that the need for this has arisen. If, for example, an increased scope of certain activities or a larger change affecting the system is recognized, and more. The Management Board may also conduct a review of the part of the system related to the identified activities. The results of the meeting are documented in the minutes and the activities for implementation are determined according to the Corrective and Preventive Measures procedure. The minutes are approved by the Management Board and are forwarded to all key participants, responsible persons and employees responsible for the implementation of activities.

The Management Board is in charge of taking care of environmental issues, providing all the necessary human resources and making decisions on investments in maintenance, as well as the establishment and improvement of the quality and environmental protection system at the level of the entire Group. It is the responsibility of the Management Board to ensure that quality and environmental indicators are established and met. In addition, the Management Board has the function of emphasizing the importance and communicating the importance of the system, satisfying and fulfilling customer requirements, legal obligations and moral principles in order to ensure the successful operation and progress of the organization. Encouraging awareness of the process approach, actively providing support to employees involved in the quality system, promoting continuous improvement and managing the Company and the Institution are just some of the other duties of the Management Board and the Principal. Process managers of the quality and environmental protection system are responsible for taking care of and managing their processes in terms of efficiency, effectiveness, i.e. results and outputs of processes, and if necessary, improve them. The Group's employees are educated on these topics, and they are expected to independently take care, respect and adhere to the System Policy and to work in accordance with the regulations specified in the documentation of the quality and environmental management system.

By implementing guidelines and practices, the Company undertakes to comply with ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 50001 (Energy Management System), Good Manufacturing Practices (GMP) and Good Distribution Practices (DDP). These guidelines and practices are certified and the certificates are available on the Company's official website and are provided to customers, suppliers and other interested parties upon request.

ESRS E1 – CLIMATE CHANGE (continued)

E1-3 - Actions and resources in relation to climate change policies

Actions - Company

Impact / Risk / Opportunity	Actions	Scope	Period
Impact - Energy consumption and GHG emissions of Scope 1 and 2 - Heating, cooling, lighting	Optimization of gas and electricity consumption for heating and cooling of buildings	Company	Ongoing
Impact - Scope 1 GHG Emissions – Refrigerants	Replacement of refrigerants in refrigeration systems	Company	Ongoing
Impact - Scope 1 GHG Emissions – Freight Transport	Fleet renewal and route optimization	Company	Ongoing
Impact - Scope 3 GHG emissions	The company did not adopt measures for the impact of Scope 3 GHG emissions.	-	-
Opportunity – Investing in renewable energy sources	Investing in renewable energy sources	Company	Ongoing

All of these actions are described in more detail below.

Optimization of gas and electricity consumption for heating and cooling of buildings

Through systematic, periodic maintenance and optimization of HVAC systems, their efficient operation is ensured, which reduces the need for primary energy. Regular replacement of air filters allows systems to operate under less load, resulting in lower energy consumption and longer equipment life. In addition, the optimization of operating parameters (temperature, pressure, flow) contributes to system stability and cost reduction, while preserving user comfort. This measure represents an important step towards energy efficiency and the reduction of greenhouse gas emissions.

Replacement of refrigerants in refrigeration systems

During the reporting period, the R404a refrigerant in the cooling chambers was replaced, and a new R449a refrigerant with materially lower GWP (*Global Warming Potentia*l) values was installed. This change materially reduces the negative effect of greenhouse gases with a higher potential in the event of a possible refrigerant leak. At the same time, the systematic replacement of old refrigeration units with new ones of a higher energy class is being carried out, which further reduces energy consumption and greenhouse gas emissions.

ESRS E1 – CLIMATE CHANGE (continued)

E1-3 - Actions and resources in relation to climate change policies (continued)

Actions - Company (continued)

Fleet renewal and route optimization

In addition to Scope 1 emissions, i.e. the negative impact of GHG emissions from internal transport of goods and transport from warehouses to pharmacies, in 2025 the renewal of the Company's vehicle fleet continued, i.e. trucks and passenger vehicles. A total of 20 new vehicles were purchased, which are more efficient and generate fewer GHG emissions. Also, the Company continuously carries out the optimization of goods delivery routes with the aim of achieving maximum vehicle occupancy and efficient transport planning. This approach enables better utilization of the vehicle fleet and the reduction of inefficient routes, which achieves lower fuel consumption and a reduction in greenhouse gas emissions.

Investing in renewable energy sources

In 2021, the Company completed the construction and commissioned of a photovoltaic power plant at a location in Osijek, and the electricity produced in this way is mostly used for its own needs and, as a user, in accordance with the concluded contract, delivers the excess electricity produced to the grid. Investing in renewable energy sources can bring medium- and long-term cost savings and reduced dependence on fossil fuels. The Company will continue to analyze potential opportunities for the construction of photovoltaic power plants in the future on other facilities in its ownership. In 2025, the Company has decided to reduce Scope 2 GHG emissions according to the market based method by purchasing verified renewable energy certificates.
The entire electricity consumption of the facilities owned by the Company is now based on green sources, thus facilitating the transition to new logistics centers based on carbon-free technologies.

Actions - Institution

Impact / Risk / Opportunity	Actions	Scope	Period
Impact- Energy consumption and GHG emissions of Scope 1 and 2 - Heating, cooling, lighting	Actions to reduce energy consumption	Institution	Ongoing
Impact - Scope 1 GHG Emissions – Refrigerants	Replacement of refrigerants in refrigeration systems	Institution	Ongoing
Impact - Scope 1 GHG Emissions – Freight Transport	Fleet renewal	Institution	Ongoing
Impact – Scope 3 GHG emissions	The institution has not yet adopted actions related to GHG emissions Scope 3.	-	-
Opportunity – Investing in renewable energy sources	Investing in renewable energy sources	Institution	Ongoing

ESRS E1 – CLIMATE CHANGE (continued)

E1-3 - Actions and resources in relation to climate change policies (continued)

Actions – Institution (continued)

All of these actions are described in more detail below.

Actions to reduce energy consumption

With the aim of achieving a reduction in energy consumption and reducing the negative impact of energy consumption and the generation of Scope 1 and 2 emissions, sustainable construction standards are taken into account when planning renovations and construction of buildings and that buildings have as few negative impacts on the environment as possible. If possible, exterior joinery of the same type is also installed in pharmacy branches, as well as *armstrong* ceilings (suspended ceilings) in order to reduce the volume of space intended for cooling or heating, so that it takes as little space as possible.

To reduce electricity consumption, the following measures have been implemented:

- replacing lighting with low-energy LED lighting in business facilities, as well as pharmacy branches,
- replacing old air conditioners with new, low-energy ones (air conditioners with inverter technology of energy class A to A+). The replacement of the air conditioner is carried out continuously, 6 air conditioners have been replaced and an additional 5 new air conditioning units have been installed. 1 new VRF system with 5 indoor units has also been installed.
- nstalling a faucet with a water consumption of 5 l/min and a two-stage cistern.

In 2025, the Institution has decided to reduce Scope 2 emissions according to the market based method by purchasing verified renewable energy certificates.

In 2025, the following measures were applied during renovations:

<u>Renovation of branches in Cavtat, Donja Bistra and Drenova (Rijeka)</u>

- New air conditioning units with improved energy efficiency have been installed.
- Completely new LED lighting has been installed.
- High-efficiency taps (flow rate 5 l/min) and two-stage cisterns have been installed.
- In Cavtat and Drenova, the level of suspended ceilings has been reduced to reduce the volume of air for heating and cooling.
- In Drenova, the entrance door has been replaced with a new PVC door with IZO glass.

<u>Fit-out of the new premises– Osijek Retfala (TC Kaufland)</u>

- Lighting with LED lighting fixtures has been installed.
- High-efficiency taps (flow rate 5 l/min) and a two-stage cistern have been installed.
- The landlord provided ventilation, heating and cooling systems connected to the central system of the shopping center.

ESRS E1 – CLIMATE CHANGE (continued)

E1-3 - Actions and resources in relation to climate change policies (continued)

Actions – Institution (continued)

Actions to reduce energy consumption (continued)

Fit-out of the new premises – Sisak (TC Supernova)

- Lighting with LED lighting fixtures has been installed.
- High-efficiency taps (flow rate 5 l/min) and a two-stage cistern have been installed.
- Wall panels (sandwich panels) have been additionally insulated with mineral wool 5 cm thick to improve the thermal insulation of the space.
- The fit-out of the new premises and the relocation to a new location enabled the relocation of the Sisak 2 pharmacy from the inadequate space in the building of the Sisak Refinery, which had been materially damaged in the earthquake.

Fit-out of new premises for the Management Board and common services of the Institution

- The complete lighting has been replaced with new LED lighting fixtures.
- High-efficiency taps (flow rate 5 l/min) and two-stage cisterns have been installed.
- The building has been energetically renovated by the landlord.
- The offices use heating and cooling systems via a heat pump, owned by the landlord.

Fleet renewal

In connection with the identified negative effect of GHG emissions through internal transport of goods and transport of goods from warehouses to customers, fleet renewal and rationalization of business trips, efforts are made to further contribute to the reduction of energy consumption (and consequently the reduction of the CO_2 footprint in business). In 2025, the renewal of the vehicle fleet continued and 5 new cars were purchased for the needs of the Institution.

The Group is continuously implementing these measures and plans to implement them in the future. The Group will also update these measures in future reporting periods in the context of impacts, risks and opportunities, taking into account the policies it will adopt and the targets it will set. The Group has not set targets for reducing greenhouse gas emissions. The Group has not yet adopted an action plan for measures related to climate change mitigation. The Group's ability to implement these measures to the planned extent directly depends on the future allocation of financial resources and on the availability of more technologically advanced solutions in the transport market.

E1-4 - Targets related to climate change mitigation and adaptation

The Group has not yet adopted climate change targets. In the current reporting period, the Group began working on a sustainability strategy related to material impacts, risks and opportunities. The development of the strategy will take place in phases, within which climate change-related targets will also be developed and adopted, where appropriate.

ESRS E1 – CLIMATE CHANGE (continued)

E1-4 - Targets related to climate change mitigation and adaptation (continued)

Nevertheless, the Group monitors the effectiveness of the measures through annual analyses of the reduction of energy consumption (electricity, gas, fuel) and water. In addition, the Group monitors the effectiveness of measures by monitoring the fuel consumption of the vehicle fleet, replacing the existing heating, cooling and ventilation systems with more efficient systems, replacing lighting fixtures with energy-efficient ones, replacing taps and cisterns with more efficient ones.

E1-5 – Energy consumption and mix

Energy consumption and combination of energy sources	2025	2024
(1) Fuel consumption from coal and coal products (MWh)	-	-
(2) Fuel consumption from crude oil and petroleum products (MWh)	7,738.62	9,273.90
(3) Fuel consumption from natural gas (MWh)	780.67	420.45
(4) Fuel consumption from other fossil sources (MWh)	-	-
(5) Consumption of purchased or acquired electricity, heating, steam and cooling energy from fossil sources (MWh)	1,742.39	2,339.73
(6) Total fossil energy consumption (MWh) (calculated as the sum of rows 1 to 5)	10,261.68	12,034.08
Share of energy from fossil sources in total energy consumption (%)	77%	99%
(7) Consumption from nuclear sources (MWh)	-	-
Share of energy from nuclear sources in total energy consumption (%)	-	-
(8) Fuel consumption for renewable sources including biomass (which also includes industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	-	-
(9) Consumption of purchased or acquired electricity, heating, steam and cooling energy from renewable sources (MWh)	2,920.28	-

ESRS E1 – CLIMATE CHANGE (continued)

E1-5 – Energy consumption and mix (continued)

Energy Consumption and Energy Source Combination (continued)	2025	2024
(10) Self-generated consumption of energy from renewable sources other than fuels (MWh)	120.74	155.91
(11) Total consumption of energy from renewable sources (MWh) (calculated as the sum of rows 8 to 10)	3,041.02	155.91
Share of energy from renewable sources in total energy consumption (%)	23%	1%
Total energy consumption (MWh) (calculated as the sum of rows 6 and 11)	13,302.71	12,189.99

Changes compared to the previous reporting period

Following the adjustment of the methodology in the calculation of greenhouse gas emissions associated with the use of leased assets (emissions calculated under Category 8 of Scope 3), which is described in detail in E1-6 under heading Changes compared to the previous reporting period, there was a change in the results compared to the values previously reported in Table E1-5 - Energy consumption and energy mix for 2024.

That is, if the same calculation methodology had been applied as for 2025, energy consumption for fuels from crude oil and petroleum products for 2024 would have been 7,745.14 MWh, while the consumption of fuels from natural gas would have been 721.60 MWh. Consumption of purchased or acquired electricity, heating, steam, and cooling from fossil sources would have been 3,930.47 MWh. Accordingly, the total consumption of energy from fossil sources, calculated as the sum of rows 1 to 5, would be 12,397.21 MWh.

The share of energy from fossil sources in total energy consumption would be 98.76%, while the share of energy from renewable sources in total energy consumption would be 1.24%. The total energy consumption, calculated as the sum of rows 6 and 11, would be 12,553.12 MWh.

Total fossil energy consumption under the Group's control

Consumption includes primary energies from crude oil, petroleum products and natural gas, as well as consumption of secondary non-renewable energy purchased from outside such as electricity, heat used for heating, cooling, lighting and fuel use in vehicles. During 2025, the Group contracted the purchase of electricity from renewable sources. Energy consumption is based on the bills of suppliers of individual energy products. The quantities of natural gas consumed were further multiplied by a factor of 0.9 in order to recalculate the consumption of natural gas to the lower calorific value as required by the ESRS standard. With regard to energy consumption, the Group shall report only the energy consumed during operations owned or controlled by the company, using the same scope as for reporting Scope 1 and 2 greenhouse gas emissions. The measurement of indicators related to fossil fuel energy consumption has not been validated by the external body other than the assurance provider.

ESRS E1 – CLIMATE CHANGE (continued)

E1-5 – Energy consumption and mix (continued)

Total consumption of energy from renewable energy sources from self-production

The Group operates one photovoltaic power plant at its site in Osijek. The electricity generated is primarily used for own consumption, while any surplus electricity is supplied to the grid in accordance with the concluded contract. The consumption of this electricity is based on readings from the power plant monitoring software. The measurement of indicators related to fossil fuel energy consumption has not been validated by the external body other than assurance provider. In 2025, 2,916 MWh, representing 95.90% of total energy consumption from renewable sources, relates to energy secured through green energy supply certificates for premises owned and leased by the Group.

Energy intensity by net income

	2025	**2024**
Total net income of the Group (EUR thousands)	952,621	826,324
Total energy consumption from activities in sectors with a material impact on the climate by net income from activities in sectors with a material impact on the climate (MWh)	13,302.71	12,189.99
Energy intensity by net income (MWh/thousand EUR)	0.014	0.015

Given that the Group's activity covers sectors that have a material impact on the climate, the Group's entire net income was taken into account (46.46 Wholesale of pharmaceutical products, 47.74 Retail sale of medical preparations and orthopaedic devices in specialized stores, 47.75 Retail sale of cosmetics and toilet products in specialized stores). By applying the new methodology to 2025, the energy intensity per net income would remain corrected so that the data for 2024 are still comparable and unchanged. The financial data for the calculation of the energy intensity indicator are taken from the audited financial statements of the Group. The values are adjusted with the corresponding item of net income of the group of the Consolidated Statement of Comprehensive Income of this report.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

The table below shows the values of Scope 1, 2 and 3 greenhouse gas emissions for 2024 and 2025. No targets have been adopted.

	Retrospective					Milestones and target years			
	Reference year	**Comparative**	**2025**	**2024**	**% N / N-1**	**2025**	**2030**	**2050**	**Annual**
Scope 1 greenhouse gas emissions									
Gross Scope 1 GHG emissions (tonnes of CO2 equivalent)	-	-	2,344	2,105	11.35	-	-	-	-
Percentage of Scope 1GHG emissions from regulated emission trading schemes (%)	-	-		-	-	-	-	-	-
Scope 2 greenhouse gas emissions									
Gross location-based Scope 2 GHG emissions (tCO2eq)	-	-	695	352	97.44	-	-	-	-
Gross market-based Scope 2 GHG emissions (tCO2eq)	-	-	930	1,280	-27.34	-	-	-	-
Significant Scope 3 greenhouse gas emissions									
Total Gross Indirect Scope 3 Greenhouse Gas Emissions (tonnes of CO2 equivalent)	-	-	153,540	120,054	27.89	-	-	-	-
1. Purchased goods and services	-	-	133,225	113,782	17.08	-	-	-	-
Optional subcategory: Cloud computing and data center services	-	-		-	-	-	-	-	-
2. Capital goods	-	-	1,939	1,239	56.49	-	-	-	-

ESRS E1 – CLIMATE CHANGE (continued)

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions (continued)

	Retrospective					Milestones and target years			
	Reference year	Comparative	2025	2024	% N / N-1	2025	2030	2050	Annual
Significant Scope 3 greenhouse gas emissions (continued)									
3 Fuel and energy related activities (not included in Scope 1 or 2)			732	720	1.66				
4 Upstream transportation and distribution	-	-	10	54	-81.48	-	-	-	-
5 Waste generated in operations	-	-	240	130	84.62	-	-	-	-
6 Business travelling	-	-	20	88	-77.27	-	-	-	-
7 Employee commuting	-	-	685	939	-27.05	-	-	-	-
8 Upstream leased assets	-	-	-	354	-	-	-	-	-
9 Downstream transportation	-	-	9,748	14	69,528.57	-	-	-	-
10 Processing of sold products	Not applicable.								
11 Use of sold products	-	-	6,783	2,560	164.96	-	-	-	-
12 End-of-life treatment of sold products	-	-	114	131	-13.00	-	-	-	-
13 Downstream lLeased assets	Not applicable.								
14 Franchises	Not applicable.								
15 Investments	-	-	44	44	-	-	-	-	-

ESRS E1 – CLIMATE CHANGE (continued)

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions (continued)

	Retrospective					Milestones and target years			
	Reference year	Comparative	2025	2024	% N / N-1	2025	2030	2050	Annual
Total greenhouse gas emissions (continued)									
Total GHG emissions (location- based) (tCO2eq)	-	-	156,579	122,511	27.81	-	-	-	-
Total GHG emissions (market- based) (tCO2eq)	-	-	156,814	123,439	27.04	-	-	-	-

Analysis of emission trends and methodological improvements

In 2025, the Group continued to refine its data collection and the accuracy of carbon footprint calculations, which resulted in some deviations compared to the previous year. A material reduction in emissions was recorded in Category 4: Transport and distribution of 81.48%. This trend is primarily a result of the fact that most suppliers have taken full responsibility for the organization of transport. The decrease reflects a lower level of direct logistics exposure of the Group. An increase of 84.62% in Category 5: Waste generated in operations results from the expansion of the reporting coverage. In order to ensure greater transparency in accordance with ESRS standards, the category has been supplemented in 2025 with data on mixed municipal waste and water consumption in all leased premises.

Emissions were reduced in Category 6: Business travel by 77.27%. The reduction in emissions in this category was identified through improvements in data collection methodology. The increase in Category 9: Downstream transportation and distribution resulted from a temporary shortage of the Group's own logistics capacities, leading the Group to rely on external transport service providers, which caused an increase in emissions in this category. The 164.96% increase in Category 11: Use of sold products reflects a broader data scope covering a larger number of products, enabling a more accurate and comprehensive calculation.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions (continued)

Changes compared to the previous reporting period

During the reporting period, there was a methodological adjustment in the calculation of GHG emissions associated with the use of leased assets (emissions calculated under Category 8 of Scope 3). The change is the result of alignment of the approach with the updated interpretations of IFRS 16 accounting standards and with the applicable provisions of the GHG Protocol. These standards are based on the fact that the lessee has control over the use of the asset during the lease term, which is reflected through the recognition of right-of-use assets in the balance sheet.

In accordance with this principle of control, emissions arising directly from the use of leased assets should be allocated to the lessee as own operating emissions. This means that the energy and fuel consumed by the lessee for the use of the leased property are not considered to be emissions from the value chain, but emissions resulting from a controlled business process. Consequently, for the calculation of emissions for 2025, the Group concluded that Category 8 of Scope 3 is not applicable, but the emissions generated by the assets explained above are included in Scope 2 emissions, given that these are electricity consumption in rental pharmacies.

Due to the methodological adjustment in the calculation of greenhouse gas emissions associated with the use of leased assets, in accordance with the changed data coverage, there have been changes in the values shown in Table E1-6 Scope 1, 2 and 3 greenhouse gas emissions for 2024. If the same methodology from 2025 were applied to the data from 2024, GHG emissions from Scope 1 in 2024 would amount to 2,202 tons of CO_2 equivalent. Gross Scope 2 emissions, calculated according to the location method, would amount to 608 tonnes of CO_2 equivalent, while Scope 2 emissions calculated according to the market method would amount to 2,112 tonnes of CO_2 equivalent. The total gross indirect greenhouse gas emissions from Scope 3 would amount to 119,816 tonnes of CO_2 equivalent.

Within Scope 3, emissions from the capital goods category would amount to 1,172 tonnes of CO_2 equivalent, excluding emissions from the same category associated with the acquisition of vehicles recognised under IFRS 16. Emissions from the category of fuel and energy activities, which are not included in Scopes 1 and 2, would amount to 903 tonnes of CO_2 equivalent

Total greenhouse gas emissions in 2024 would amount to 122,626 tons of CO_2 equivalent according to the location method, or 124,130 tons of CO_2 equivalent according to the market method. The recalculated data ensure consistency according to the new methodology and comparability between reporting periods.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions (continued)

In addition, in 2025, the Group contracted the purchase of electricity from renewable sources bundled with instruments, namely 100% of consumption for Medika d.d.'s own premises and 100% consumption for more than 70% of Prima Pharme pharmacies from April 2025. This change further affects the comparability of data from year to year, as it contributes to the reduction of reported Scope 2 emissions according to the market based method compared to the previous reporting period. Of the total consumption of energy from renewable sources (MWh), 2,916 MWh refers to green energy delivery certificates, i.e. 95.90% for premises owned and leased by the Group in 2025.

Greenhouse gas intensity per net income

Greenhouse gas intensity per net income	**2025**	**2024**	**%N/N-1**
Total GHG emissions (based on location) by net revenue (tonnes of CO_2 equivalent/1000 EUR)	0.164	0.148	11%
Total GHG emissions (based on market) per net revenue (tonnes CO_2 equivalent/EUR 1000)	0.165	0.149	10%

The total net income of the Group in 2025 is EUR 952,621 thousand (2024: EUR 826,324 thousand) (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME). Total location-based greenhouse gas emissions in 2025 are 156,582 tonnes of CO_2 equivalent (2024: 122,511 tonnes of CO_2 equivalents). Total location-based greenhouse gas emissions per net revenue (tonnes of CO_2 equivalents/monetary unit) are 0.164 tonnes of CO2 equivalents/1000 EUR (2024: 0.148 tonnes of CO_2 equivalents/1000 EUR). Total market-based greenhouse gas emissions in 2025 are 156,817 tonnes of CO_2 equivalent (2024: 123,439 tonnes of CO_2 equivalent). Total market-based greenhouse gas emissions per net revenue amount to 0.165 tonnes of CO_2 equivalents/€1000 (2024: 0.149 tonnes of CO_2 equivalents/€1000). By applying the new methodology to 2025, the greenhouse gas emission intensity (according to the market method) per unit of net revenue would remain corrected so that the data for 2024 are still comparable and unchanged.

The greenhouse gas emissions of Scope 1 and Scope 2 were calculated on the basis of the provisions of the ESRS method of the Greenhouse Gas Protocol, version 2004 (The GHG Protocol Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 Guidance) based on available information within the Group.

Methodology for the calculation of Scope 1:

Scope 1 emissions by source were calculated using methodologies and emission factors corresponding to each source as follows:

Stationary combustion (liquid and gaseous fuels): Greenhouse gas (GHG) emissions from the combustion of liquid and gaseous fuels were calculated using DEFRA emission factors. The amount of fuel consumed is multiplied by the applicable fuel type-specific emission factor to determine the resulting emissions. This approach takes into account direct CO_2, CH_4 and N_2O emissions from fuel use.

ESRS E1 – CLIMATE CHANGE (continued)

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions (continued)

Methodology for the calculation of Scope 1 (continued):

Refrigerants (Fugitive Emissions): Emissions from fugitive greenhouse gas emissions, such as refrigerants or equipment leaks, were calculated using global warming potential (GWP) obtained from the Intergovernmental Panel on Climate Change (IPCC) AR6. The amount of greenhouse gases emitted was multiplied by the GWP of each gas to reflect their relative impact on climate change.

Mobile combustion (vehicles): Greenhouse gas emissions from mobile combustion sources, such as corporate-owned vehicles, are calculated using DEFRA emission factors. The total amount of fuel was multiplied by the relevant emission factor to determine the CO_2, CH_4 and N_2O emissions resulting from fuel combustion (from IPCC report AR 6).

A conversion factor from the upper calorific value to the lower calorific value of 0.9 was applied to natural gas due to the inherent difference in how energy is measured during combustion. The ratio of 0.9 for the conversion is based on the difference between the total energy released by combustion (upper calorific value) and the energy available when the latent heat of evaporation of the water vapor produced during combustion is excluded (lower calorific value).

Methodology for calculating Scope 2:

Scope 2 emissions are calculated on the basis of the total amount of electricity supplied to the Group's facilities or facilities under its financial control. The data on electricity consumption shall be multiplied by the relevant location (the source of the emission factor is the IEA) and the market emission factors (the source of the emission factor is AIB), for electricity that is not combined with instruments. For electricity that is combined with instruments, emissions are zero, given that the electricity is 100% from renewable sources.

Location-Based Method: This method uses the average emission factors of the grid based on the geographic location of electricity consumption, reflecting the regional energy mix.

Market-based method: This method uses market-specific emission factors to reflect the amounts of energy obtained from renewable sources or specific contracts, ensuring that emissions reflect the type of electricity purchased.

Overview of the methodology for calculating individual categories of Scope 3:

The individual categories of Scope 3 were calculated by selecting the applicable methods of the 2004 Greenhouse Gas Protocol (GHG Protocol Technical Guidance for Calculating Scope 3 Emissions v1.0 – Supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard) based on available information. When determining the reporting limit, it was concluded that category 10. Sold Products, 13. Downstream leased assets and 14. It is not necessary to calculate franchises due to the specifics of the Group's operations, which are further explained in the information below.

ESRS E1 – CLIMATE CHANGE (continued)

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions (continued)

Overview of the methodology for the calculation of individual categories of Scope 3 (continued):

1. Purchased goods and services: Calculated based on the consumption-based method.
2. Capital goods: Calculated based on the consumption-based method.
3. Fuel and energy related activities (not included in Scope 1 or 2): Calculated on the basis of energy consumption data from energy suppliers.
4. Upstream transportation and distribution Calculated based on a consumption-based method.
5. Waste generated in operations: Calculated based on a method based on the type of waste.
6. Business travel: Calculated based on a method based on information on business trips and types of transport used and the number of nights.
7. Employee commuting: Calculated based on a method based on average kilometers traveled and modes of transportation.
8. Upstream leased assets: Not applicable. Emissions generated by rented premises are counted in Scope 1 and 2.
9. Downstream transportation and distribution: Calculated based on a consumption-based method.
10. Processing of sold products: Not applicable, the Group does not produce semi-finished products that are processed by third parties.
11. Use of sold products: Calculated based on a method based on the direct use of the product in individual stages.
12. End-of-life treatment of sold products: Calculated based on data on the type of waste and the method of waste disposal.
13. Downstream leased assets: Not applicable, the Group does not have its own leased assets.
14. Franchises: Not applicable. The Group does not own franchises.
15. Investments: Calculated based on the square footage of the Jagatić Pharmacies and the applicable emission factors over which Prima Pharme Pharmacies have a 49% share.

After calculating the total amount of greenhouse gases in Scope 3 and based on the comparison of the results obtained after the calculation of individual categories, it was concluded that the most important categories for the Group are category 1. Purchased goods and services and category 11. Use of sold products. Category 1 thus generates 133.225 tCO_2 (eq) which is 86.77% (2024:113.782 tCO_2 (eq) which is 94.8%) of the total greenhouse gases generated in Scope 3, while Category 11 generates 6.783 tCO_2 (eq) which is 4.42% (2024: 2.560 tCO_2 (eq), which is 2.1% of the total greenhouse gases generated in Scope 3. For the material categories of Scope 3 (Category 1 and Category 11), primary data obtained from suppliers were not used. In the total calculation of Scope 3 emissions, the share of data collected from primary sources is 4.9%, while the remaining part was calculated using secondary data.

ESRS E1 – CLIMATE CHANGE (continued)

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions (continued)

Overview of the methodology for the calculation of individual categories of Scope 3 (continued):

Detailed methodology for the calculation of Category 1:

The calculation of emissions for purchased goods and services follows a consumption-based methodology, using emission factors from Exiobase and USEEIO to estimate greenhouse gas (GHG) emissions. This approach estimates emissions based on financial expenditures on goods and services using cost-based data for 2025. Emission factors from Exiobase are used as the primary source for calculating the emissions associated with purchased goods. Specific emission factors were applied to each consumption category based on the description of the purchase category to calculate the total emissions.

As the Group's expenditure data are expressed in euros, the following adjustments were made during the calculation: Currency conversion: In order to comply with the 2021 USEEIO emission factors, which are based on US dollar values, expenditures in euro were converted into US dollars. This was achieved using the average exchange rate of the euro against the dollar from 2025 (1.1689786 USD); Inflation Adjustment: Since USEEIO are 2021 emission factors and Exiobase are 2022 emission factors, the inflation adjustment is applied using the Consumer Price Index (CPI) to account for price changes between 2021 and 2025 CPI for the country of operation.

Excluded from the calculation: The consumption-based quantification for the key operational inputs of the good and service is estimated to cover a large part of the emissions resulting from activities related to the procurement of these goods and services. In this sense, real estate rental and utilities, energy and fuels, electricity, business travel activities, waste management activities, logistics services (transport) and employee transport services are excluded from Category 1, as they are covered by the other categories of Scope 3.

Assumptions used during the calculation: Suppliers of goods and services are assumed to generate emissions in line with industry average estimates, allowing general emission factors to be applied to specialised materials where appropriate. The Group's financial data used does not distinguish between product, transport and use costs. Therefore, assumptions have been made as to whether these costs should be separated in order to account for both the product and the transport or to be attributed directly to the product. It is assumed that the cost of products also includes transport costs, without separating them into different categories. Exiobase emission factors are based on a 'cradle-to-door' approach, covering the entire life cycle of goods, including emissions from upstream transport.

Detailed methodology for the calculation of Category 11:

A) Direct-to-energy products: For products that directly consume energy (fuels or electricity) during use, emissions are calculated using data on the expected lifespan, use and number of products sold, as well as the electricity consumed.

B) Products containing or emitting greenhouse gases: The total amount of refrigerant used is calculated by multiplying the number of products sold by the amount of refrigerant per product (used as a gas carrier). Since inhalers are disposable and maintenance-free, it is assumed that all refrigerant is released during use, multiplying the total refrigerant by 100%. The total refrigerant was then multiplied by the GWP of the refrigerant to obtain the total greenhouse gas emissions in kilograms of CO_2 equivalent.

ESRS E1 – CLIMATE CHANGE (continued)

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions (continued)

Overview of the methodology for the calculation of individual categories of Scope 3 (continued):

Detailed methodology for the calculation of category 11 (continued):

Assumptions made during the calculation: In cases where the product specifications indicated variable operating hours, typically up to 30 minutes per session of use, the assumption of 8 operating hours per day was applied to estimate energy consumption. This assumption represents a conservative (overestimated) average for everyday use and is aligned with standard practices for estimating operational constraints in the absence of precise usage data. It ensures consistency in analysis while taking into account intermittent device usage patterns. 100% leakage assumption: It is assumed that all refrigerant or gas contained in the inhaler, with a metered single-use dose, is released as emissions during use. Since the product is intended for single use and does not require maintenance, it is assumed that all gas will be released during the operation of the inhaler.

The measurement of the GHG emissions indicator has not been validated by an external body other than the assurance provider.

ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY

E5-1 - Policies related to resource use and circular economy

Impact / Risk / Opportunity	*Name/description of the content of the policy*	*Scope*	*The highest level in the organization responsible for the implementation of the*	*Reference to the standards that the company undertakes to comply with*
Risk – Loss of ISO 14001 certificate	Management procedures and documents for certification according to ISO 14001 Internal regulations on the functioning of the waste management system	Own business as well as the work processes of suppliers and lower levels of the value chain, through the obligation of pharmacy branches to enable patients to store waste medicines with them, which are then properly disposed of.	Director Logistics	ISO 14001

With the aim of contributing to the conservation of resources and reducing environmental impacts, the Group strives to recycle waste to the greatest extent and to implement the circular economy policy in the Group's operations in the coming periods. The Company has ISO 14001 certification (Environmental Management System) and management procedures and documents that meet continuous certification procedures, the observance of which is necessary to maintain the Good Distribution Practice (DDP) certificate. Given the importance of the DDP certificate for the Company's business, a risk of non-compliance with the ISO 14001 certificate has been identified, which would lead to the loss of the DDP certificate.

ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY (continued)

E5-1 - Policies related to resource use and circular economy (continued)

The Company does not have an independent policy related to the use of resources and the circular economy but has management procedures and documents that meet continuous certification procedures according to ISO 14001. The ISO 14001 certificate and internal regulations on the functioning of the waste management system are directly related to the identified material risk of loss of ISO 14001 certification and consider their own business as well as the work processes of suppliers and lower levels of the value chain, through the obligation of pharmacy branches to enable patients to store waste medicines with them, which they then properly dispose of. The Director of the Logistics Department is responsible for the implementation of procedures within the Company, while the responsibility within the Institution lies with the Director.

In addition, waste management is carried out in a legally regulated manner. In its day-to-day operations, the Group uses cardboard packaging, air foil, stretch foil, adhesive tape, labels and PVC wrapping tape from input materials. Given that the Group encounters a variety of chemicals in its operations, some of which can have negative impacts on human health, special attention is paid to the recognition of hazardous waste and its management. In the total amount of waste generated, the majority is non-hazardous waste.

Through environmental initiatives, the Group strives to operate sustainably, but also to create a progressive atmosphere in the company in order to encourage employees and other associates to behave sustainably. For this purpose, waste is separated, and the digitization process has been launched with the aim of reducing the use of paper, and thus the generation of paper waste.

The Group has internal regulations on the functioning of the waste management system, and all legal requirements in this area have been implemented. Also, the entire organization strives to reduce the use of cardboard packaging by using reusable plastic boxes.

Waste disposal is the responsibility of external organizations, which are authorized for this activity and are supervised by various regulations. In addition, they are subject to system reviews at Group level to ensure that they operate in accordance with the Group's regulations and values. In the process of monitoring and collecting waste, strict documentation is kept, and on an annual basis, data are reported to the Environmental Pollution Register (ROO).

In all business centers and pharmacy branches, containers for sorting different types of waste are provided, in order to recycle as much as possible, i.e. process it in an energy-efficient and environmentally efficient way, and to reduce the amount of municipal waste to a minimum. Pharmacy branches are obliged to enable patients to store waste medicines with them, and then dispose of them in an adequate way.

The Director of the Logistics Department is responsible for the implementation of the procedures, and the scope of application includes the Company, while the responsibility within the Institution lies with the Director, and for the time being, these procedures do not cover higher and lower value chains.

ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY (continued)

E5-2 - Actions and resources related to resource use and circular economy

The Group has not yet adopted actions related to waste. In the current reporting period, the Group began working on a sustainability strategy related to material impacts, risks and opportunities. The development of the strategy will take place in phases, within which, where appropriate, waste-related measures will be developed and adopted.

E5-3 – Targets related to resource use and circular economy

The Group has not yet adopted waste-related targets. In the current reporting period, the Group began working on a sustainability strategy related to material impacts, risks and opportunities. The development of the strategy is planned in several phases, within which, if necessary, it will also develop and adopt waste related targets.

The Company monitors the effectiveness of the policy in relation to the material risk of loss of ISO 14001 certification through annual internal audits, which are a mandatory part of the recertification process, and the ambition is to ensure the successful passage of all audits.

E5-5 – Resource outflows - Waste

The tables below show the total amount of waste generated by the Group's operations in tonnes. The total amount of waste is broken down into hazardous and non-hazardous waste according to the mass diverted from disposal to recovery procedures, the mass to be disposed of according to the type of treatment and the total amount of non-recycled waste.

Waste	**Quantity (tonnes) 2025**	**Quantity (tonnes) 2024**
Total amount of waste generated	781.96	589.66
Total quantity by weight diverted from disposal (hazardous waste)	14.16	17.06
Total quantity by weight diverted from disposal (non-hazardous waste)	767.80	572.61
According to the recovery process (hazardous):		
Total quantity by weight diverted from disposal - preparation for re-use	13.09	15.50
Total quantity by weight diverted from disposal - recycling	13.09	15.50
Total quantity by weight diverted from disposal - other recovery operations	-	-
According to the recovery process (non-hazardous):		
Total quantity by weight diverted from disposal - preparation for re-use	300.92	310.10
Total quantity by weight diverted from disposal - recycling	300.92	310.10
Total quantity by weight diverted from disposal - other recovery operations	-	-

ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY (continued)

E5-5 – Resource outflows – Waste (continued)

Waste (continued)	Quantity (tonnes) 2025	Quantity (tonnes) 2024
According to the processing process (hazardous):		
Total quantity by weight to be disposed of (hazardous waste)	1.08	1.56
Total quantity by weight to be disposed of (non-hazardous waste)	466.88	262.51
According to the processing process (hazardous):		
Total quantity by weight diverted from disposal - incineration	1	1.02
Total quantity by weight diverted from disposal - waste disposal	0.08	0.54
Total quantity by weight diverted from disposal - other disposal operations	-	-
According to the processing process (non-hazardous):		
Total quantity by weight diverted from disposal - incineration	12.88	14.19
Total quantity by weight diverted from disposal - waste disposal	454.08	248.32
Total quantity by weight diverted from disposal - other disposal operations	-	-
Non-recycled waste		
Total amount of non-recycled waste	467.95	264.06
Percentage of non-recycled waste (%)	59.84%	44.78%

Waste streams relevant to the activities and sectors in which the Group operates

The data in the tables above include all different types of waste (e.g. waste toners, plastic packaging, cardboard, waste filters, cytostatics, chemicals, medicines, bulky waste, mixed municipal waste, etc.) generated at distribution sites, including pharmacies. These waste treatment methods are presented on the basis of data submitted by waste disposal collectors.

Materials present in waste

Plastics, textiles, chemicals, cytostatics and the like.

ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY (continued)

E5-5 – Resource outflows – Waste (continued)

Contextual information, methodology and material assumptions related to operational waste

The quantities are calculated on the basis of records, which includes the accompanying sheet and invoices of the service provider for the collection of mixed municipal waste. During the reporting period, there was an improvement in the monitoring of data on the amount of mixed municipal waste and all leased premises were included. For the premises for which it was not possible to obtain invoices from the provider of mixed municipal waste collection services, the estimated amount was taken, 243 kg per employee per year. By multiplying the value of 243 kg by the number of employees at each location, the estimated total amount of municipal waste for all locations without an invoice from the provider of the same service is obtained. Due to the inclusion of additional locations and the application of estimates, a higher amount of mixed municipal waste was recorded in 2025 compared to 2024.

The amount of mixed municipal waste in 2024 amounted to 940,279.73 liters, while in 2025 it amounted to 1,543,371.42 liters, with an additional 45,927.00 kg of waste according to the estimate. In Croatia, the presentation of units of measurement for mixed municipal waste is not uniform. The total amount of mixed municipal waste in liters, using the conversion factor, was converted into tons, assuming that the total amount generated was diverted to landfill. The Group systematically sorts, collects and hands over waste to authorized collectors who have the necessary permits for further disposal, with the intention of recycling it by authorized disposers. The measurement of the indicators has not been validated by an external body other than the assurance provider.

ESRS S1 – OWN WORKFORCE

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Employees play a key role in the Group's success. An organization can only be successful if it has motivated and engaged employees with the right qualifications. Therefore, the activities are aimed at encouraging employee motivation, engagement and development, as well as promoting diversity and inclusion in the work environment. Employees are offered attractive working conditions, as well as numerous opportunities for career development and further training. Open dialogue and good relations between management and employees are key elements of corporate culture with the aim of creating a safe and healthy working environment. Based on the Group's Strategic Guidelines for the period from 2023 to 2025, activities have been prepared that aim to ensure sustainable and efficient management of the working environment and human resources.

Material impact related to own workforce

All persons from the workforce who could be materially affected by the Group are included in the assessment of double materiality. The Group does not have employees who are not employed in its own workforce. The Group did not identify material negative effects on its own workforce. Given the type of business and the geographical area in which the Group operates, no high risk of cases of forced or child labour has been identified.

The Group has recognized the positive effects on the workforce. The Group takes measures to ensure equal rights and conditions for all employees and to reduce the risk of possible negative impacts on certain groups of employees. The Group does not employ minors, thus eliminating the risks associated with youth work, such as insufficient safety at work and violations of labour legislation. In addition, the Group carries out activities to ensure equal opportunities for all employees, which is crucial to protect women and other vulnerable groups from negative influences in the workplace. These measures reduce the risk of gender and other inequalities and ensure equal rights and opportunities for all employees. A material positive impact and the activities that lead to it are described below.

Equal pay through the systematization of wages and rights

The Group has identified a material actual positive impact of the systematization of wages and wage rights and equality, which is related to the Group's business model and strategy. Equal opportunities for all employees are sought through prescribed job descriptions and financial frameworks for each position, regardless of gender, origin and other criteria. This has a positive impact on the workforce that directly affects employee retention and satisfaction.

Given the global trend of a dynamic business environment that contributes to the reduction of work-life balance, the number of employees has been strategically increased in order to establish an even distribution and intensity of tasks per employee. All overtime hours are paid in accordance with the law, i.e. redistribution of working hours is carried out. Also, employees are entitled to days off in accordance with the provisions of the Labor Regulations.

ESRS S1 – OWN WORKFORCE (continued)

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

Fostering a diverse, equitable and inclusive organisation is an integral part of the Group's business strategy. The Group values different opinions regardless of ethnicity, race, religion, culture, gender identity or sexual orientation, gender, age or ability of the individual. By respecting diversity and encouraging an open dialogue about the importance of inclusion and providing equal opportunities, employees have the opportunity to realize their potential and contribute to the overall culture of the organization, which achieves greater innovation, creativity, satisfaction, and business success.

In order to ensure a quick and effective solution to potential discriminatory or other forms of unfair practices in the environment, Commissioners for the Protection of Workers' Dignity have been appointed to whom all employees can turn if they believe that their rights have been violated in any way. In situations where the Group has been confronted with unfair and inappropriate practices, it has reacted seriously and swiftly to protect the rights and dignity of individuals and to implement the necessary measures to sanction individuals whose actions could be characterised as discriminatory or inappropriate in the context of organisational values and guidelines.

Material risks and opportunities associated with own workforce

The Group identified a number of related material opportunities to increase employee satisfaction and retention, such as providing education and training, ensuring adequate wages, benefits, and employee well-being. The identified material risks are the lack of workforce and high turnover of workers in logistics, the lack of warehouse space that affects the difficult implementation of logistics operations, and the lack of pharmacists who want to work in pharmacies. According to the identified risks, dependencies on the workforce are mostly limited to specific groups of workers, so high employee turnover and lack of warehouse space are mostly related to logistics workers, and the risk of a shortage of pharmacists who want to work in pharmacies depends on the availability of interested pharmacists. All these risks and opportunities arise from dependence on one's own workforce and business model, and are described in more detail below.

Providing education and training to employees and taking care of well-being affects employee satisfaction and employee retention, which results in continuous work, preservation of knowledge within the company, savings on the introduction of new employees and satisfaction of suppliers and customers.

Education is one of the most important strategic goals of the Group, and the organization and implementation of various educational and development programs is the result of continuous assessment of work performance and competencies and recognition of the educational and development needs of all our employees. All employees of the Group are covered by educational programs and opportunities. The Group includes employees assessed with potentials for growth, development and taking on new, more responsible roles in the future, as well as key employees, in educational and development projects with the aim of developing knowledge, skills and competencies important for managing people and business processes and managing change. In the period ahead, the Group will continue to invest in additional education and development of employees.

Adequate salaries and care for employees increase their satisfaction and retention, which results in continuity of work, preservation of organizational knowledge, reduction of the costs of introducing new employees, and greater satisfaction of suppliers and customers.

ESRS S1 – OWN WORKFORCE (continued)

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

The Group is actively working to improve employee benefits with the aim of retaining the workforce and increasing motivation and engagement, which contributes to greater efficiency and employee satisfaction.

Taking care of employees through the provision of various benefits increases their satisfaction and motivation, so they stay longer in the company. This ensures continuity of work, preservation of organizational knowledge, reduction of costs of introducing new employees and increase the level of satisfaction of suppliers and customers.

The Group is continuously working to expand the portfolio of benefits it offers to employees. A list of all the benefits that the Group provides to its employees can be found within the description of actions, in section S1-4.

Labor shortages and high worker turnover affect the quality of work and employee satisfaction, which can lead to additional costs caused by errors.

Labor shortage and high employee turnover represent a material challenge that directly affects the quality of work, productivity and overall employee satisfaction. High employee turnover can cause a decrease in speed and efficiency, as new employees require additional training and adaptation to the work environment. In addition, additional investments in new equipment, uniforms and work wardrobe are needed to meet the needs of a changing workforce. Increased turnover also increases the risk of errors in the performance of jobs, which can have negative consequences on the quality of services and on relationships with suppliers and customers. Existing employees are faced with an additional burden due to the need to train new colleagues. In order to reduce the negative consequences of employee turnover and maintain a high level of workforce satisfaction, the Group has implemented a number of measures to improve working conditions.

The lack of warehouse space in relation to the growth of turnover can lead to the rejection of jobs due to the inability to execute and difficult implementation of logistics operations.

The risk associated with lower growth due to lack of warehouse space, greater congestion in logistics, which can affect employee dissatisfaction and stress, is currently mitigated by renting warehouse space and introducing a second shift. Due to the different locations of the leased warehouse space, the costs of both people and transport are higher. In the long term, the Company plans to build a new warehouse space that will meet the real needs of the business.

Due to the decreasing interest of Masters of Pharmacy in working in pharmacies, the Company faces challenges in securing the necessary staff, which can lead to the closure of pharmacies and the consequent loss of income. It is a legal obligation to have a Master of Pharmacy present in the pharmacy with a licence for independent practice.

The law stipulates that one of the minimum conditions for the operation of a pharmacy is the presence of a Master of Pharmacy with a licence for independent practice in a pharmacy. The lack of Masters of Pharmacy threatens the availability of healthcare. It is important to note that the current number of employees does not correspond to the optimal needs of the Institution, which is due to the unavailability of professional staff, as well as the non-competitiveness of the conditions offered by the Institution.

ESRS S1 – OWN WORKFORCE (continued)

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model (continued)

The lack of an optimal number of employees in certain areas, primarily Masters of Pharmacy, in 2025 resulted in more than 15 pharmacies having their working hours changed or shifts were closed for a longer period of time (a month or more). The lack of available staff, primarily Masters of Pharmacy, has a negative impact on business revenues, but also on the obligation to provide primary healthcare throughout the Republic of Croatia.

S1-1 – Policies related to own workforce

IRO	Name/description of the content of the policy	Scope	The highest level in the organization responsible for the implementation
Positive Impact - Equal Pay through Systematization of Wages and Rights Opportunity – Adequate salaries and benefits Opportunity – Taking care of the well-being of employees through the provision of benefits	Ordinance on Salaries and Other Employee Benefits	Group	The Management Board of the Company and the Principal of the Institution
	Rulebook on Organization and Systematization of Jobs	Group	The Management Board of the Company and the Principal of the Institution

These policies are described in more detail below.

Following the results of the analysis of the assessment of double materiality, a material positive impact related to one's own workforce refers to the systematization of wages, rights and equality of wages, and material opportunities to adequate salaries and benefits, employee education and care for employee well-being. For this performance and opportunities, the Group does not have an independent policy, but they are addressed through the Ordinance on Salaries and Other Employee Incomes and the Ordinance on the Organization and Systematization of Jobs. These ordinances were updated during 2025 to ensure compliance with the new job systematization and current market wage standards. When updating these regulations, the Group has considered the proposals of the Works Council and the Trade Union through formal consultations. The Group has not prescribed a special rulebook related to employee benefits, but decisions on the benefits of the Company's employees are made at the Board of Directors and discussed with the Works Council, and for the employees of Prima Pharme Pharmacies with the Union, thus taking into account the interests of key stakeholders.

The Ordinance on Salaries and Other Employee Incomes determines salaries, salary allowances and other payments to the Group's employees. The Ordinance on Organization and Systematization of Jobs shall determine the organization of work and internal distribution of work, the list of jobs, special conditions for the assignment of employees, as well as other issues relevant to the successful performance of tasks and work tasks arising from the work of the Group. These Regulations provide a clear understanding of the skills needed and accordingly ensure equal pay for equal jobs.

ESRS S1 – OWN WORKFORCE (continued)

S1-1 – Policies related to own workforce (continued)

The responsibility for the implementation of these Ordinances lies with the Management Board of the Company and the Principal of the Institution. During the adoption of the Ordinance, they were consulted with the representative of the Workers' Council of the Company and the Union of Pharmacies of Prima Pharme. Employees are informed about the Employment Regulations and they are available to them on the Group's internal website and on bulletin boards at the Group's premises.

For the identified material risks, workforce turnover, lack of pharmacists on the market and lack of warehouse space, and the opportunity to educate and train employees, the Group has not developed a specific policy nor are they part of the existing Regulations. The reason for this is that these risks and opportunities are recognized as dynamic operational challenges that are sought to be managed through targeted measures, such as additional benefits for pharmacy staff, investments in additional employee education, employee satisfaction surveys, and the like.

These Ordinances cover the workforce in its entirety.

Protection of human rights

The Group has not adopted a specific policy related to the protection of human rights, but this is regulated through the Labor Regulations. The Group is obliged to apply all laws and bylaws relating to employment relations and to adopt internal acts in accordance with applicable regulations. In addition to all of the above, the Company is also obliged to apply the Collective Agreement for trade activities.

Employees are allowed to file a request for the protection of rights on each decision, which the employer decides on within the statutory deadline. The Group also has a procedure and measures to protect dignity and protect against discrimination.

In the Institution, the Department of Legal and Personnel Affairs and Payroll Calculation monitors the compliance of the Ordinance with the aforementioned instruments.

Policies related to their own workforce are fully harmonized with all legal regulations in the Republic of Croatia. At the same time, the UN Universal Declaration of Human Rights has been adopted in the Republic of Croatia, which is followed by the UN Guiding Principles on Business and Human Rights. Respect for human rights is of utmost importance in all organizational structures of the Group.

Forced labour, compulsory labour, child labour and trafficking in human beings have not been identified as risks with regard to geographical location and type of business, so they are not explicitly included in the regulations, but they are included through compliance with the Labour Act. For all potential violations of rights, the Group ensures access to remedies through internal complaint mechanisms and the protection of workers' dignity, guaranteeing action without retaliation.

Policy and management system for the prevention of accidents at work

The Group has a policy and management system for the prevention of accidents at work. Through the system policy, the Group is committed to managing processes, risks and security in an effective and efficient manner. Through continuous education, monitoring and application of safety guidelines, it strives to ensure a safe working environment for all its employees and subcontractors at work within the Group.

ESRS S1 – OWN WORKFORCE (continued)

S1-1 – Policies related to own workforce (continued)

Prevention of discrimination

Provisions for the prevention of discrimination (including harassment), the promotion of equal opportunities and the promotion of diversity and inclusion are an integral part of the Group's internal acts, the Rules of Procedure and Measures for the Protection of the Dignity of Workers, the Labour Regulations and the Code of Ethics. The provisions cover the following grounds of discrimination: racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national or social origin and other forms of discrimination covered by European Union and national law. Prevention of discrimination is carried out through an internal act that prescribes the procedure and measures for the protection of the dignity of workers (the Ordinance on the Procedure and Measures for the Protection of the Dignity of Workers), the Labor Regulations and the Code of Ethics provide for protection against discrimination. The Group also ensures equal opportunities and procedure for all candidates through the Procedure for the Selection, Selection and Employment of New Employees. The Group has not developed specific policies related to inclusion or positive action for people in groups at particular risk of vulnerability in their own workforce, as all employees have equal rights.

S1-2 - Processes for engaging with own workers and workers' representatives about impacts

Employees play a key role in the Group's success, so the activities are aimed at encouraging employee motivation, engagement and development, as well as promoting diversity and inclusion in the work environment. In view of the material impact associated with providing equal opportunities for all employees, all employees are offered equal working conditions, as well as various opportunities for career development and further training. Open dialogue and good relations between management and employees are key elements of the Group's corporate culture with the aim of creating a safe and healthy working environment.

Based on the Strategic Guidelines for the Management of the Group's own workforce for the period from 2023 to 2025, the Group has prepared activities aimed at ensuring sustainable and efficient management of the working environment and human resources.

Although there is no collective agreement, the Group has a positive attitude and openness towards collective organizing and bargaining, and the cooperation with the Union and the Works Council can be assessed as positive, efficient and cooperative.

The Company has an organized Workers' Council whose members are elected in free, direct elections by secret ballot. The elected Works Council reflects all organizational business units and the structure of all employees (by gender, age, professional qualifications, jobs they work on, etc.). The elected Works Council protects and promotes the interests of workers by consulting, co-deciding or negotiating with the employer on issues important for the position of workers. The institution has a Union commissioner who takes over the powers of the Works Council. Management can gain insight into workforce satisfaction and their desires in order to maintain satisfaction and retain the workforce.

ESRS S1 – OWN WORKFORCE (continued)

S1-2 - Processes for engaging with own workers and workers' representatives about impacts (continued)

Cooperation takes place on several levels, directly with employees and through representatives in the Works Council of the company and the Trade Union. The cooperation of the Human Resources Management Service with its own workforce takes place in five phases: from conducting a satisfaction survey and interviews with employees, informing management about the collected data, making and implementing decisions, and finally reviewing the success of implemented decisions. This cooperation takes place on a regular basis. The Works Council of the Company participates in the adoption of legal acts of the Company and decisions related to labor law issues of employees through prior consultation and comments on those acts and decisions. This cooperation usually takes place on a quarterly basis, and at least twice a year.

In the Institution, union members report **suggestions** to the Commissioner by phone or email, arbitrarily as needed. The Commissioner of the Union communicates directly with the Principal, and sometimes the Principal consults directly with the managers of pharmacies or a particular area to solve the problem. This cooperation takes place as needed.

Feedback is recorded through satisfaction surveys and interviews with employees, and through exit interviews. Employees are verbally informed about the impact of their feedback on decisions and changes.

Open dialogue The Group encourages and supports daily open dialogue between employees and employees and their superiors. Team leaders are expected to give feedback on their work to their team members at least once a quarter, during the quarterly assessment of competencies and work performance. It is also an opportunity for employees to give feedback to their superior, express their own opinion, and thus open up space for aligning the strategy with the needs of employees. Managers and directors receive official feedback on an annual basis, as well as goals and an individual development plan. Employees are verbally informed about the impact of their feedback on decisions and changes. The Group assesses the effectiveness of cooperation with its own workforce through feedback analysis and satisfaction testing.

Cooperation activities are carried out at all levels, and human resources are allocated for cooperation (Legal Service, Human Resources, Management, Management). The highest responsibility for the cooperation is on the members and the President of the Management Board of the Company and the Principal of the Institution. The responsibility was reduced to human resources, directors, legal service, members of the Works Council and the trade union commissioner for the Institution for Certain Cooperation.

ESRS S1 – OWN WORKFORCE (continued)

S1-2 - Processes for engaging with own workers and workers' representatives about impacts (continued)

Care for foreign labor, as a part of its own workforce that may be particularly vulnerable or exposed to marginalization, is carried out as follows:

- On the first working day, each new foreign employee is assigned a mentor who helps them integrate into the work process faster and more efficiently, an induction day is organized and important documents (regulations, decisions, key contacts, guidelines and code of conduct) are provided.
- After the start of work, once a quarter, *a feedback* meeting is held with the direct superior with the aim of monitoring progress, addressing possible challenges and providing additional support in the adaptation process.
- The Human Resources Management Department takes care of all steps of the recruitment and retention process of foreign workforce and is continuously available and supports all questions.

S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns

The Group did not identify material negative impacts on its own workforce.

Channels for raising concerns

Persons in the Group's own workforce are aware of the structures and procedures for raising concerns. The procedures are described in internal acts that are available to employees and regular training is carried out. Authorized persons must carry out all actions, including the collection of statements of employees and other persons, in a manner that guarantees the confidentiality of information and the protection of the privacy of each person. The channels for expressing concerns available to the Company's own workforce and the Institution are described below.

Company

Employees of the Group can submit inquiries to express concerns, satisfaction and dissatisfaction through various channels: to the immediate manager, confidential person for internal reporting of irregularities, Commissioner for the Protection of Workers' Dignity, Human Resources Management Service, Legal and Human Resources Department, Works Council, Trade Union, and from third parties to the inspection or public prosecutor's office. Also, a survey of the satisfaction and motivation of the Group's employees is regularly conducted. By analyzing employee satisfaction and motivation surveys and presenting the results, possible measures are implemented to ensure effectiveness. In addition, quarterly evaluation and feedback from employees of all services, departments, job groups and pharmacy branches are carried out.

Employees have the right to appeal, i.e. The right to file a request for the protection of the right to any decision made by the employer within 15 days of its adoption, and depending on the decision made by the employer on the request, they also have the right to judicial protection.

ESRS S1 – OWN WORKFORCE (continued)

S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns (continued)

Channels for expressing concerns (continued)

Company (continued)

The handling of complaints is described in internal acts and has already been mentioned in this report (S1-1 Policies related to own workforce and S1-2 Procedures for cooperation with own workforce), all internal acts are available for inspection by all employees, and periodic trainings are also conducted.

The Group supervises and monitors the questions raised and processed through the described channels to the Legal and Human Resources Department and the Human Resources Management Service.

The body in charge of reporting irregularities and protecting the rights of employees is the Legal and Human Resources Service, which continuously processes and supervises current inquiries.

The body in charge of analyzing quarterly interviews and employee satisfaction and motivation surveys is the Human Resources Management Service.

The Company has whistleblower protection policies in place. Information on whistleblower protection can be found in G1-1.

Institution

The institution has established channels through which employees can express their concerns or needs. Employees can do this through personalized e-mail addresses, by anonymously logging in to the Institution's e-mail, via regular mail, via the intranet and by contacting the Commissioner for the Protection of Workers' Dignity.

In the event that the Institution or persons authorised to receive complaints receive a complaint regarding harassment and protection of the dignity of workers or discrimination, they are obliged to investigate the complaint within eight days of the delivery of the complaint and, if they assess that it is based on relevant facts indicating probability, they must take all necessary urgent measures (release of the employee who submitted the complaint from the obligation to work, removal from work of an employee against whom a complaint has been filed and release of the employee from the obligation to perform work in which he or she comes into contact with the person against whom he or she has filed a complaint) in order to prevent the continuation of harassment or sexual harassment or discrimination.

In the process of examining the complaint, the Institution or persons authorized to receive and resolve complaints related to the protection of dignity shall question the employee who filed the complaint, the person alleged to have harassed or sexually harassed the employee, determine the manner and circumstances of the harassment and present other evidence in order to establish the relevant facts. Measures against an employee who is found to have committed harassment or sexual harassment can be: a written warning, termination of the contract on the basis of which the person cooperates with the employer (work contract, copyright contract, etc.), termination of the employment contract with an offer of an amended contract, ordinary or extraordinary termination of the employment contract. The policies are continuously available to employees through the intranet and bulletin board. Information on whistleblower protection can be found in G1-1.

ESRS S1 – OWN WORKFORCE (continued)

S1-4 – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches

List of actions to manage the material impact, risks and opportunities associated with their own workforce

IRO	Actions	Scope	Period
Positive Impact - Equal Pay through Systematization of Wages and Rights	Equal opportunities for all employees	Group	Ongoing
Risk – Labour shortages and high worker turnover	Employment of foreign labor	Group	Ongoing
Risk – Lack of storage space	Rental of warehouse space and introduction of the second shift	Group	Ongoing
Risk – Lack of Masters of Pharmacy interested in working in pharmacies	Future Masters of Pharmacy Scholarship Program	Institution	Ongoing
Opportunity – Taking care of the well-being of employees through the provision of benefits	Employee benefits	Group	Ongoing
Opportunity – Employee education and training	Providing training and employee development programs	Group	Ongoing
Opportunity – Adequate wages and benefits	Wage competitiveness management	Group	Ongoing

No material negative impact on its own workforce was identified, nor has it been found that practices related to the procurement, sale and use of data could have a negative impact on the Group's own workforce.

All of these actions are described in more detail below.

Actions - positive impact - Equal pay through the systematization of wages and rights

The Group has identified a material real positive impact of equal pay through the systematization of pay and entitlements, which is linked to the Group's business model and strategy. Equal opportunities for all employees are sought through prescribed job descriptions and financial frameworks for each position, regardless of gender, origin and other criteria. This has a positive effect on the workforce that directly affects employee satisfaction.

S1 – OWN WORKFORCE (continued)

S1-4 – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches (continued)

Actions - positive impact - Equal pay through the systematization of wages and rights (continued)

Equal opportunities for all employees

Ethical and professional values are clearly defined within strategic documents and guidelines, and the core values of the organization, as well as the behavior expected of all team members, are implemented in all documents of the Group, the Work Regulations with provisions on the procedure and measures for the protection of the dignity of workers, the Code of Ethics and the Procedure for the Selection, Selection and Employment of New Employees ensure a fair and impartial approach to each individual, regardless of who they are process or status of the individual. This provides equal opportunities and opportunities for all existing and potential employees in the future.

The effectiveness of the measures is assessed through employee feedback, employee satisfaction surveys, turnover monitoring, and additionally monitored assessments of work performance, competencies and compliance with employee values. The results of the Group's employee satisfaction and motivation survey, conducted at the end of 2024 and the beginning of 2025, confirm a very high level of employee satisfaction and motivation. All key areas were rated extremely high – motivation and job satisfaction, recognition and benefits, teamwork and problem solving, communication, employee development, working conditions and leadership. Compared to the results from two years ago, the Institution has recorded consistently high ratings, while the Company has made material progress in all key areas.

The Group has not adopted a roadmap for the transition to a greener, climate-neutral economy and, consequently, there are no associated negative impacts on its own workforce. The Group did not identify material negative impacts on the workforce.

Resources allocated to material impact management

The Group has no intention at this time to introduce specific positions in the Human Resources Department to promote diversity or employment practices, but all employees in human resources, legal and human resources, as well as all Group managers, are expected to promote diversity and act accordingly.

As far as financial resources are concerned, certain funds are used for the aforementioned employee trainings and projects related to the introduction of foreign employees into the business, i.e. trainings in this field are continuously attended.

During 2025, the Group implemented comprehensive human resources software in which data related to this topic are also monitored. The Group does not plan to develop new business policies and procedures, nor is it considered necessary to work on new reports or the introduction of new certificates related to this topic.

ESRS S1 – OWN WORKFORCE (continued)

S1-4 – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches (continued)

Actions relating to material risks and opportunities

The collective expected outcome of all actions to increase employee satisfaction and employee retention is the development of the image of a desirable employer, attracting talents, retaining quality employees, ensuring a healthy and safe working environment, reducing sick days and absences, reducing the possibility of unacceptable behaviors in the organization, a pleasant and stimulating atmosphere, the development of knowledge, skills and competencies of employees, the impact on increasing employee satisfaction, the impact on the the standard of employees, the impact on the health and safety of employees, the achievement of equal opportunities for employees, the impact on the development and education of young people. The measures apply to and apply to all employees of the Group. The measures are implemented continuously and change according to the needs of employees.

Risk – Labour shortages and high worker turnover

Labor shortage and high employee turnover represent a material challenge that directly affects the quality of work, productivity and overall employee satisfaction. In order to reduce the negative consequences of employee turnover and maintain a high level of workforce satisfaction, a number of measures have been implemented to improve working conditions.

Employment of foreign labor

The Group actively monitors the labor market and, in accordance with the needs, employs foreign workers, to whom it provides the same conditions as existing employees. This approach allows for the stabilization of the workforce and the reduction of pressure on existing employees, thus contributing to social responsibility and business sustainability. During 2025, compared to 2024, the number of foreign labor increased, which reduced the operational workload and the number of overtime hours of employees.

Procedures for the introduction of foreign labor with the aim of better integration:

- Before arriving in Croatia, the foreign workforce receives essential materials, such as a bilingual dictionary with the most commonly used expressions in the workplace.
- Upon arrival, an induction day is organized during which the organization is presented, important documents (regulations, decisions, key contacts, guidelines and code of conduct) are provided and a tour of logistics is conducted to help the new employees become familiar with their working environment in advance. On their first working day, each new employee is assigned a mentor who helps them integrate into the work process faster and more efficiently.
- After the start of work, a quarterly *feedback* meeting is held with the direct supervisor with the aim of monitoring progress, addressing possible challenges and providing additional support in the adaptation process.
- The Human Resources Management Department oversees all steps of the recruitment and retention process for foreign workforce and is continuously available to provide support and address any issues that may arise.

ESRS S1 – OWN WORKFORCE (continued)

S1-4 – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches (continued)

Risk – Labor shortages and high worker turnover (continued)

Employment of foreign labor (continued)

Also, the local workforce is continuously employed in accordance with the availability of personnel on the market. In order to reduce turnover and improve the quality of work in the long term, the Group continuously invests in employee training, providing benefits for better working conditions and increasing work-life balance. Also, the Group systematically monitors employee satisfaction through internal surveys and interviews, in order to react to potential problems in a timely manner and adapt its approach to the needs of the workforce.

Risk – Lack of storage space

Inadequate size of warehouse space and increasing turnover result in the rejection of jobs due to the inability to perform them and difficult implementation of logistics operations. Less growth than potential due to lack of warehouse space, greater congestion in logistics and dissatisfaction and stress of workers.

Rental of warehouse space and introduction of the second shift

Currently, the risk is mitigated by renting storage space and introducing a second shift. In addition, in 2025, 11,525 m² of warehouse space was leased, which created the preconditions for further growth and development of the business and materially relieved logistics capacities in Zagreb. In the long term, the Group plans to build a new warehouse space that will meet the real needs of the business.

Risk – Lack of Masters of Pharmacy interested in working in pharmacies

The shortage of labor (pharmacists) in pharmacies results in the closure of pharmacies shifts and loss of income. The law stipulates that one of the minimum conditions for the operation of a pharmacy is the presence of a Master of Pharmacy with a licence for independent practice in a pharmacy. The lack of Masters of Pharmacy threatens the availability of health are. It is important to note that the current number of employees does not correspond to the optimal needs of the Institution, which is due to the unavailability of professional staff, as well as the non-competitiveness of the conditions offered by the institution.

Future Masters of Pharmacy Scholarship Program

Due to the long-term shortage of Masters of Pharmacy in the labor market, during 2025, the Institution provided scholarships to 6 students of the third, fourth and fifth year of pharmacy studies, who are obliged to work for a pre-agreed period of time at work locations as needed by the Institution after graduation.

Opportunity – Employee education and training

Providing education and training to employees and taking care of well-being affects employee satisfaction and employee retention, which results in continuous work, preservation of knowledge within the company, savings on the introduction of new employees and satisfaction of suppliers and customers.

ESRS S1 – OWN WORKFORCE (continued)

S1-4 – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches (continued)

Opportunity – Education and training of employees (continued)

Providing training and employee development programs

Education is one of the most important strategic goals of the Group, and the organization and implementation of various educational and development programs is the result of continuous assessment of work performance and competencies and recognition of the educational and development needs of all Group employees. All employees of the Group are covered by educational programs and opportunities. The Group includes employees assessed with potentials for growth, development and taking on new, more responsible roles in the future, as well as key employees, in educational and development projects with the aim of developing knowledge, skills and competencies important for managing people and business processes and managing change. In the period ahead, the Group will continue to invest in additional education and development of employees.

The Human Resources Management Service, in agreement with the immediate superior managers, defines the development needs of employees and plans training in the annual process. Each immediate supervisor has the responsibility to propose an employee who he or she believes needs development. In order to provide an opportunity for professional and personal development of each employee, there are organized programs at the Group level that are focused on employee development, specialist education and individual training.

The result of quarterly and annual assessments of all employees are goals and plans for the personal and professional development of employees and their inclusion in development and educational programs depending on the needs for the development of specific knowledge, skills and behaviors. Professional trainings that are published on web seminars are available to all employees, and employees are invited to other internal or external trainings, depending on their educational needs for the development of specific knowledge, skills and behaviors.

Opportunity – Adequate salaries and benefits

Adequate salaries and care for employees increase their satisfaction and retention, which results in continuity of work, preservation of organizational knowledge, reduction of the costs of introducing new employees, and greater satisfaction of suppliers and customers.

Wage competitiveness management

The Group is continuously working to ensure wage competitiveness with the aim of increasing employee satisfaction and retention. During 2025, the salaries of a larger number of employees were increased. In addition, as of 1 January 2025, the amount of the monthly bonus has generally been increased, and a new decision on performance-based rewards has been additionally adopted, with which the amounts of bonuses for employees evaluated as exceeding or significantly exceeding expected behavior standards have been increased.

ESRS S1 – OWN WORKFORCE (CONTINUED)

S1-4 – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches (continued)

Opportunity – Taking care of the well-being of employees through the provision of benefits

Taking care of employees through the provision of various benefits increases their satisfaction and motivation, so they stay longer in the company. This ensures continuity of work, preservation of organizational knowledge, reduction of costs of introducing new employees and increase the level of satisfaction of suppliers and customers.

Employee benefits

The Group is continuously working to expand its portfolio of benefits for its own workforce. Employees of the Group have a number of benefits; physical examinations every two years, a day off for the first day of school, Christmas and Easter bonuses, also provides support for a newborn child, death of a close family member, disability of workers, grants for uninterrupted sick leave for more than 90 days, jubilee awards, a gift in kind, a program to reward candidate recommendations, scholarships for children of deceased workers, support for schooling, accident insurance, flexible working hours for jobs where possible according to the nature of the job, occasional joint gatherings of employees, more affordable hotel and banking services for employees, the benefit of additional savings in the third pillar of pension insurance, a sports benefit program, compensation for commuting to work and compensation for hot meals, employee reward systems in the form of cash rewards for work results and salary supplements, the Group pays and provides gifts for employees' children and organizes occasional gatherings of employees with their children.

During 2025, a number of new benefits for employees were introduced, including the possibility of remote work where possible according to the nature of the work and an increase in the number of days for paid leave in various clearly defined cases. Hot meal allowances and performance awards have been increased throughout 2025. Subsidies for employees have been defined, mostly in the maximum non-taxable amount.

Material risk management procedures related to the Group’s own workforce are not integrated into its risk management system.

Although the Group does not have a defined formalized action plan, providing benefits for employees requires a number of operational expenses such as education costs, advertising, salary increase costs, costs related to foreign workers and other benefits. These fees are presented in the Group's financial statements (NOTE 7 – EMPLOYEE COSTS and NOTE 9 – OTHER OPERATING EXPENSES). The Group will continue to take certain measures in the coming periods that will have an impact on financial resources.

S1-5 – Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

The Group has not yet adopted targets related to its own workforce. In the current reporting period, the Group started working on a sustainability strategy related to material impacts, risks and opportunities, and conducted an analysis of best practices and a feasibility analysis that will serve as a basis for the implementation of the strategy. The strategy will also adopt targets related to its own workforce, taking into account the evolution of the ESRS.

ESRS S1 – OWN WORKFORCE (continued)

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (continued)

Nevertheless, the Group monitors the effectiveness of its measures through the indicators set out in the table below:

Indicator to monitor effectiveness	*Measures (IRO)*	*Level of ambition*	*Achieved level in 2025*
Satisfaction surveys, response rate	Equal opportunities for all employees (Positive impact – Equal pay through the systematization of wages and rights) Employment of foreign labor (Risk – Lack of workforce and high employee turnover) Scholarship program for future Masters of Pharmacy (Risk – Lack of Masters of Pharmacy interested in working in pharmacies) Provision of education and development programs for employees (Opportunity – Education and training of employees) Managing Wage Competitiveness (Opportunity – Adequate Wages and Benefits)	≥ 65%	57.7%
Satisfaction surveys, ratings	Equal opportunities for all employees (Positive impact – Equal pay through the systematization of salaries and rights) Employment of foreign labor (Risk – Lack of workforce and high employee turnover) Scholarship program for future Masters of Pharmacy (Risk – Lack of Masters of Pharmacy interested in working in pharmacies) Benefits for employees (Opportunity – Taking care of the well-being of employees through the provision of benefits) Provision of education and development programs for employees (Opportunity – Education and training of employees) Management of wage competitiveness (Opportunity – Adequate salaries and benefits)	≥ 4 for each category.	4.60-5.59
Fluctuation level	Equal opportunities for all employees (Positive impact – Equal pay through the systematization of salaries and rights) Employment of foreign labor (Risk – Lack of workforce and high employee turnover) Scholarship program for future Masters of Pharmacy (Risk – Lack of Masters of Pharmacy interested in working in pharmacies) Benefits for employees (Opportunity – Taking care of the well-being of employees through the provision of benefits) Provision of education and development programs for employees (Opportunity – Education and training of employees) Management of wage competitiveness (Opportunity – Adequate salaries and benefits)	≤ 15%	11.34%

ESRS S1 – OWN WORKFORCE (CONTINUED)

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (continued)

The Group monitors the effectiveness of measures through employee satisfaction surveys, turnover monitoring and interviews with employees. The level of ambition that the Group wants to achieve in the context of the satisfaction survey is a response rate of 65% of employees and a score greater than or equal to 4 for each category. Surveys are conducted every two years. The last survey conducted and analyzed at the end of 2024 and the beginning of 2025 shows very high levels of satisfaction and motivation among Group employees, with excellent ratings across all key areas. In the Company, the highest-rated categories were working conditions, leadership, teamwork and problem solving, while motivation and job satisfaction scored lowest. In the Institution leadership, teamwork and problem solving and employee development received the highest ratings, whereas awards, recognitions and benefits received the lowest. The level of turnover that the Group strives for is lower than 15%. Turnover is monitored on both a monthly and annual basis. Qualitative indicators also include daily conversations with employees.

S1-6 – Characteristics of the Undertaking's Employees

Below are the data on the characteristics of the Group's employees. The Group has no employees in its own workforce who are not employed by the Group.

Number of employees by gender

Gender	**Company**		**Institution**		**Group**	
	31.12.2025	**31.12.2024**	**31.12.2025**	**31.12.2024**	**31.12.2025**	**31.12.2024**
Men	338	319	34	36	372	355
Women	284	276	423	401	707	677
Total employees	**622**	**595**	**457**	**437**	**1,079**	**1,032**

	31.12.2025			**31.12.2024**		
	Men	**Women**	**Company**	**Men**	**Women**	**Company**
Number of employees	338	284	**622**	319	276	**595**
Contract for an indefinite period of time	239	260	**499**	250	259	**509**
Fixed-term contract	99	24	**123**	69	17	**86**
Number of employees with an unguaranteed number of working hours (STUDENTS)	1	7	**8**	1	1	**2**
Number of full-time employees	336	282	**618**	318	274	**592**
Number of part-time employees	2	2	**4**	1	2	**3**

ESRS S1 – OWN WORKFORCE (continued)

Number of employees by type of contract by gender (continued)

	31.12.2025			31.12.2024		
	Men	**Women**	**Institution**	**Men**	**Women**	**Institution**
Number of employees	34	423	**457**	36	401	**437**
Contract for an indefinite period of time	28	387	**415**	28	374	**402**
Fixed-term contract	6	36	**42**	8	27	**35**
Number of employees with an unguaranteed number of working hours (STUDENTS)	-	-	**-**	-	1	**1**
Number of full-time employees	32	421	**453**	32	399	**431**
Number of part-time employees	2	2	**4**	4	2	**6**

	31.12.2025			31.12.2024		
	Men	**Women**	**Group**	**Men**	**Women**	**Group**
Number of employees	372	707	**1,079**	355	677	**1,032**
Contract for an indefinite period of time	267	647	**914**	278	633	**911**
Fixed-term contract	105	60	**165**	77	44	**121**
Number of employees with an unguaranteed number of working hours (STUDENTS)	1	7	**8**	1	2	**3**
Number of full-time employees	368	703	**1,071**	350	673	**1,023**
Number of part-time employees	4	4	**8**	5	4	**9**

ESRS S1 – OWN WORKFORCE (continued)

S1-6 – Characteristics of the Undertaking's Employees (continued)

	2025			2024		
	Company	**Institution**	**Group**	**Company**	**Institution**	**Group**
Total number of employees who left the Company in the reporting period	72	46	118	92	62	154
Employee turnover rate in the reporting period	12.04%	10.39%	11.34%	15.7%	14.44%	15.2%

Employee data for 2025 were collected through the Group's HR NET portal. The turnover rate for 2025, as in the previous reporting period, was calculated using the following formula: number of employees who left the Company divided by the average number of employees for the year. The number of employees was used for these calculations. The number of employees reported represents the headcount as of the last day of the year (31 December 2025) is reported, in line with NOTE 7 – EMPLOYEE COSTS. The average number of employees in the Group as of 31 December 2025 was 1,041 (2024: 1,015).

The most common reasons cited by employees for leaving the Institution were the need for change or better financial conditions and relocation. The most common reasons cited by employees for leaving the Company were the need for better financial conditions and finding another job more aligned with their interests. Employees working on a part-time basis are most often employed under this type of contract to replace employees on maternity leave, long-term leave or to address periods of increased workload during the year. The measurement of indicators related to staff characteristics has not been validated by an external body other than the assurance provider.

S1-9 - Diversity metrics

Gender breakdown by number and percentage at the highest management level

	Company 2025		Company 2024	
Gender breakdown at the highest management level	**Number of employees at the highest management level**	**Percentage (relative to total at the highest management level)**	**Number of employees at the highest management level**	**Percentage (relative to total at the highest management level)**
Men	17	59%	17	59%
Women	12	41%	12	41%
TOTAL	**29**	**100%**	**29**	**100%**

ESRS S1 – OWN WORKFORCE (continued)

S1-9 - Diversity metrics (continued)

	Institution 2025		Institution 2024	
Gender breakdown at the highest management level	**Number of employees at the highest management level**	**Percentage (relative to total at the highest management level)**	**Number of employees at the highest management level**	**Percentage (relative to total at the highest management level)**
Men	3	23%	3	23%
Women	10	77%	10	77%
TOTAL	**13**	**100%**	**13**	**100%**

	Group 2025		Group 2024	
Gender breakdown at the highest management level	**Number of employees at the highest management level**	**Percentage (relative to total at the highest management level)**	**Number of employees at the highest management level**	**Percentage (relative to total at the highest management level)**
Men	20	48%	20	48%
Women	22	52%	22	52%
TOTAL	**42**	**100%**	**42**	**100%**

Distribution of employees by age groups

	Company 2025		Company 2024	
Age group	**Number of employees (total)**	**Percentage of employees**	**Number of employees (total)**	**Percentage of employees**
Aged under 30	71	11%	68	11%
Aged 30 - 50	425	68%	407	68%
Aged over 50	126	20%	120	20%
TOTAL	**622**	**100%**	**595**	**100%**

ESRS S1 – OWN WORKFORCE (continued)

S1-9 - Diversity metrics (continued)

Distribution of employees by age groups (continued)

	Institution 2025		Institution 2024	
Age group	**Number of employees (total)**	**Percentage of employees**	**Number of employees (total)**	**Percentage of employees**
Aged under 30	163	36%	149	34%
Aged 30 - 50	222	49%	218	50%
Aged over 50	72	16%	70	16%
TOTAL	**457**	**100%**	**437**	**100%**

	Group 2025		Group 2024	
Age group	**Number of employees (total)**	**Percentage of employees**	**Number of employees (total)**	**Percentage of employees**
Aged under 30	234	22%	217	21%
Aged 30 - 50	647	60%	625	61%
Aged over 50	198	18%	190	18%
TOTAL	**1,079**	**100%**	**1,032**	**100%**

Top management is defined as the managing authority, the level directly below the management body and, in certain units, managers, who are two levels below the management bodies. The indicator was calculated on the basis of internal data collected by the Human Resources Management Service and provides an overview as of 31 December 2025. The data cover the entire structure of the Group's top management. The measurement of this indicator has not been validated by an external body other than the assurance provider.

S1-10 – Adequate Wages

All employees of the Group receive an adequate salary in relation to the applicable benchmarks, which are in accordance with the Minimum Wage Act (OG 118/18, 120/21, 152/24) and Directive 2022/2041 of the European Parliament and of the Council on adequate minimum wages in the European Union, which has been transposed into Croatian legislation through the Minimum Wage Act (OG 118/18, 120/21, 152/24) and the Regulation on the minimum wage for 2025, which amounts to EUR 970. The metric is based on a comparison of the lowest gross earnings with the national statutory threshold assuming full-time employment. It is expressed in euros (EUR). The measurement of this indicator has not been validated by an external body other than the assurance provider.

ESRS S1 – OWN WORKFORCE (continued)

S1-16 - Compensation metrics (pay gap and total compensation)

	31.12.2025			31.12.2024	
	Company	**Institution**	**Group**	**Company**	**Institution**
Gender pay gap (%)	4%	15%	3%	8%	15%

The gender pay gap is defined as the difference in average pay grades between male and female employees, expressed as a percentage of the average pay grade of male employees. The quantitative data was calculated by taking data from the payroll application for all employees, including employees who left the company during the year. The calculation takes into account gross salaries, contributions from and to salary, bonuses, in-kind benefits.
The gender pay gap in the Group reflects the gender diversity across different types of work within the Group and it includes President and the members of the Management Board as well as Principal of the Institution. During the reporting period, there was fluctuation in certain grades and positions. The measurement of this indicator has not been validated by an external body other than the assurance provider.

Contextual information

The Management Board of the Company consists exclusively of male members who have higher incomes than any other paid employee in the Company. Given that there are more men than women in managerial positions, men's income levels are accordingly higher than those of women. There were no female employees in certain roles, such as driver-courier positions, and these employees make up about 30% of the total male workforce. About 40% of total employees are employed in positions with the lowest salary levels. Also, in 2025, a higher number of female employees were on maternity leave or long-term sick leave, which also affected the calculation of the average gross hourly wage.

The gender pay gap reflects the gender diversity across different types of work within the Institution. In 2025, only 41 male employees were employed, of which 11 were in managerial positions. Other male employees include 18 pharmacists whose salaries are comparable to those of female pharmacists, although higher than the salaries of the five male pharmacy technicians., In addition, there are seven male employees who are professional associates and do not work as sales staff. A large number of pharmacy technician positions are held by female employees, whose salaries are lower than those of female pharmacists. The high number of female employees who are pharmacy technicians by profession also contributes to a lower average hourly wage of female employees.

ESRS S1 – OWN WORKFORCE (continued)

S1-16 - Compensation metrics (pay gap and total compensation) (continued):

Contextual information (continued)

	31.12.2025			31.12.2024	
	Company	**Institution**	**Group**	**Company**	**Institution**
Ratio of the total annual compensation of the highest paid person to the median of the total annual compensation for all employees (excluding the highest paid person)	27	9	25	26	8

Quantitative data were calculated by taking data from the payroll application for all employees (excluding the highest-paid individual), including employees who left the Company during the year. The remuneration paid includes gross salaries (including employee and employer social security contributions), bonuses, benefits in kind and non-taxable benefits such as occasional awards, performance-based awards, Christmas and Easter bonuses, meal allowances and transportation allowances. The total hours of work do not include employees who were on long-term sick leave and whose salary was not paid at the expense of the employer. The hourly wage itself is also influenced by the type of work that employees do and the required professional qualifications for these jobs.

Thus, according to the structure by professional qualifications, the Company has about 80% of employees with a professional degree equal to or lower than secondary education (SSS). The measurement of this indicator has not been validated by an external body other than the assurance provider. The hourly rate itself is also influenced by the type of work that employees do and the required professional qualifications for these jobs.

S1-17 - Incidents, complaints and severe human rights impacts

During the reporting period, as in the previous reporting period, the Group did not report cases of discrimination, harassment or complaints of raising concerns by its own workforce, as well as complaints to the Commissioners for the Protection of Dignity related to violations of labor rights and equal treatment and opportunities for all and other labor rights. Consequently, the Group did not incur any penalties, sanctions or damages during the reporting period. There were also no reported cases of discrimination, harassment or complaints in the previous reporting period, and consequently the Group did not incur any related penalties, sanctions or damages in the previous reporting period.

The Group did not have any serious human rights violations related to the workforce during the reporting period. The indicator was prepared on the basis of internal data collected by the Legal Department of the Company and the Legal Department of the Institution and provides information as of 31 December 2025. The data covers the entire Group. The Group also had no serious human rights violations related to the workforce in the previous reporting period.
The measurement of this indicator has not been validated by an external body other than the assurance provider.

ESRS S4 - CONSUMERS AND END USERS

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Consumers and end-users are key stakeholders of the Group. A distinction is made between retail customers (pharmacy users, patients, families and caregivers of patients) and wholesale customers (hospitals, pharmacies, polyclinics, health care institutions, dental offices, veterinary practices and other legal entities). In updating the double materiality analysis, consumers and end users are actively involved in the process through a survey.

Material positive impact - Prevention of counterfeits and illicit trade

By assessing double materiality, the Group identified the prevention of counterfeits and illicit trade as the only impact related to consumers and end-users. This positive and actual impact stems from the business model and strategy, primarily from the value chain. The Group's strategy has been adjusted in order to realize the impact identified to the highest extent possible. In addition to purchasing goods exclusively from verified suppliers, the Group adheres to the obligation to verify the authenticity (serialization) of medicinal products in order to increase the safety of patients in the integrity of the medicinal product. The Group implements the applicable legal requirements of EU Directive 2011/62/EU and Delegated Regulation 2016/161/EU that seek to combat the falsification of medicinal products.

All prescription-only medicines placed on the market must carry a unique identifier in the form of a two-dimensional Data Matrix barcode. The packaging of medicinal products must also have protection against opening to prevent unauthorized opening. It is important to emphasize that the Group has licenses and certificates for good practice in wholesale distribution of medicinal products and medical devices, as well as for good manufacturing practice for medicinal products and veterinary medicinal products.

Consumers and end users who are subject to the positive effect of counterfeit prevention include patients, patients' families and other healthcare stakeholders who obtain products through hospitals, pharmacies, wholesalers and polyclinics, as well as legal entities with which the Group has contracts for the supply of goods.
The products offered by the Group are necessary for the treatment and prevention of various medical conditions. However, with improper use, they can be harmful to humans, which is why end users depend on accurate and accessible information. Consumers and end users of the Group's products include persons who are particularly vulnerable to the health and effects of marketing and sales strategies, including children and financially vulnerable individuals. Users and end consumers can also experience an impact on their privacy rights, the protection of their personal data and discrimination in the event of data leakage through the purchase of Group products.

Material risk – Cyber security

The Group identified the Cyber security as a material risk. In the event of an IT system breach due to a cyber attack, there may be a potential leak of personal data that can undermine customer trust, with long-term reputational and financial consequences. A cyber attack could also lead to downtime and thus directly affect revenues. Additionally, the attackers may demand a ransom to decrypt the data or prevent its publication, which can cause a direct financial cost.

ESRS S4 - CONSUMERS AND END USERS (continued)

ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model (continued) S4-1- Policies related to consumers and end users

IRO	Name/description of the content of the policy	Scope	The highest level in the organization responsible for the implementation of the
Positive impact - Prevention of counterfeits and illicit trade	System policy	Group	Management Board (Company) and Branch Managers (Institution)
Risk – Cyber security	Information System Security Policy	Group	Management

The System Policy and the Information System Security Policy include all consumers and end users through material impact and risk management. These policies are described in more detail below.

System policy

Customer and patient satisfaction is crucial for the long-term sustainability of the Group's operations, and accordingly, the provision of safe, high-quality products is of utmost importance. The Group maintains quality through highly standardized and legally regulated distribution and service delivery processes.

In order to manage the quality of products and services in accordance with international standards, but also the values of the Group, in order to provide its consumers with the best possible service and remain competent among the competition, the Group has aligned its business with a number of certificates, permits and solutions. With them, the Group proves that it meets the requirements, standards and relevant laws and regulations that regulate the trade of certain types of products for all its locations and business centers. A safe and reliable supply of medicines is only possible with assured quality and security in the supply chain.

The quality assurance systems implemented in the Group are monitored by internal controls (audits, audits and self-inspections) and official inspections by external bodies. The Company's quality management system is risk-based and management-oriented in accordance with system certificates according to ISO 9001:2015 (Quality Management System), ISO 14001 (Environmental Management System), ISO 50001 (Energy Management System), DPP (Good Manufacturing Practices) and DDP (Good Distribution Practices).

The Group implements the applicable legal provisions of Directive 2011/62/EU of the European Parliament and of the Council of 8 June 2011 amending Directive 2001/83/EC on the Community code relating to medicinal products for human use, for the purpose of preventing the introduction of falsified medicinal products into the supply chain, and Commission Delegated Regulation (EU) 2016/161 of 2 October 2015, supplementing Directive 2001/83/EC of the European Parliament and of the Council by laying down detailed rules for the safety features on the packaging of medicinal products for human use, which jointly aim to combat the falsification of medicinal products. All prescription-only medicines placed on the market must carry a unique identifier in the form of a two-dimensional Data Matrix barcode. The packaging of medicinal products must also have protection against opening to prevent unauthorized opening. It is important to emphasize that the Company has licenses and certificates for good practice in wholesale distribution of medicinal products and medical devices, as well as for good manufacturing practice for medicinal products and veterinary medicinal products.

ESRS S4 - CONSUMERS AND END-USERS (continued)

S4-1- Policies related to consumers and end-users (continued)

System Policy (continued)

Furthermore, the Group follows the recommendations of various regulations that prescribe the rule of operation within its domain, such as the Regulations on Veterinary Medicinal Products and the Regulations on the conditions which the legal entities must comply with in the performance of the activity of wholesale and retail distribution of veterinary medicinal products, medicinal additives and veterinary medicinal products, the Ordinance on Good Practice in the Distribution of Medicinal Products, the Granting of Licenses for Wholesale Distribution of Medicinal Products, the Granting of Licenses for Mediation of Medicinal Products and the Granting of Certificates of Good Practice in the Wholesale Distribution of Medicinal Products, as well as many others. In cooperation with the Croatian Agency for the Verification of the Authenticity of Medicines (HOPAL), each drug is verified through the drug authentication program when it is dispensed to the patient.

Business activities and their development in the Group are important for internal operations and product development. The Group bases its business plan on the analysis of risks and opportunities in the field of import and distribution of medicines and other products from its range. All processes of particular importance are evaluated continuously and periodically by monitoring performance indicators. We always strive to ensure high standards and maintain them at a high level, including through the selection of personnel and equipment. Staff is trained through continuous education, programs, and has quality work experience, while equipment is purchased from adequate suppliers and qualified before commissioning.

At the very end, additional and special attention is paid to the verification and control of the products themselves from the entrance to delivery to the user. Some of the quality indicators that are practiced and encouraged in the work are performed and planned (re)validations, changes that have been initiated in the work with the purpose of achieving higher standards, concluding changes within the set deadline, open non-conformities, corrective actions performed within the deadline, equipment of batches of medicines, number and daily average of issued items, the amount of complaints and returns of items, the amount of items in defects in relation to the total items issued, revenues generated in relation to planned sales and market share. In order to ensure the quality of work, the Group must be critical of its own operations. For this reason, efforts are made to monitor and measure success in the development of products and services through the Quality and Environmental Protection Management System. The results collected by the said system are analyzed and evaluated, especially through the Administrative Review of the Quality System, the implementation of quality control of issuance and equipment and through the monitoring of achievements in procurement and sales, observation of quality indicators, review of product quality and implementation of reports on achievements.

The system is continuously improved based on various indicators such as sales results, customer satisfaction, supplier valuation, costs, reactions of principals, realization of goals and tasks in protection. The data analysis includes information from external indicators such as customer opinions, compliance with product or service requirements, compliance with legislation, process and product characteristics and trends, as well as information about suppliers, the results of communication with all interested parties, the degree of achievement of goals, as well as other important information about the impact on quality and the environment. Data is collected from various internal and external sources and processed and then reported to the Quality and Environmental Management Team and the Management Board. The Management Board is the highest body responsible for the implementation of policy at the level of the Company. At the level of the Institution, branch managers, i.e. Masters of Pharmacy, are responsible for supervising employees and implementing policies related to the prevention of counterfeiting. The system's policy is available on the official website and is provided to customers and end consumers, upon request, or as needed.

ESRS S4 - CONSUMERS AND END-USERS (continued)

S4-1- Policies related to consumers and end-users (continued)

Information System Security Policy

The Group attaches great importance to information security and is focused on preserving the integrity, confidentiality and availability of the information system.

With the aim of structured information security management, an information security management system (ISMS) has been implemented, which shows the Company's commitment to protecting the key information of the Company, employees, clients and partners, and ensuring business continuity. The management system is based on the best practices and guidelines from the relevant information security standards and regulatory requirements from the scope of the Company's activities. The institution is in the process of establishing information security management procedures.

Clearly defined roles and responsibilities are crucial for effective information security management, so each employee and external associate has a clearly defined role and responsibilities related to information security. A hierarchical structure with well-defined responsibilities is established within the organization, and responsibilities are documented and regularly updated to ensure a clear division of responsibilities.

Risk management ensures that an organization is resilient to security threats. As part of the information security management system, a systematic process of identifying, assessing and mitigating risks that could jeopardize the security of the information system is carried out. Threat analyses are regularly carried out, and based on the results, measures to address security risks are defined.

Access control of information is essential to maintain the security and confidentiality of data. The implemented processes of identity and access rights management enable the assignment, revision and revocation of access rights to information resources. Access rights and privileges are governed by the principle of *least privilege*, *need-to-know*, *least access* and segregation of duties. Multi-factor protection is used in user authentication, and the process of regular verification of assigned rights ensures verification of compliance with the above principles.

People are often the weakest link in the security chain, so special efforts are invested in educating information system users. By regularly conducting trainings and raising employee awareness of security threats, policies and procedures, the Company addresses the key vector of cyber attacks. Special attention was paid to the training of new employees and simulations of security threats to improve resilience and responses to cyberattacks.

Clear rules on the use of the information system help prevent misuse and security incidents, so all users of the system are obliged to familiarize themselves with the policy of acceptable use of the information system. Users are required to follow the guidelines to prevent abuse and security incidents. The security of the information system depends on the proper management of the IT infrastructure. Processes are in place for the identification and classification of assets and their regular maintenance and replacement.

ESRS S4 - CONSUMERS AND END-USERS (continued)

S4-1- Policies related to consumers and end-users (continued)

Information System Security Policy (continued)

Unforeseen situations can jeopardize the Company's business, so recovery plans have been put in place. Disaster Recovery and Business Continuity Plans (BCP/DRP) have been developed, which are regularly tested through simulations of crisis scenarios. Data backups are stored in separate and secure locations.

Cyber incidents are a common occurrence in today's world where we are all digitally connected. Responding quickly and efficiently to security incidents reduces their negative impact. A system for reporting, analyzing, and responding to security incidents has been established. In the event of a security incident, procedures are defined for the rapid detection, isolation and remediation of problems in order to minimize the effects on the business.

Compliance with laws and standards ensures the reliability and credibility of the Company. Regular internal and external audits ensure compliance with legislative frameworks and industry standards. Security policies adapt to changes in regulatory requirements.

In order to ensure that the implemented security measures are effective, continuous testing of security measures is carried out with the aim of verifying and ensuring their effectiveness. Security measures and controls are continuously tested through penetration testing, audits and security analyses. Identified vulnerabilities are addressed in a timely manner to increase resilience to threats.

The Company pays special attention to security risks related to third parties, providers of ICT (Information and Communication Technology) services. Security vulnerabilities of third parties can endanger the entire system, so it is necessary to monitor them and ensure an appropriate level of information security. The Company conducts an assessment and monitoring of security risks associated with third parties, including suppliers, partners, and external collaborators. Contractual obligations include security requirements, while regular audits are carried out to ensure their compliance with internal standards.

Making the right security decisions requires regular analysis and reporting. The Management Board regularly receives reports on the state of information security and makes strategic decisions based on them. The security strategy is updated in accordance with new threats, technological advancements and business goals. The Directorate is the highest body responsible for the implementation of the Information System Security Policy. With this approach, we ensure a high level of information security and the reliability and integrity of our business processes.

ESRS S4 - CONSUMERS AND END-USERS (continued)

S4-1- Policies related to consumers and end-users (continued)

Protection of human rights

The Group has not adopted an independent Human Rights Policy relevant to consumers and/or end users, as it operates in accordance with the Consumer Protection Act, which is based on respect for some of the basic human rights such as the right to information, safety, fair treatment, etc. The said Act is harmonized by the Universal Declaration of Human Rights, which relies on the UN Guiding Principles on Business and Human Rights and the International Labour Organization's Declaration on Fundamental Rights principles and rights at work.

The Company performs its activities as a wholesaler and supplies the market with medicines and medical medical assortment. The market primarily includes legal entities, institutions, hospitals and craftsmen who perform healthcare activities (doctors' practices and pharmacies). Supply takes place on the basis of signed contracts with all customers of the Company. In the event of defects in the services provided or the delivered assortment, customers are allowed to file complaints, which the Company resolves within the deadlines set by the contract. The contract establishes a compensation mechanism in case the customer is supplied with a product that does not meet industry standards. The Company ensures that goods and services meet all agreed or legally prescribed standards for the protection of consumer health and safety, including standards relating to health warnings and safety information, and that they do not pose an undue risk to the health or safety of consumers in foreseeable use or foreseeable misuse or abuse. All customers of the Company receive appropriate information about the Company's sales range. If any of the Company's customers is not satisfied with the service provided, they may, in accordance with the concluded contract, initiate a procedure for a peaceful resolution of the disputed situation, and in the absence of such a resolution, the customer has the right to initiate a dispute before the competent court. The Company has an obligation to respect human rights without discrimination, as they are set out in the International Bill of Human Rights and the Declaration of Fundamental Principles and Rights at Work of the International Labour Organization, and relate to civil and political, economic, social and cultural rights. These rights are widely recognized and everything has been adopted in the national legislation of Croatia, which the Company as a company, established under the law of the Republic of Croatia, is obliged to respect.

Material issues for the Institution include the human right of access to information, the right to safety and health, and the right to privacy and data protection under the Code of Pharmacy Ethics and Deontology. The Institution must comply with the Consumer Rights Protection Act, which prescribes patients' rights and methods of protection, including the right to complain. Patients have the right to file a complaint in the event of a violation of their rights. Complaints are recorded and the patient receives a response within 15 days. According to the Rules of Procedure of the Institution, each employee is obliged to perform the tasks undertaken conscientiously and professionally. The sanction of extraordinary dismissal is envisaged if the employee performs tasks inappropriately, negligently, superficially, unprofessionally. The patient can also contact institutions such as the Croatian Chamber of Pharmacists (it can result in disciplinary proceedings) and the Ministry of Health (the health inspection can supervise the work of the pharmacy in case of a report). The Institution has clear and easily accessible information on products and services, quality assurance in accordance with regulatory standards, non-discrimination in access to products and services, including rural and vulnerable areas, receipt and resolution of complaints, ethical approach towards all users. To date, the Group has not had any cases of non-compliance with these principles reported further down its value chain.

The Group does not have formally established measures to ensure and/or enable a remedy for human rights impacts.

ESRS S4 - CONSUMERS AND END-USERS (continued)

S4-2 - Processes for engaging with consumers and end users about impacts

The Group cooperates with consumers and end users directly through pharmacy branches in dispensing medicinal products through counseling and providing information, as well as with hospitals, pharmacies, wholesalers, dental and veterinary practices and other legal entities at the Group level when dispensing products and in connection with possible products withdrawals by providing information and processing complaints. Cooperation with end users occurs regularly in pharmacies and during serialization for customers who are not obliged to carry it out, and periodically in connection with product withdrawals and withdrawal simulations. Hospitals cooperate on the same principle as pharmacies – upon received requests for the delivery of a medicine, if the medicine is available, it is delivered as soon as possible. It is the duty of a pharmacist to record and report to HALMED (Agency for Medicinal Products and Medical Devices) the information about adverse reactions received from patients.

All sales employees are responsible for carrying out procedures to prevent illicit trade and report any suspected counterfeiting in the distribution chain. The Member of the Management Board in charge of Sales determines the sales strategy in agreement with the Directors of the Pharmacy and Hospital Sales Department, the Directors of the Split, Rijeka and Osijek business centers and the Directors of the Veterinary and Dental Services and is responsible for supervising its application and implementation. The Director of the Veterinary Service is responsible for contracting, opening, assessing and approving buyers of veterinary medicinal products and for the activities of selling goods in the assortment of the service. The Director of Dental Services is responsible for contracting, opening, evaluating, and approving customers. Managers organize the performance of the process - the Master of Pharmacy cooperates with the patient as part of the role of the provider of pharmacy care, which is defined by the job description. Masters of Pharmacy must have a license to work independently, which also includes the skills necessary to work with a patient.

By analyzing complaints/complaints and examining customer satisfaction, the effectiveness of their cooperation is assessed.

S4-3 - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Group did not identify a material negative impact on consumers and end users. However, aware of the importance of a proactive approach in protecting the safety and satisfaction of customers and end users, the Group has established clear channels for expressing concerns. These channels enable timely responses and effective resolution of potential problems.

Through telephone sales, field sales, complaints department and e-mail contact, the Company tries to provide a channel through which consumers could express their concerns or needs. In the Institution, in each pharmacy branch, there is a book of complaints and visible notices in the retail area of the pharmacy where end consumers can find a visible notice on how to file a complaint. In addition, the websites provide contact information that consumers can use. Branch pharmacies also communicate with HOPAL if there are suspicions that require an official response. Wholesalers have dedicated contact services (Complaints Services) with which pharmacists and/or the Central Procurement Service communicate in case of any concerns.

ESRS S4 - CONSUMERS AND END-USERS (continued)

S4-3 - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (continued)

In the event of a complaint by patients about the defectiveness of a medicinal product or other product, the supplier from whom the product was purchased is informed in order to possibly review whether there is any problem with the respective batch of the medicinal product/product. During the opening and periodic evaluation of customers, the company collects e-mail contacts and phone numbers in order to enable smooth communication. In addition, at the pharmacy level of the subsidiary, contacts of the service departments and/or customer managers at all suppliers are collected. In case of confirmed non-compliance, the complaint-handling process includes reimbursement, replacement of the product or recall of the batch in question, ensuring immediate access to a remedy for end users.

The questions asked and processed are analyzed through complaints and customer satisfaction surveys, after receiving a consumer complaint. At the level of the Institution, the effectiveness of the channel is sought to be ensured by the process of receiving and resolving complaints, which includes notifying the competent assistant director and requesting a statement from the manager of the pharmacy to which the received complaint relates. The Legal Service draws up a response to the complaint on the basis of all the information collected within the legal deadline.

The Group estimates that consumers are aware of the structures and procedures for expressing concerns, given that they use them in accordance with the Consumer Protection Act. The Group periodically checks this by simulating a recall and examines customer satisfaction, and asks for feedback on the satisfaction of the procedures for expressing concerns and/or resolving those concerns. The Group has not put in place policies to protect consumers and end-users from retaliation in the event of concerns.

S4-4 – Taking action on material impacts on consumers and end users, and approaches to managing material risks and pursuing material opportunities related to consumers and end users, and effectiveness of those actions

IRO	Actions	Scope	Period
Impact - Prevention of counterfeits and illicit trade	A set of measures to prevent counterfeiting and illicit trade - wholesale	Company	Ongoing
	A set of measures to prevent counterfeiting and illicit trade - retail	Institution	Ongoing
Risk – Cyber security	IT security measures	Company	Ongoing

To manage these risks and performance, the Group provides dedicated funds through investments in advanced IT security systems, continuous education of expert teams and regular implementation of internal audits and control procedures. The Group has not identified a material adverse impact, and no serious human rights issues and cases have been reported so far related to consumers and/or end users of the Group or breaches of consumer and end-user data. The measures are described in more detail below.

ESRS S4 - CONSUMERS AND END-USERS (continued)

S4-4 - Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (continued)

A set of actions to prevent counterfeiting and illicit trade - wholesale

Confirmation of the authenticity of the drug is legally prescribed and enabled through the pharmacy application. When dispensing a medicinal product, the pharmacist is obliged to deregister the packaging of the medicinal product from the database. In the event that the packaging of the medicine is not in the database of correct medicines, an alarm is triggered that warns the pharmacist that he should not dispense such a medicine. In this way, the counterfeit medicine is prevented from reaching the patient. Each medicine box has a printed QR code, a 2D code containing information about the medicine. The information about the medicinal product is the name of the medicinal product, the batch number of the medicinal product, the expiry date and the unique identifier. The unique identifier is specific to each individual box of the medicine. The QR codes of each box are stored within a database (EU Hub) connected to the national medicines verification system HOPAL. Wholesale, as one of the participants in the trade in medicinal products, checks its presence and correctness within the database by reading the QR code. If the code is correct, the expected message is received and the medicine box can be handled as requested (e.g. dispensed to the customer).

Supply chains are managed by continuous audits to ensure legal and verified supply chains that prevent falsified medicines from entering the regular supply chain. In the event that the existence of a counterfeit is found in the distribution chain, the procedure for informing all stakeholders and recalling the disputed product is initiated.

When it comes to preventing the entry of counterfeit goods from the supply chain, the Group has systems for identifying and managing them through the selection process, as well as periodic assessment, i.e. evaluation of suppliers. It is carried out on new suppliers after at least 12 months of cooperation, and on existing suppliers at least every 36 months.

However, if for some reason the state of criticality of a supplier, i.e. its services, goods or materials, has been assessed, or if the quality of the goods, materials or services changes (e.g. in the event of non-conformities, complaints or counterfeits), the Group conducts evaluations beyond certain periods. The measures are carried out periodically in accordance with the procedure.

The effectiveness of measures and initiatives is monitored and assessed through the analysis of complaints, periodic customer evaluation and satisfaction monitoring.

A set of actions to prevent counterfeiting and illicit trade - retail

The Institution cooperates exclusively with verified wholesalers and suppliers of goods. New suppliers are opened centrally and undergo legal scrutiny. The Institution sells only products that fall into one of the categories of products that the pharmacy can supply to users, in accordance with the regulations. Registrations and/or available certificates, analyses and the like are checked for all products that are ordered outside of wholesalers, and are not on the approved lists of medicines or the lists of orthopedic and other aids of the Croatian Health Insurance Fund (HZZO).

ESRS S4 - CONSUMERS AND END-USERS (continued)

S4-4 - Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (continued)

Package of measures to prevent counterfeiting and illicit trade - retail (continued)

In the event of a complaint by patients about the defectiveness of a medicinal product or some other product, the Institution informs the supplier from whom it purchased the product in order to possibly review whether there is any problem with the respective batch of the medicinal product/product. In case of suspicion of a defect in a batch of medicine, the wholesaler is informed in the event of recall of certain batches of medicines. In the case of a patient's request to return a purchased/dispensed medicinal product, the procedure depends on the context: in the event that there was no error of the pharmacist during dispensing - the return of the medicinal product is not accepted, and in the case of a justified request due to an error in dispensing/selling the medicinal product, the patient is granted a refund, but such a medicinal product is not returned to the market, but is written off at the expense of the Institution.

In the context of illicit trade, the dispensing of medicines is carried out exclusively in accordance with legal regulations and rules of the Croatian Health Insurance Fund. Compliance is checked by reviewing pharmacy records (e.g. private prescription books) at least once a year during internal monitoring in all pharmacies. Pharmacists have the right and obligation to refuse to dispense a medicinal product in the event that they suspect a prescription defect and/or misuse of the medicinal product. In the case of cooperation with legal entities, contracts are made that define the terms of such cooperation, and all legal entities are checked by the Legal Department and the Accounting and Controlling Department when proposing contracts.

Once a year, in pharmacies, professional internal supervision is carried out, during which the correctness of dispensing medicines is checked in detail by reviewing serialization records and pharmacy records (Book of Private Prescriptions, Book of Narcotics). Professional supervision is recorded through a standardized internal form that contains a record of findings, comments and recommendations for corrections if applicable. During each subsequent inspection, the success of the implementation of corrections and recommendations from the previous one is checked. Professional internal inspections are carried out once a year, and if necessary, additional extraordinary inspections can be organized.

The effectiveness of measures and initiatives is monitored and assessed through the analysis of complaints, periodic customer evaluation and satisfaction monitoring.

IT security measures

In order to mitigate material risks associated with a Cyber security, the Company has established a high-availability system using redundant systems with automatic failover, which ensures the availability of the system due to failures. The Group respects the deadlines for the retention of personal data prescribed in the Personal Data Protection and Privacy Policy. In addition, a disaster recovery plan has been established, which is tested by recovering the system at an alternative location on an annual basis. The effectiveness of measures to protect against cyber attacks on the IT infrastructure of the Institution is measured at a time when the central system is unavailable to pharmacies for various reasons. The Group's metric is zero successful attacks on the information system that would have an impact on the availability, confidentiality or integrity of data. The Group maintains constant training of employees and adjustment of the system in accordance with trends in the field of cyber security. Effectiveness is measured by regular monitoring of the security records of the computer infrastructure.

ESRS S4 - CONSUMERS AND END-USERS (continued)

S4-4 - Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (continued)

IT security measures (continued)

Cyber security risk is integrated into existing risk management procedures through the Information System Security Manual.

The planned measures for managing the risk of cyber attacks will be implemented in accordance with the dynamics determined by the risk assessment, legally prescribed deadlines for implementation and the complexity of implementation. The measures are implemented at the level of the Company.

The list of actions and their expected outcomes for 2025 includes:

Actions	Expected outcomes
Monthly Information Security Newsletter	Reducing the risk of human error, better preparedness of employees for attacks such as phishing and strengthening the overall security level of the organization.
Annual education of all employees of the Company	Better understanding of threats and reducing the risk of incidents caused by human error.
Phishing campaigns – three phishing campaigns were carried out during the year	Reduced clicks on suspicious links, better employee preparedness, and increased resilience to social engineering.
Audit of access rights	Reducing the possibility of misuse of access rights and better compliance with best practices and regulatory requirements.

In 2026, the Company plans to continue with the improvement of the established security measures and processes and the harmonization of the existing information security management system with the Cyber Security Act and Regulation.

Although the Company conducted a detailed analysis and invested resources in preparation for the implementation of the requirements of the Cyber Security Act (transposition of the NIS2 Directive), the final categorization determined that the Company is not currently subject to the relevant regulation.

Despite the absence of formal and legal obligations, the Company has decided to maintain and integrate key security procedures and activities initiated during the preparatory process and strives to adopt the highest market standards of information security. The application of the elements of the NIS2 Catalogue of Measures is used as a framework for continuous strengthening of system resilience and ensuring business continuity, regardless of regulatory status.

ESRS S4 - CONSUMERS AND END-USERS (continued)

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Group has not yet adopted targets related to consumers and end users. In the current reporting period, the Group started working on a sustainability strategy related to material impacts, risks and opportunities, and conducted an analysis of best practices and a feasibility analysis that will serve as a basis for the implementation of the strategy. The strategy will also adopt targets related to consumers and end users, taking into account the evolution of the ESRS.

Effect of preventing counterfeit products

In order to prevent falsifications from entering the distribution chain, a system of verification of the authenticity of medicines at the EU level (the so-called serialization) has been introduced. As part of this system, the necessary actions prescribed by the procedure are carried out and possible warnings and suspicions are analyzed if they occur. Also, items for distribution are procured exclusively from verified suppliers in order to reduce the risks of counterfeits entering the distribution chain. Each potential buyer is checked to determine whether he can be supplied with the requested product (prevention of illicit trade). Pharmacies procure all medicines through verified wholesalers who are obliged to verify the authenticity of medicines (serialization). When dispensing a medicine to a patient, pharmacies also check the authenticity of each individual box. The procedure involves scanning a unique code when processing a doctor's prescription through the Eskulap Win pharmacy software (the so-called serialization), which, after verification, provides feedback on whether the drug can be dispensed. In the event that the feedback after verification raises doubts about the authenticity of the medicinal product, that specific box is quarantined and additional data verification is carried out by the wholesaler and/or manufacturer, and after the verification, depending on the outcome of the investigation, it is returned to the market, i.e. to the wholesaler from which the drug was purchased or sent for disposal. All possible alerts are analyzed and processed as needed. The pharmacist dispenses or sells medicines exclusively in accordance with the applicable legal regulations and rules of the Croatian Health Insurance Fund, respecting the limits of the quantities that can be dispensed on a particular prescription. In the case of dispensing narcotics, the maximum allowable doses prescribed on a particular prescription and the maximum allowable doses for dispensing in the appropriate period of time are checked.

The Group's ambition is that in the future there will be zero counterfeits in the chain and zero errors in delivery to customers sampled by customer misjudgment. At the level of pharmacies, the ambition is to have zero dispensed medicines of questionable authenticity, to have each warning recorded and processed so that the cause of the warning is determined as soon as possible, and to carry out appropriate treatment of the medicine.

<u>Risk – Attack on the Group's IT infrastructure</u>

As far as cyberattacks are concerned, the Group's ambition is zero successful attacks that affect the availability, confidentiality and integrity of the information system. In the future, the Group will establish target values in the field of information security management that will be directly related to the above ambition.

ESRS G1 – BUSINESS CONDUCT

G1-1 - Corporate culture and business conduct policies and corporate culture

Corporate Culture

Desirable behaviors

The Group is continuously engaged in the promotion of corporate culture. The basic values of the Company are quality, knowledge and experience, customer orientation and teamwork, while the basic values of the Institution are professional competencies, dedication to the patient, teamwork and team spirit, and employee development. Through team gatherings, these values are constantly emphasized and communicated on a daily basis, as well as through quarterly and annual conversations with employees. In addition, management lets its employees know what values are desirable with their examples of behavior. Also, the Group adopted the Decision on Performance Awards, which sets out the criteria for the possible payment of bonuses to employees. The decision clearly outlines the rules of conduct that are rewarded, which materially contributes to the creation of the desired corporate culture.

A Brief Overview of Policies Related to Business Conduct

Policy Name	**Key content**	**Scope**	**The highest level responsible for implementation**
Code of Ethics	Basic ethical rules of conduct of all employees of the Company and the Institution in order to determine and promote basic ethical values in business relations and to act in case of their violations.	Group	The Management Board of the Company and the Principal of the Institution
Anti-corruption policy guidelines	Preventing, deterring and detecting possible corrupt business practices.	Group	The Management Board of the Company and the Principal of the Institution
Procedure on the method of training on education and other training	Frequency of training, target group and content of training. This procedure defines the method of training and the types of education of all employees that are carried out for the introduction, maintenance and improvement of the quality and environmental protection and energy management system according to the requirements of ISO 9001, 14001, 50001, Good Practice in Wholesale Distribution (DDP), Good Manufacturing Practice (DPP) and other trainings (e.g. skills flow) and other training during employment	Company	Management Board of the Company Head of the Legal and Human Resources Department Director of the Human Resources Management Department Director of the Quality Department

The Company is listed on the Zagreb Stock Exchange and applies the Code of Corporate Conduct of the Croatian Financial Services Supervisory Agency, thus actively contributing to the promotion of corporate culture. The Group makes all of these policies available to employees through the intranet and bulletin boards. The Group also implements the Code of Ethics and the Anti-Corruption Policy Guidelines, and highlights their key features below.

ESRS G1 – BUSINESS CONDUCT (continued)

G1-1 - Corporate culture and business conduct policies and corporate culture (continued)

Code of Ethics

With the Code of Ethics, the Group defines the basic ethical rules of conduct of all employees of the Company and the Institution in order to determine and promote basic ethical values in business relations and to act in case of their violations.

In its business, the Group particularly respects and develops core values such as fairness, responsibility, integrity, quality of service, transparency, entrepreneurship, teamwork and other values.

The basic principles promoted by the Code of Ethics are the following:

- Trust and collegiality
- Legality and expertise in work
- Teamwork and professional communication
- Taking into account the needs of service users
- Avoidance and prevention of conflicts of interest
- Responsible management of assets, business finances and procurement process
- Confidentiality of personal data and business information
- Avoiding receiving and giving gifts.

In order to create conditions for the development of ethical behavior, the Management Board and the Principal are obliged to provide everything necessary for the implementation of the Code of Ethics. All employees of the Group, regardless of their position and the tasks they perform, are obliged to adhere to the principles of the Code of Ethics in their work. Compliance with the principles of the Code of Ethics is a general work obligation in accordance with the provisions of the Work Regulations. Failure to comply with the principles of the Code of Ethics shall be treated with full attention and shall entail liability, which shall be decided upon by the Management Board and the Principal, depending on the severity of the violation, in accordance with the provisions of the Labour Regulations and the Labour Act. The management is obliged to enable all employees to familiarize themselves with the provisions of the Code of Ethics. The Management Board of the Company and the Principal of the Institution are responsible for the implementation of the Code of Ethics.

Anti-corruption policy guidelines

As the oldest wholesaler in Croatia, the Company wants to remain a worthy partner, to ensure continuous development. The key values are credibility, reliability, competence, honesty and ethically managed business, and in this regard, a number of regulations, instructions and guidelines for employees have been developed to ensure this. The Group has developed Anti-Corruption Policy Guidelines aimed at preventing, deterring and detecting possible corrupt business practices. The Group has developed internal systems and related mechanisms for identifying, reporting and raising concerns about illegal behaviour or behaviour that is contrary to the Code of Conduct or similar internal rules.

The Company expects its employees to:

- Act at all times in accordance with guidelines, applicable laws and internal acts,
- Express his/her suspicions as soon as possible, if the person considers or suspects that a conflict of interest has arisen or may arise in the future in accordance with the Group's specific Guidelines on the detection of corruption;

ESRS G1 – BUSINESS CONDUCT (continued)

G1-1 - Corporate culture and business conduct policies and corporate culture (continued)

Anti-Corruption Policy Guidelines (continued)

- Respect customers, suppliers and all other parties with whom the Group does business in order to achieve its objectives through fair dealings and in a lawful and professional manner,
- Seek advice and guidance, should it be unclear or uncertain about any aspect of the guidance and their own responsibilities to ensure compliance,
- Receive training or attend other events to which the guidance is conveyed.

Third parties

Also, the Group may carry out a verification of the third party's practices before entering into an agreement with a third party. If a third party requires the Company/Institution to enter into a contract that will contain, inter alia, provisions, obligations or determinations relating to anti-corruption rules, the following shall apply:

- It is necessary to familiarize the third party with the Group's standards on compliance with anti-corruption regulations in accordance with Croatian regulations,
- The Group must refuse to be directly subject to foreign laws if they are contrary to Croatian regulations,
- Both parties must be granted the right to terminate the contract in the event of any breach in connection with bribery, excluding damages,
- The contract must include a statement of the applicable local laws,
- The validity period must be appropriately limited.

Political sponsorships

Although this has not been the case so far, the Group may occasionally make donations or sponsor political parties and activities. These sponsorships and donations may comply with the standards of honesty at the level of the Group and the local unit and must comply with the regulations and the Regulations on Donations, Sponsorship and Representation or the relevant act of the Institution.

Interaction with public servants.

In principle, cooperation with a public official is permissible if local laws do not prohibit or require such engagement. If interaction with public officials is required, it must be carried out in a transparent manner in order to minimize any possible perception of bribery or corruption.

These guidelines apply to both the Company and the Institution within the Group. The Group is responsible for controlling both unethical and illegal business practices at all levels of the organization. The Anti-Corruption Policy Guidelines have been developed in accordance with the applicable legislation and European legal rules and acquis, as well as a modern and developed standard for combating corruption. The Management Board and the Principal are responsible for the implementation of the Anti-Corruption Policy Guidelines.

ESRS G1 – BUSINESS CONDUCT (continued)

G1-1 - Corporate culture and business conduct policies and corporate culture (continued)

Interaction with public officials (continued)

The Anti-Corruption Policy Guidelines and the Code of Ethics are in accordance with Croatian legislation (Act on the Prevention of Conflict of Interest (Official Gazette, No. 143/21 and 36/24 and the Whistleblower Protection Act (Official Gazette, No. 46/22) Taking into account that the Republic of Croatia is a member of the United Nations Convention against Corruption and implements the basic determinants of the same in these laws, the Group follows the United Nations Convention against Corruption itself through its internal policies.

The Group has not identified any specific functions as being at higher risk in terms of corruption and bribery, i.e. the Anti-Corruption Policy Guidelines apply to all employees.

Suspicion of illegal behavior

The Group has developed internal systems and related mechanisms for identifying, reporting and raising concerns about illegal behaviour or behaviour that is contrary to the Code of Conduct or similar internal rules.

The mechanism itself takes place in several individual stages. Illegal behavior can be reported to: the immediate manager, the Management Board, the Principal, the Director of the Department of Legal, Human Resources and Administrative Affairs. Upon receiving a report, the facts that indicate illegal behavior are investigated, and after the facts are established, they are presented to the Management Board, i.e. the Principal, who determine sanctions for violations determined by internal acts. In the event of a well-founded suspicion of illegal activities (giving or receiving bribes, abuses in business operations, theft, etc.), a report is submitted to the competent government authorities that conduct the investigation and further proceedings. Applications can be submitted by both internal and external stakeholders.

Whistleblower protection

In accordance with Directive (EU) 2019/1937, which was implemented in the Whistleblower Protection Act, the Company has developed internal procedures by which the whistleblower must not be put in a disadvantageous position in any way due to whistleblowing.

The following are considered acts of placing a whistleblower in a disadvantageous position:

- termination of the employment contract,
- termination of civil service,
- harassment,
- inability to advance,
- non-payment and reduction of salary and other benefits,
- the initiation of disciplinary proceedings;
- imposition of disciplinary measures or penalties,
- denial of work tasks,
- change of working hours,
- preventing education and professional training,
- withholding rewards and termination benefits.
- reasignment or transfer to another workplace,
- failure to take measures to protect the dignity of workers due to harassment by other persons,
- arbitrary referral to medical examinations or examinations to assess work ability and any other unfavourable treatment.

ESRS G1 – BUSINESS CONDUCT (continued)

G1-1 - Corporate culture and business conduct policies and corporate culture (continued)

Whistleblower protection (continued)

Reporting irregularities is not considered a breach of professional secrecy.

The internal whistleblowing procedure begins with the submission of the report to a confidential person. The whistleblowing report contains information about the whistleblower, the notified body or person, and information about the irregularities. A report of irregularities can be submitted in writing or orally. The written form includes any form of communication that is provided by a written record.

Oral reporting is possible by telephone or other voice message systems and, at the request of the whistleblower, by physical meeting within a reasonable time.

A confidential person is obliged to:

- receive the irregularity report and confirm receipt of the report within 7 days from the date of receipt
- investigate the report of irregularities no later than 60 days from the date of receipt of the report
- take without delay the actions within its competence necessary for the protection of the whistleblower if the whistleblower has made it probable that he or she is or could be the victim of a harmful action as a result of the whistleblowing
- forward the irregularity report to the authorities authorized to act on the content of the report, if the irregularity has not been resolved with the employer
- inform the whistleblower, at his/her request, of the progress and actions taken in the procedure and allow him/her to inspect the file within 30 days, but not longer than 90 days from the receipt of the request
- inform the whistleblower of the outcome of the procedure in writing
- immediately after its completion, inform the competent authority for external reporting of irregularities in writing about the reports received within 30 days of the decision on the report, and upon request, provide information on the procedures for submitting reports to the competent authority for external reporting and, if necessary, to the EU bodies responsible for dealing with the content of the whistleblowing report
- protect the identity of the whistleblower and the information received in the report from unauthorized disclosure or publication to other persons, unless it is contrary to the law.

The employer must not put the confidential person and/or his/her deputy in a disadvantageous position. The employer may not influence or attempt to influence the conduct of the confidential person and/or his/her deputy when taking actions within their competence necessary for the protection of the whistleblower. The confidential person and/or his/her deputy should perform their duties lawfully and conscientiously and must not abuse their powers to the detriment of the whistleblower.

The Company's internal procedures for reporting irregularities have not been adopted at the Group level. The Institution has not adopted a whistleblower protection policy, but plans to introduce the Rulebook on Whistleblowing in the future, which will also include procedures for the protection of whistleblowers.

ESRS G1 – BUSINESS CONDUCT (continued)

G1-1 - Corporate culture and business conduct policies and corporate culture (continued)

Business Conduct Training

The Company has a policy on business conduct training that applies to all employees of the Company. The frequency of training is every two years and when the policy is updated. In the Institution, business conduct training is covered through the Code of Ethics, and training is carried out during onboarding. The Group has not identified any specific functions as being at higher risk of corruption and bribery, i.e. the Anti-Corruption Policy Guidelines apply to all employees. Given the nature of its activities, the Group has no policy in place related to animal welfare.

G1-2 Management of relationships with suppliers

In the domain of business conduct, the Group has identified a material risk related to hospital debts and long payment collection periods (a sub-topic of supplier relationship management, including payment practices).
Risks are managed as follows:

1. Liquidity risk:

- Maintaining financing flexibility by ensuring that contracted credit lines remain available.
- The Accounting and Finance Department regularly (monthly) monitors the level of available funding sources and makes payments on a daily basis in accordance with the priority list received from the managers responsible for individual product assortments.
- In the event of extended payment terms by the state, the Company arranges extended payment terms with suppliers.
- Any lack of liquidity is covered through unused credit lines with commercial banks.

2. Credit risk:

- The Company's sales policies ensure that sales are made to customers with appropriate credit history.
- A portion of trade receivables is secured through received payment security instruments.
- Receivables are regularly analyzed and monitored.

3. Long collection period from customers:

- Agreeing with customers to settle their receivables after paying the HZZO and at the same time agreeing on extended payment terms with suppliers.

At this time, the Group does not take into account social and environmental criteria for the selection of its suppliers, but in future periods it plans to set up processes for ESG due diligence of suppliers.

Preventing late payments

Although the Company has not adopted a formal written payment policy, when paying suppliers it takes into account the size of the undertaking and the product portfolio and manages the relationship with suppliers through concluded contracts.

ESRS G1 – BUSINESS CONDUCT (continued)

G1-2 Management of relationships with suppliers

Preventing late payments (continued)

Given that the hospitals are customers that account for a signiicant share of the Company's business, and are regularly late with their payments, the Company is often required to borrow funds in order to settle its obligations to suppliers. This creates risks associated with borrowing costs as well as the cost of adjusting the value of receivables due to delayed customer payments. Accordingly, with suppliers whose goods are sold only to hospitals, the Company tries to agree on payment terms that correspond to timing of hospitals'settlements of their obligations to the Company.
The Company tries to align suppliers whose goods are sold in pharmacies with the payment terms from pharmacies.

The Company pays small suppliers within shorter deadlines. The Company pays some small suppliers upon maturity to ensure that their business is not jeopardized, while some suppliers are paid in advance.

Every invoice paid by the Company must be approved by the Principal/members of the Management Board or the President of the Management Board (liquidity meeting, signature on the document, e-mail confirmation, certification in the information system).

G1-3 Prevention and detection of corruption and bribery

The Company has established clear and transparent procedures that allow for an efficient separation of duties in the process of procurement and release of goods. These procedures include clearly defined responsibilities and powers for each employee, thereby minimizing the possibility of conflicts of interest. Control mechanisms, such as multiple authorisation and a call for duty and channels for reporting any suspicions related to bribery and corruption, further ensure transparency, which materially reduces the opportunity for corruption and irregularities.

A violation of the Anti-Corruption Guidelines by an employee may result in disciplinary proceedings up to and including the termination of employment. Management is responsible for taking appropriate action.

The Company may seek compensation for damages from the employee. In the event that the violation of compliance results in the termination of the contract with a third party, or if the case has been reported to a supervisory authority or the police, the compensation proceedings may be initiated against the responsible party.

Employees of the Company have the right and duty to report any business practices and behavior that is contrary to the provisions of the Code of Ethics. Information about the reporting employee is considered confidential information according to the Code of Ethics. Filing a report by an employee in good faith may not be used as grounds for sanctioning them.

Business partners, service users may file a report in te event of suspected violations of the Code of Ethics, with the protection of confidentiality of information of the reporting person ensured.

Reports should be submitted to the Legal, Human Resources and Administrative Affairs Department in writing or electronically to the e-mail address: medika.uprava@medika.hr.

ESRS G1 – BUSINESS CONDUCT (continued)

G1-3 Prevention and detection of corruption and bribery (continued)

Supervision over the application of the rules shall be carried out by the Management Board, which informs the Legal, Human Resources and Administrative Affairs Department of any identified violations. The Legal, Human Resources and Administrative Affairs Department is responsible for resolving reports related to violations of the Code of Ethics, on which it submits a report with a reasoned opinion to the Management Board. In addition, the system has been established in accordance with the Whistleblower Protection Act and Directive (EU) 2019/1937, which ensures that the appointed confidential person acts independently of the operational chain of management. Once a violation of the Code of Ethics has been established, a procedure for sanctioning the violation is initiated. Regardless of how the report is submitted, swift and efficient processing is guaranteed, and all complaints are handled in confidence. Once a year, the Management Board makes a statement on the non/existence of conflicts of interest in transactions with related parties. A conflict of interest is any situation where there are objective private interests on the part of the Management Board that are contrary to the interests of the Company, and which may lead to a situation where decisions in the Company, in whole or in part, are made on the basis of such private interests, to the detriment of the best interest of the Company itself.

For the purpose of preventing conflicts of interest, the members of the Management Board will be guided primarily by the following rules:

a) when conducting business, members of the Management Board must be guided by the best possible interest of the Company, and no member of the Management Board may be guided by personal interest or use business opportunities intended for the Company for personal purposes
b) when conducting the Company's affairs, members of the Management Board may not disclose or use the information they have obtained in the exercise of their function for personal interests or the interests of third parties
c) in the event that a case related to the personal or economic interest of one of its members is discussed at a session of the Management Board, that member may not participate in making a decision on that matter
d) members of the Management Board are obliged to inform the Supervisory Board and other members of the Management Board without delay about their personal interest in the Company's affairs
e) material transactions between members of the Management Board, their related persons and the Company require the prior consent of the Company's Supervisory Board
f) members of the Management Board may only assume a limited number of functions in the positions of the Management Board, Management Boards, or Supervisory Boards of other legal entities, and only within the Group, and such functions may not prevent a member of the Management Board from managing the Company's affairs
g) for membership in the Supervisory Board, the Board of Directors or the Management Board of other legal entities, a member of the Management Board must obtain the prior consent of the Supervisory Board of the Company.

The procedure for reporting irregularities is set out in the section "Whistleblower protection". The policy and internal acts are available on the notice board and on the employee portal. In order to achieve an understanding of the policy, trainings for employees are organized through webinars that employees are required to pass in the form of questions.

Corruption and bribery training

All employees, including members of the Management Board, undergo training on anti-corruption guidelines at least once every two years. Periodic education of all employees is carried out through webinars. The subject of the training is an understanding of the Anti-Corruption Guidelines and the Code of Ethics.

ESRS G1 – BUSINESS CONDUCT (continued)

G1-3 Prevention and detection of corruption and bribery (continued)

Corruption and bribery training (continued)

Supervisory authorities do not conduct business operations and do not represent the Company, and therefore they are not involved in training activities.

All employees of the Company, including the entire Management Board, who have access to a computer have undergone the Anti-Corruption Policy Guidelines and Code of Ethics education through webinars through 2024, and other employees who do not use a computer in their work have been educated through written materials. The education became part of the initial education during employment in the Company. All new employees in 2025 have completed the training. The training was conducted at the Institution at the very end of 2025 (in 2024, no training was conducted in the Institution). All employees of the Institution, including the Principal, had the opportunity to watch the training at all levels, but the training was not completed in 2025 and 170 employees participated. The Institution continues to provide training for all employees during 2026. Training on the Anti-Corruption Policy Guidelines and Code of Ethics is delivered through webinars, while employees who do not use computers in their work were educated through written materials. Also, each newly employed employee undergoes this training as part of their initial onboarding program. The Anti-Corruption Policy Guidelines and the Code of Ethics are published on the Company's website.

G1-6 Payment practices

The Company's payment practices are described in the "Supplier Relationship Management" section. In addition, the Institution procures most of the goods from the Company, while other suppliers are wholesalers and other companies in the Republic of Croatia, with which the Institution has agreed on different payment terms.

The procurement of the Institution in the amount of 90% (2024 85%) is procurement from Medika, and 10% (2024 15%) of the Institution's procurement is excluded from the calculation. The ratio of purchases of Prima Pharme Pharmacies from other suppliers (except Medika) in relation to the total procurement of the Group is 0.9 (0.02 in 2024), and the calculation of payment days at the Group level does not distort the picture presented in the data for the Company.

Although the statutory payment deadlines in the Republic of Croatia are 30 or 60 days, given the circumstances previously described in the section "Supplier Relationship Management", payment deadlines are in most cases aligned with the payments made by hospitals or the Croatian Health Insurance Fund.

The average time it takes for the Company to pay an invoice from the date of commencement of the calculation of the contractual or statutory payment deadline

	2025	2024
Average Payment Time - All Businesses undertakings	73	72
Average payment time - SMEs	69	68
Average Payment Time - Large Suppliers	82	82

Statutory payment terms have been agreed with small and medium-sized enterprises, while longer payment terms have been agreed with large suppliers.

ESRS G1 – BUSINESS CONDUCT (continued)

G1-6 Payment practices (continued)

Percentage of the Company's payments aligned with the agreed deadlines

	2025	2024
Percentage of payments within the agreed deadline - SMEs	55%	52%
Percentage of payment within the agreed term – large suppliers	62%	67%

In 2025, the Company pays 37% (2024: 31%) of SME invoices within the agreed deadline, while an additional 18% (2024: 21%) of SME invoices are paid before the agreed payment deadline, which means that the Company pays 55% (2024: 52%) of SME invoices earlier or within the agreed deadline. In 2025, the Company pays 46% (2024: 49%) of large supplier invoices within the agreed deadline, while an additional 16% (2024: 18%) of large supplier invoices are paid before the agreed payment deadline, which means that the Company pays 62% (2024: 67%) of invoices within the agreed deadline or earlier. The Company generates around 72% (2024: 77%) of its turnover with large suppliers.

There are currently no pending court cases related to late payments.

Calculation methodology

Suppliers are classified into the following categories: micro, small, medium, and large. Based on this categorization, the average number of payment days for each category was calculated in order to obtain data relevant for SMEs. The number of payment days is calculated as the difference between the payment date and the invoice date. The average payment period was calculated on the basis of all received invoices in 2025 that were paid to the Company by the date of analysis. The measurement of this indicator has not been validated by an external body other than the assurance provider.

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from from other EU legislation						
Disclosure requirement and related datapoint		**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**EU Climate Law ([4]) reference**	**A page in Sustainability Statement**	**Not material**
ESRS 2 GOV-1 Board's gender diversity paragraph 21(d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 ([5]) , Annex II		Pg. 12	
ESRS 2 GOV-1 Percentage of board members who are independent paragraph21(e)			Delegated Regulation (EU) 2020/1816, Annex II		Pg. 10	
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 of Table #3 of Annex 1				Pg. 25	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40(d)(i)	Indicators number 4 of Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 ([6]) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Pg. 28	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) (ii)	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Pg. 28	

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) (iii)	Indicator number 14 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 ([7]) , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Pg. 28	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40 (d) (iv)			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, , Annex II		Pg. 28	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph14				Regulation (EU) 2021/1119, Article 2(1)	Pg. 70	

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book–Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Pg. 70	
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book–Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Pg. 76-77	
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 of Table #2 of Annex 1				Pg. 77	
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 of Table #1 of Annex 1				Pg. 77-78	

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Pg. 79	
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Articles 5(1), 6 and 8(1)		Pg. 80-82	
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Pg. 84	

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	-	It is not material.
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not included in the report, it is gradually being introduced.	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66(a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).			Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.		Not included in the report, it is gradually being introduced.	

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			Not included in the report, it is gradually being introduced.	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69.			Delegated Regulation (EU) 2020/1818, Annex II		Not included in the report, it is gradually being introduced.	
ESRS E2-4 Amount of each pollutant listed in Annex II Regulation on the E-PRTR (European Pollutant Release and Transfer Register) wmitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1					It is not material.

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS E3-1Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1					It is not material.
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1					It is not material.
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1					It is not material.
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1					It is not material.
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1. Table #2 of Annex 1					It is not material.
ESRS 2 – IRO 1 — E4 paragraph16 (a) (i)	Indicator number 7 Table #1 of Annex 1				Pg. 52	
ESRS 2–IRO 1 – E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Pg. 52	
ESRS 2 – IRO 1 – E4 paragraph16(c)	Indicator number 14 Table #2 of Annex 1				Pg. 52	
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1					It is not material.

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1					It is not material.
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1					It is not material.
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 of Table #2 of Annex 1					
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Pg. 91	
ESRS 2 – SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Pg. 93	
ESRS 2 – SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Pg. 93	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Pg. 97	

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Pg. 97	
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Pg. 97	
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Pg. 97	
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Pg. 100-101	
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II			It is not material.

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88(e)	Indicator number 3 Table #3 of Annex I					It is not material.
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Pg. 114	
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Pg. 115	
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Pg. 115	
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Pg. 115	

Table Appendix B: List of data in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS 2 – SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I					It is not material.
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex I					It is not material.
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex I					It is not material.
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table# 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)			It is not material.
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II			It is not material.

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1					It is not material.
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex I					It is not material.
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)			It is not material.
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1					It is not material.

Table Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation (continued)						
Disclosure requirement and related datapoint	**SFDR ([1]) reference**	**Pillar 3 ([2]) reference**	**Benchmark Regulation ([3]) reference**	**Climate Law ([4]) reference**	**A page in your Sustainability Statement**	**Not material**
ESRS S4-1 Policies related to consumers and end-users paragraph 16.	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Pg. 121	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Pg. 121	
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Pg. 123	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Pg. 131	
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Pg. 131-132	
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)			It is not material.

Table Appendix B: List of data in cross-cutting and topical standards that derive from other EU legislation (continued)

Disclosure requirement and related datapoint	SFDR ([1]) reference	Pillar 3 ([2]) reference	Benchmark Regulation ([3]) reference	Climate Law ([4]) reference	A page in your Sustainability Statement	Not material
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1					It is not material.

(1) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

(2) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

(3) Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

(4) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

(5) Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council asregards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

s(6) Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regard the disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p. 1).

(7) Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

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with confidence

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Independent auditor's limited assurance report on Sustainability Statement

To the Shareholders of Medika d.d.

Scope

We have been engaged by Medika d.d. to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on consolidated Sustainability Statement (the "Subject Matter") of Medika d.d. (the "Company", an EU/EEA entity) and its subsidiaries (together "the Group"), contained in Sustainability report of Medika d.d. and its subsidiaries for the year 2025 of the Management Report (the "Sustainability Statement"), as at 31 December 2025 and for the year then ended.

Criteria applied by the Group

In preparing the Sustainability Statement, the Group applied the provisions of the Articles 32 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1 and IRO-2; and
- Compliance of the disclosures set out in the Sustainability Statement with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

Inherent limitations in preparing the sustainability statement
Inherent limitations exist in all assurance engagements.

The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward-looking information in accordance with ESRS, Management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, Management interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Management and Audit Committee responsibilities
Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in note ESRS 2 IRO-1 and IRO-2 of the Sustainability Statement.

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Management and Audit Committee responsibilities (continued)
This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with Croatian Accounting Act Articles 32 and 36 , including:

- compliance with the ESRS;
- preparing the disclosures in the subsection *Disclosures in accordance with article 8 of regulation 2020/852 (Taxonomy Regulation)* of the Sustainability Statement, in compliance with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that Management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Audit committee is responsible for overseeing the Group's sustainability reporting process.

Auditor's responsibilities
We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') as prescribed by the Article 37 of the Croatian Accounting Act, and the terms of reference for this engagement as agreed with Medika d.d. 10 September 2025.Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our responsibilities in respect of the Subject Matter, in relation to the Process, include:

- Obtaining an understanding of the process but not for the purpose of providing a conclusion on the effectiveness of the process, including the outcome of the process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the process is consistent with the Group's description of its process, as disclosed in note ESRS 2 IRO-1 and IRO-2 of Sustainability Statement.

Our other responsibilities in respect of the Subject Matter include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error;

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Auditor's responsibilities (continued)

- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We have the required competencies and experience to conduct this assurance engagement.

We also apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Sustainability statement and related information, and applying analytical and other appropriate procedures.

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
    - performing inquiries to understand the sources of the information used by Management (e.g., stakeholder engagement, business plans and strategy documents); and
    - reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the process implemented by the Group was consistent with the description of the process set out in note ESRS 2 IRO-1 and IRO-2.

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Description of procedures performed (continued)

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement including the consolidation process by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether material information identified by the process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify EU taxonomy eligible and aligned economic activities for turnover, CAPEX and OPEX and the corresponding disclosures in the Sustainability Statement;
- Evaluated the presentation and use of EU taxonomy templates in accordance with relevant requirements;
- Reconciled and ensured consistency between the reported EU taxonomy economic activities and the items reported in the primary financial statements including the disclosures provided in related notes.

We also performed such other procedures as we considered necessary in the circumstances.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with Articles 32 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1 and IRO-2; and
- compliance of the disclosures in subsection *Disclosures in accordance with article 8 of regulation 2020/852 (Taxonomy Regulation)* of the Sustainability Statement with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

Zvonimir Madunić
Member of the Board and certified auditor

11 March 2026

Ernst & Young d.o.o.
Radnička cesta 50
10000 Zagreb
Republic of Croatia

STATEMENT OF RESPONSIBILITIES OF MANAGEMENT AND SUPERVISORY BOARD

In accordance with the Accounting Act of the Republic of Croatia, the Management Board is responsible for ensuring that the consolidated financial statements for each financial year are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"), so as to give a true and fair view of the financial position and performance of the Medika Group (the "Group") for that period.

The Management Board reasonably expects that the Group has adequate resources to continue operating for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the consolidated financial statements.

In preparing the consolidated financial statements, the Management Board is responsible for:

- selecting and then consistently applying appropriate accounting policies;
- making prudent and reasonable judgments and estimates;
- applying applicable accounting standards; and
- preparing the consolidated financial statements on a going concern basis.

The Management Board is responsible for maintaining proper accounting records, which at any time must accurately reflect the Group's financial position and its compliance with the Croatian Accounting Act. The Management Board is also responsible for safeguarding the assets of the Group and therefore for taking reasonable measures to prevent and detect fraud and other irregularities.

The Management Board is required to submit its annual report to the Supervisory Board, together with the consolidated financial statements. The Supervisory Board must subsequently approve the annual consolidated financial statements for submission to the General Assembly of shareholders for adoption.

The financial statements on pages 164 to 212 were approved by the Management Board for submission to the Supervisory Board on 11 March 2026 and are signed below to confirm this.

Signed on behalf of the Management Board on 11 March 2026

Jasminko Herceg *President of the Management Board*	Matko Galeković *Member of the Management Board*	Jakov Jaki Radošević *Member of the Management Board*

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Medika d.d.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Medika d.d. (the Company) and its subsidiaries (together – the Group), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Company and the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matters is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key Audit Matter	How we addressed Key Audit Matter
Revenue recognition As indicated in Note 2 Significant accounting policies and Note 5 Revenue, the Group recognizes revenue in the amount net of value added tax, estimated returns, rebates and discounts. Revenue measurement therefore involves estimates related to such agreements. At the reporting date, amounts of discounts, and rebates that have been incurred and not yet invoiced to the customers are estimated and accrued. Due to the variety of contractual terms, management is required to monitor a large number of individual customer arrangements in order to estimate the discounts and rebates amounts at the reporting date. This is considered complex and includes risk of incorrect inclusion or non-inclusion of discounts and rebates in the current period and year-end accruals, or incorrect calculation of these amounts recorded as at the reporting date. Due to the above mentioned, revenue recognition is considered a key audit matter.	Our audit procedures included understanding of the revenue recognition process including discounts and rebates recognition and assessing compliance with the policies in terms of applicable accounting standards. We walked through and tested the operating effectiveness of the controls over revenue recognition process. Based on a sample, we assessed revenue transactions, taking place at either side of the reporting date as well as credit notes issued after the reporting date to evaluate whether that revenue was recognized in the correct period. We also developed an expectation of the current year sales revenue balance considering historical revenue and historical discounts and rebates information, compared it to the actual sales revenues and examined unexpected differences. On a sample of key customers, we inspected respective contractual terms included in respective agreements with these customers and recalculated the amounts of discounts and rebates. Where our recalculation based on contractual terms materially differed from management records, we obtained explanation and support for the differences. We obtained customer confirmations of amounts outstanding at the reporting date for a sample of customers and gained understanding and reconciled with supporting evidence any significant differences between customer confirmations received and the Group's accounting records. We also assessed on the adequacy of the relevant disclosures in the consolidated financial statements and if these are in line with the requirements of the IFRS.

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Key Audit Matter	How we addressed Key Audit Matter
Valuation of trade receivables As indicated in Note 2 Significant accounting policies, Note 4 Key Accounting estimates and Note 17 Trade and other receivables, trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. As at 31 December 2025, trade receivables represent 59% of assets and 58% of trade receivables are overdue. The impairment loss is assessed based on the type of customer, based on historical data, the current and expected liquidity of the Health System of the Republic of Croatia, as well as specific assessments of the Group for individual customers, depending on the current state of the market and their financial position. Due to the range of judgements and assumptions used in the models, as well as the significance of the amounts included in the consolidated financial statements, we consider this area to be a key audit matter.	We assessed management's estimate regarding recoverability of the receivables from the state hospitals. We tested aged balances where no provision was recognized to check that there were no indicators of impairment. This included verifying whether any payments subsequent to the end of the reporting period had been received, reviewing historical payment patterns and any correspondence or agreement with customers on expected settlement dates. We tested the accuracy of data in the expected credit loss model and tested mathematical accuracy of the model. We also tested the validation of ageing structure which shows the maturity of overdue receivables. Where specific provisions have been recognized, we selected a sample of trade receivable balances and understood the rationale behind management's judgement on indicators of impairment and provisioning. In order to evaluate the appropriateness of these judgements we verified whether balances were overdue, the customer's historical payment patterns and whether any payments subsequent to the end of the reporting period had been received. We have discussed with management the estimates of timing of collection and the amount of historically uncollected trade receivables. We obtained customer confirmations of amounts outstanding at the reporting date for a sample of customers and gained understanding and reconciled with supporting evidence any significant differences between customer confirmations received and the Group's accounting records. We also assessed on the adequacy of the relevant disclosures in the consolidated financial statements and if these are in line with the requirements of the IFRS.

Other information

Management is responsible for the other information. Other information comprises the information included in the Annual Report, but does not include consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information.

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Other information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report (excluding the Sustainability Statement) and Corporate Governance Report, we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report (excluding the Sustainability Statement) is prepared in accordance with the requirements of Articles 22 and 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in Articles 22 and 25 of the Accounting Act.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the information given in the enclosed Management Report and Corporate Governance Report is consistent, in all material respects, with the enclosed consolidated financial statements;
2. the enclosed Management Report is prepared in accordance with requirements of Articles 22 and 24 of the Accounting Act, excluding the requirements on sustainability reporting. Auditor's conclusion regarding the procedures conducted on the Sustainability Statement, in accordance with Article 37 of the Accounting Act, is provided separately; and
3. the enclosed Corporate Governance Report includes the information specified in Articles 22 and 25 of the Accounting Act.

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit of consolidated financial statements, we are also required to report if we have identified material misstatements in the other information (excluding the Sustainability Statement). We have nothing to report in this respect.

Responsibilities of management and Audit Committee for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of ISAs:

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Report on Other Legal and Regulatory Requirements *(continued)*

Appointment of Auditor and Period of Engagement

We were initially appointed as auditors of the Company on 2 May 2023. Our appointment has been renewed annually by General Assembly of Shareholders, with the most recent reappointment on 5 May 2025, representing a total period of uninterrupted engagement appointment of 3 years.

Consistence with Additional Report to Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 11 March 2026 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company and its controlled undertakings within the European Union. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the consolidated financial statements.

Report on Regulatory requirements

Report based on Delegated Regulation (EU) 2018/815 on supplementing Directive 2004/109/EZ of European parliament and Council related to regulatory technical standard for specification of single electronic reporting format of reporting

Independent report on the compliance of consolidated financial statements prepared pursuant to Article 462 (5) of the Capital Market Act (Official Gazette 65/18, 17/20,83/21 and 151/22) applying the requirements of the Delegated Regulation (EU) 2018 / 815 on establishing of single electronic reporting format for issuers (the ESEF Regulation).

We have conducted a reasonable assurance engagement on whether the consolidated financial statements, as contained in the attached electronic file *Medika_dionicko_drustvo_konsolidirani_eng*, are prepared, for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, in all material respects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the management and Audit Committee

Management is responsible for the preparation of the consolidated financial statements in accordance with ESEF Regulation.

Furthermore, management is responsible for maintaining an internal control system that reasonably ensures the preparation of consolidated financial statements without material non-compliances with ESEF Regulation requirements, whether due to fraud or error.

Management is also responsible for:

- the public disclosure of consolidated financial statements included in the annual report, in XHTML format and
- selecting and using XBLR codes in accordance with ESEF regulation

Audit Committee is responsible for overseeing the preparation of the consolidated financial statements in ESEF format as part of the financial reporting process.

Auditor's responsibilities

Our responsibility is to express a conclusion, based on the audit evidence gathered, as to whether the consolidated financial statements are free from material non-compliances with the requirements of the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with International Standard for Assurance Engagements ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.

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Report on Other Legal and Regulatory Requirements (continued)

Work performed
The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high degree of assurance, however it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with ESEF regulation.
In respect of the subject matter, we have performed the following procedures:

- we read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error; and
- Based on this, devise and implement procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- the consolidated financial statements, which are included in the annual report, are prepared in the relevant XHTML format,
- the information contained in the consolidated financial statements required by the ESEF Regulation is marked and all markings meet the following requirements:
    - the XBRL markup language was used,
    - the basic taxonomy elements listed in the ESEF Regulation with the closest accounting significance have been used, unless an additional taxonomy element has been created in accordance with Annex IV. ESEF Regulation,
    - the labeled elements comply with the common labeling rules under the ESEF Regulation.

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

Conclusion
Based on the procedures performed and evidence gathered, the consolidated financial statements presented in ESEF format for the year ended on 31 December 2025, contained in the aforementioned attached electronic file and prepared pursuant to Article 462 paragraph 5 of the Capital Market Act prepared for public disclosure, are prepared in all material respects in line with the requirements of Articles 3, 4 and 6 of the ESEF Regulation.
Further to this conclusion, as well as the opinion contained in this independent auditor's report related to accompanying consolidated financial statements and annual report for the year ended 31 December 2025, we do not express any opinion on the information contained in these presentations or on any other information contained in the aforementioned file.

The partner in charge of the audit resulting in this independent auditor's report is Zvonimir Madunić.

Zvonimir Madunić
Member of the Management Board and Certified auditor

11 March 2026

Ernst & Young d.o.o.
Radnička cesta 50
10000 Zagreb
Republic of Croatia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are expressed in thousands of EUR)	Note	2025	2024
Sales revenue	5, 6	952,621	826,324
Other income	5,6	7,258	6,123
Cost of goods sold	6	(887,605)	(766,873)
Employee costs	7	(31,229)	(26,316)
Marketing and promotion expenses		(1,228)	(1,220)
Depreciation and amortization	12, 13, 14	(6,109)	(4,785)
Other operating expenses	8	(12,110)	(10,061)
Other gains / (losses) – net		85	125
Operating profit		**21,683**	**23,317**
Financial income	9	13,659	2,999
Financial expenses	9	(2,109)	(1,998)
Net financial gain		**11,550**	**1,001**
Share in the profit of associates	15	553	512
Profit before tax		**33,786**	**24,830**
Income tax	10	(6,001)	(4,519)
Profit for the year		**27,785**	**20,311**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**27,785**	**20,311**
Earnings per share			
– basic and diluted (in EUR and CENT)	11	**959,63**	**701,49**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are expressed in thousands of EUR)	Note	As at 31 December 2025	2024
ASSETS			
Non-current assets			
Property and equipment	12	34,020	31,109
Right-of-use assets	13	17,898	11,678
Intangible assets	14	39,435	35,910
Investments in associates	15	3,442	3,349
Deferred tax assets		250	184
Trade and other receivables	17	6,244	6,379
		101,289	**88,609**
Current assets			
Inventories	18	114,220	92,699
Trade and other receivables	17	345,941	286,860
Cash and cash equivalents	19	25,730	10,419
		485,891	**389,978**
Total assets		**587,180**	**478,587**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	25,414	25,414
Reserves	21	8,940	8,940
Retained earnings and income for the year		118,321	90,336
		152,675	**124,690**
Non-current liabilities			
Lease liabilities	13	12,037	5,697
Deferred tax liabilities	26	3,447	3,337
Provisions		201	212
Trade and other payables	23	4,399	4,238
		20,084	**13,484**
Current liabilities			
Trade and other payables	23	367,693	302,295
Lease liabilities	13	2,490	2,139
Borrowings	24	42,217	35,205
Income tax payable		1,969	723
Provisions		52	51
		414,421	**340,413**
Total equity and liabilities		**587,180**	**478,587**

MEDIKA d.d., Zagreb, and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are expressed in thousands of EUR)	Note	Share capital	Reserves	Retained earnings and income for the year	Total
As at 1 January 2024		25,414	8,940	75,338	109,692
Comprehensive income for the year					
Profit for the year		-	-	20,311	20,311
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**20,311**	**20,311**
Transactions with owners recognised directly in equity					
Share based payments	7, 28	-	-	478	478
Dividend payment	22	**-**	**-**	(5,791)	(5,791)
Total transactions with owners recognised directly in equity		**-**	**-**	**(5,313)**	**(5,313)**
Balance at 31 December 2024		**25,414**	**8,940**	**90,336**	**124,690**
Balance at 1 January 2025		25,414	8,940	90,336	124,690
Comprehensive income for the year					
Profit for the year		-	-	27,785	27,785
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**27,785**	**27,785**
Transactions with owners recognised directly in equity					
Share based payments	7, 28	**-**	**-**	200	200
Total transactions with owners recognised directly in equity		-	-	**200**	**200**
As at 31 December 2025		**25,414**	**8,940**	**118,321**	**152,675**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are expressed in thousands of EUR)	Note	2025	2024
Cash flow from operating activities:			
Profit for the year		**27,785**	**20,311**
Adjusted by:			
Income tax	10	6,001	4,519
Share based payments	7, 28	200	478
Depreciation	12, 13, 14	6,109	4,785
Impairment of trade and other receivables, net	8,17	368	157
Inventory write-down		1,310	1,091
Changes in provisions		(10)	39
Gain on disposal of property and equipment		(103)	(136)
Lease contract modification	13	829	(10)
Lease termination	13	(16)	(303)
Interest income	9	(13,659)	(2,999)
Interest expense	9	2,109	1,998
Share in profit of associate	15	(553)	(512)
Changes:			
(Increase) in inventories		(22,713)	(15,066)
(Increase) in trade and other receivables		(58,874)	(46,304)
Increase / decrease in trade and other payables		64,768	6,057
Cash generated from operations		**13,551**	**(25,895)**
Interest paid		(487)	(305)
Income taxes paid		(4,809)	(4,882)
Interest received	9	13.066	2.397
Cash flow from operating activities		**21.321**	**(28.685)**

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts are expressed in thousands of EUR)	Note	2025	2024
Cash flow from investing activities:			
Purchases of property and equipment	12	(5,425)	(3,473)
Proceeds from the sale of property and equipment and intangible assets		166	178
Paid advances for the acquisition of property under the right of use		(865)	(3,716)
Purchases of intangible assets	14	(3,377)	(733)
Acquisition of subsidiary, net of cash acquired	27	(882)	-
Proceeds from repayment of given loans		1,027	1,053
Expenses for granted loans		(500)	(900)
/(Payments) / proceedsfrom short-term deposits		(12)	31,989
Other investing inflows		61	-
Interest received		586	605
Share of profit from associates received	15	460	645
Cash flow from investing activities		**(8.761)**	**25.648**
Cash flows from financial activities			
Repayments of borrowings	24	(190,000)	(176,282)
Proceeds from borrowings	24	197,000	189,000
Borrowings interest paid	24	(1,610)	(1,553)
Repayment of leases	13	(2,639)	(2,301)
Dividends paid	22	-	(5,791)
Cash flow from financial activities		**2,751**	**3,073**
Net increase in cash and cash equivalents		**15,311**	**36**
Cash and cash equivalents at the beginning of the year		10,419	10,383
Cash and cash equivalents at the end of the year	19	**25,730**	**10,419**

NOTE 1 – GENERAL DATA

Medika d.d. (hereinafter: "the Company") is a joint stock company incorporated in the Republic of Croatia. The main activity of the Company and its subsidiaries (together "the Group") is the wholesale and retail distribution of pharmaceutical products. The Company's headquarters is located in Zagreb, Capraška 1, the Republic of Croatia.

The Group is comprised of the Company and the following subsidiaries and associates:

Subsidiaries:

	31.12.2025	31.12.2024
Healthcare Institution Ljekarne Prima Pharme, Zagreb	100%	100%

Associates:

	31.12.2025	31.12.2024
Healthcare Institution Ljekarne Jagatić, Zagreb (since November 2008)	49%	49%

As at 31 December 2025, the Company's shares are listed on the official market of the Zagreb Stock Exchange. The ownership structure of the Company is presented in Note 20.

NOTE 2 – MATERIAL ACCOUNTING POLICIES INFORMATION

The following is an overview of the principal accounting policies adopted for the preparation of these consolidated financial statements. The accounting policies have been applied consistently for all the years presented in these financial statements, except where otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS). The consolidated financial statements of the Group have been prepared using the historical cost convention, except where otherwise stated.

The preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS) requires the use of certain key accounting estimates. Management is also required to exercise judgement in applying the Group's accounting policies. Areas involving a higher degree of judgement or complexity, as well as areas in which assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Adoption of new and revised International Financial Reporting Standards

Standards and Interpretations effective in the current period

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

- **Amendments to IAS 21** The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, issued on 15 August 2023 (effective for annual periods beginning on or after 1 January 2025).

The adoption of the above standards and interpretations did not have a significant impact on the Group's financial statements.

Standards and interpretations issued by the International Accounting Standards Board, approved in the EU but not yet effective

- **Amendments to IFRS 9 and IFRS 7** Financial Instruments: Classification and Measurement, issued on 30 May 2024 (effective for annual periods beginning on or after 1 January 2026).
- **Amendments to IFRS 9 and IFRS 7** Contracts for Renewable Electricity, issued on 18 December 2024 (effective for annual periods beginning on or after 1 January 2026).

- **Annual Improvements to IFRS Accounting Standards – 2024 Cycle (Issue 11**), issued on 18 July 2024 (effective for annual periods beginning on or after 1 January 2026).

Standards and interpretations issued by the International Accounting Standards Board but not yet adopted in the EU

As at the date of issuance of these financial statements, the following standards, amendments and interpretations issued by the International Accounting Standards Board have not yet been adopted by the European Union:

- **IFRS 18** Presentation and Disclosure in Financial Statements (issued on 9 April 2024).
- **IFRS 19 and Amendments to IFRS 19** Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024 and 21 August 2025).
- **Amendments to IAS 21** The Effects of Changes in Foreign Exchange Rates: Restatement into a Hyperinflationary Presentation Currency (issued on 13 November 2025).

The Group does not expect these amendments to have a significant impact on the Group's financial statement

2.3 Consolidation

(a) Subsidiaries

The acquisition method of accounting is used to account for subsidiaries acquired by the Group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (note 2.6). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policy adopted by the Group.

2.3 Consolidation (continued)

(b) Associates

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss (position "Share in the profit of associates"), and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured receivables which form an integral part of the net investment, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the relevant associates. Unrealised losses are also eliminated unless there are indications that an asset exchanged in the transaction may be impaired. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Foreign currencies

(a) Functional and reporting currency

The items included in the Group's consolidated financial statement are presented in the currency of the primary economic environment in which the Group operates (offical currency EUR).

(b) Foreign currency transactions

Foreign-currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. However, if a gain or loss on a monetary item is recognised directly in reserve, then any component of foreign currency application and profit or loss should also be recognized directly in reserves.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Foreign currencies (continued)

(b) Foreign currency transactions (continued)

Non-monetary assets and items denominated in foreign currencies that are measured at historical cost are not re-translated. Foreign currency denominated non-monetary assets and liabilities measured at the historical cost are converted into functional currency using the exchange rate list in effect at the transaction dates.

2.5 Property and equipment

Property and equipment are reported at historical cost less accumulated depreciation and accumulated impairment losses.

Land and assets under preparation are not depreciated. Depreciation of other assets is provided using a straight-line method so as to write down the cost of an asset over its estimated useful life. Depreciation is provided on an individual asset basis until the asset is fully written off.

The estimated useful life is as follows:

Buildings	10 – 40 years
Equipment	2 – 20 years

Gains and losses arisen on disposal are determined by comparing the proceeds with carrying amount and are recognised within "Other gains/(losses) – net" in the income statement.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of acquisition of a subsidiary over the acquisition-date fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Separately recognised goodwill is tested annually for impairment and is carried at the cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the acquirer's cash generating units, or groups of cash generating units, expected to benefit from the synergies of the combination. Each such unit or group of units to which goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

(b) License

Cost incurred by the Group in obtaining pharmacy operation licenses, without which no pharmacy activities can be performed, are capitalized to the extent that future economic activities are probable. These licenses are amortized over their useful life. Impairment review is made on an annual basis.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 Intangible assets (continued)

c) Software

Software licenses are capitalized based on the cost of purchase and costs incurred in bringing the software into working conditions for its intended use. The cost is amortised linearly over the useful life of the assets, which ranges from 5 to 10 years.

(d) Other rights

Other rights are shown at historical cost, they have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of other rights over their estimated useful lives (5 years).

2.7 Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position of the Group when the Group becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs which may be directly attributed to the acquisition or issuing the financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities at initial recognition, where appropriate. Transaction costs, which may be directly attributed to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in profit or loss.

Financial assets

The Group classifies its financial assets in a category measured at depreciated cost, using the effective interest rate method, within a business model that aims to collect contracted cash flows and according to which the cash inflow is made exclusively based on payments of principal and interest on the principal outstanding amount (IFRS 9).

At each reporting date, the Group performs a review to identify any objective evidence that a financial asset may be impaired. Impairment testing of trade and other receivables is described in note 2.10. Financial assets are a non-derivative financial assets with a fixed or determinable payments that are not quoted in an active market.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognised in profit or loss.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Financial instruments (continued)

Financial assets (continued)

(i) Depreciated cost and effective interest rate method

The effective interest rate method is a method of calculating the depreciated cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, other than purchased or accrued credit-impaired financial assets (i.e. assets which were credit-impaired during the initial recognition), the effective interest rate is the rate that accurately discounts estimated future cash inflow (including all fees and points paid or received, which constitute an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, over the expected life of the debt instrument or, where appropriate, during a shorter period, on the gross carrying amounts of the debt instrument at initial recognition. For purchased or incurred credit-impaired financial assets, the effective interest rate adjusted to the loan is calculated by discounting the estimated future cash flow, including expected credit losses, to the depreciated cost of the debt instrument at the initial measurement.

The depreciated cost of a financial asset is the amount at which a financial instrument is measured at initial recognition, less payments of principal and plus accumulated depreciation, using the effective interest rate method of any difference between the opening amount and the maturity, adjusted for any loss. The gross carrying amount of financial assets is the depreciated cost of financial assets before adjustments for any loss.

Interest income is recognised by applying the effective interest rate method for debt instruments, that are subsequently measured at depreciated cost. For financial assets, other than purchased or incurred credit-impaired financial assets, interest income is calculated by applying the effective interest rate on the gross carrying amount of the financial assets, aside for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the depreciated cost of the financial assets. If, in the following reporting periods, the credit risk on a credit-impaired financial instrument improves so that the financial instrument is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial assets.

For purchased or incurred credit-impaired financial assets, the Group recognises interest income by applying the effective interest rate adjusted by the credit risk to the depreciated cost of the financial assets at initial recognition. The calculation shall not be reverted to the gross basis, even if the credit risk of the financial assets subsequently improves so that the financial assets are no longer credit impaired.

Interest income is recognised in profit or loss account and is included in the item “Financial income – interest income” (note 9).

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises provisions for expected credit losses of trade receivables and debt instruments measured at depreciated cost. The amount of expected credit losses is calculated at each reporting date in order to reflect changes in credit risk since the initial recognition of particular financial instrument. The Group always recognises lifetime expected credit losses (ECL) for trade receivables based on the selected simplified approach. The expected credit losses on these financial assets are described in Note 2.10. The Group currently does not adjust the loss rate for future macroeconomic conditions, as it has not conducted an analysis of the impact of macroeconomic factors on historical loss rates, including the time value of money, where appropriate.

For the given loans, the Group recognises the lifetime ECL in case of a significant increase in credit risk since the initial recognition. However, if the credit risk on a financial instrument has not significantly increased since the initial recognition, the Group measures the loss for this financial instrument in the amount equal to a 12-month ECL.

A lifetime ECL represents the expected credit losses resulting from all potential cases of default during the expected lifetime of a financial instrument. In contrast, the 12-month ECL represents a part of the lifetime ECL, due to the probability of a default status in the next 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument significantly increased since initial recognition, the Group compares the risk of default at the reporting date with the default risk of the financial instrument at the date of initial recognition. During the assessment, the Group considers both quantitative and qualitative information that is reasonable and available, including historical experience, which can be accessed without unnecessary costs or engagements.

In particular, for the loans given, the Group relies on days of default when assessing significant credit risk deterioration. If the debtor is in default for more than 30 days, then the Group assumes that there is a significant increase in credit risk.

Despite the aforementioned, we assume that the credit risk for the financial instrument has not significantly increased since the initial recognition if we determine that the financial instrument has a low credit risk at the reporting date. It is concluded that the financial instrument has a low credit risk if:

- The financial instrument has a low risk of default
- The debtor has a strong ability to settle his/her contractual obligations in the short term; and
- Adverse changes in economic and business conditions in the long term may, but do not necessarily have to, decrease the lessee's ability to meet his/her contractual cash flow obligations

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

However, the Group does not currently use the simplification of a low credit risk when assessing a significant increase in credit risk.

The Group regularly monitors the efficiency of the criteria used to determine whether there has been a significant increase in credit risk and reviews them to ensure that the criteria can identify a significant increase in credit risk before there is a delay in payment.

(ii) Definition of default status

The following facts, which represent a case of default for internal credit risk management purposes are data that are internally developed or obtained from external sources, indicating that it is unlikely that the debtor will pay his/her creditors, including the Group, in full (without considering any collateral held by the Group).

(iii) Credit-impaired financial assets

Financial assets are credit-impaired when one or more events with an adverse effect on the estimated future cash flows of the financial assets occur. Proof of credit impairment of the financial asset includes data available on the following events:

- Significant financial difficulties of the issuer or debtor;
- Default status (as defined above);
- When the issuer, due to the debtor's financial difficulties, grants the debtor a concession, which he would otherwise not consider;
- It becomes probable that the debtor will go into bankruptcy or undertake another type of financial restructuring;
- The disappearance of an active market for a specific financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off financial assets when there are data pointing to the fact that the debtor is in serious financial difficulties and that there is no real chances of return, for example when the debtor has gone into liquidation or bankruptcy. Written-off financial assets may still be subject to enforcement activities within the Group recovery procedures, with regard to the relevant legal advice, where appropriate. Recovery is recognised in the profit or loss account, at the other operating expenses position.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses represents a loss rate function, calculated in line with the model described in note 2.10. In terms of exposure in the moment of default, for the financial assets it represents the gross carrying amount of the assets at the reporting date.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Financial instruments (continued)

(v) Measurement and recognition of expected credit losses (continued)

For financial assets, the expected credit loss is assessed as the difference between all contractual cash flows maturing in line with the contract and all expected cash flows, discounted at the original effective interest rate.

If the Group measured provisions for expected loan losses for financial instruments in the amount of the lifetime ECL in the previous reporting period, but at the current reporting date it determined that the conditions for the lifetime ECL are no longer met, the Group measures the loss in the amount equal to the 12-month ECL at the current reporting date, except for assets for which the simplified approach was used (trade receivables).

The Group recognizes impairment gains or losses in the profit or loss account for all financial instruments with an appropriate adjustment of the carrying amount through the loss provisions account.

Financial liabilities

The financial liabilities recognized by the Group are trade payables and borrowings. The Group measures all financial liabilities at depreciated cost.

(a) Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

(b) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. In future periods, borrowings are reported at depreciated cost. Any difference between the proceeds (less the transaction costs) and the redemption value is recognized in profit or loss account over the period of the loan, using the effective interest rate method.

2.8 Leases

The Group rents certain real estate and vehicles. Lease contracts are concluded for a period of 3 years to 10 years and have the possibility of extension. Contracts may contain lease and non-lease components, allocation of consideration between components is based on their relative stand-alone prices.
Lease liabilities include the net present value of the following lease payments: fixed payments less any incentives, variable lease payments that are based on index, initially measured using the index as at commencement date, amounts expected to be paid by the Group under residual value guarantees. Lease payment to be made under reasonably certain extension options are also included in the measurement of the liability. Lease liabilities are discounted using the interest rates implicit in the lease. If this rate cannot be readily determined, which is generally the case for leases in the Group, the Group' s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow funds necessary to obtain an asset of similar value to right-of-use asset in a similar economic environment with similar terms, security and conditions.

All leases with a remaining lease term of less than 12 months and leases of assets with low value are recognized in the income statement on a straight-line basis over the term of the lease.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.9 Inventories

Inventories are reported at the lower of cost or net realizable value. Cost includes all costs related to the purchase of goods and is calculated based on the weighted average purchase price. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Examination of damaged and/or obsolete inventories is performed continuously and for all such inventories a provision is charged to cost of goods sold.

2.10 Trade and loan receivables

The Group always reports provisions for expected credit losses of trade receivables in the amount equal to the lifetime ECL.

Trade and credit receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

The impairment loss is assessed based on the customer's activity, i.e. the borrower's activity, and based on historical data, the current and expected liquidity of the Health System of the Republic of Croatia, as well as specific assessments of the Sales Department for individual customers, depending on the current state of the market and the inability to collect them.

There were no changes in the assessment techniques or material assumptions during the current reporting period.

The impairment losses on receivables are recognized in the income statement within "Other operating expenses".

Loans and receivables with maturities greater than 12 months after the reporting date are classified as non-current assets.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits with banks and other short-term highly liquid instruments with maturities of up to three months or less.

2.12 Share capital

The share capital consists of ordinary shares.

The consideration paid for the purchased treasury shares, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.13 Reserves

(a) Legal reserves

The legal reserves are required under Croatian law according to which the Company has to build up legal reserves with a minimum of a twentieth part (5%) of the profit for the year until the legal reserves together with the capital reserves reach (5%) of the share capital. Legal reserves are not distributable.

(b) Other reserves

Other reserves are formed in accordance with Croatian law and decisions of the General Assembly.

(c) Reserves for treasury shares

Reserves for treasury shares are formed in accordance with Croatian law and decisions of the General Assembly.

2.14 Employee benefits

(a) Pension obligations and other post-employment benefits

In the normal course of business, the Group makes payments, through salary deductions, to mandatory pension funds on behalf of its employees, as required by law. All contributions paid to the mandatory pension funds are recognized as salary expense when accrued. The Group does not have any other pension scheme and consequently, has no other obligations in respect of employee pensions. In addition, the Group is not obliged to provide any other post-retirement benefits.

(b) Long-term employee benefits

The Group recognizes the liability for long-term employee benefits (jubilee awards and retirement benefits for full-age retirement) even over the period the benefit is earned based on actual years of service. The long-term employee benefit obligation is determined using assumptions regarding the likely number of staff to whom the benefit will be payable, estimated benefit cost and the discount rate. Jubilee awards and retirement benefits falling due more than 12 months after the reporting date are discounted to their present value.

(c) Short-term employee benefits

The Group recognizes a provision for bonuses, unused annual leave and other benefits when there is a contractual obligation or past practice giving rise to a constructive obligation.

Short-term liabilities for termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.15 Revenue recognition

Revenue comprises the fair value of consideration received or receivable for sold products, goods or services within the normal course of business of the Group. Revenue is reported in the amount net of value added tax, estimated returns, rebates and discounts. Revenue is recognized when delivery liability has been settled by transferring the control of the promised goods or services to the customer.

(a) Sales of goods revenue

Sales of goods revenue is recognized when control of the goods is transferred to the customer, i.e. when the goods are delivered to the customer. Delivery is performed when the goods have been dispatched to a specific location, the risk of obsolescence and loss is transferred to the customer, the customer received the goods pursuant to the contract, and the Company has objective proof that all of the conditions for the receipt of the goods have been met. The Company allocates the transaction cost to the delivery liability based on relative individual sales prices.

Retail revenue is recognized at the time of sale of goods to the buyer. Retail revenue is mostly made in cash or through credit cards. Reported revenue includes credit card fees that are included in other operating expenses.

(b) Service revenue

Service revenue is recognized in the accounting period in which service is performed.

(c) Financial income

Financial income refers to interest income earned on term deposits with banks and on given loans and is recognized on a time proportion basis using the effective interest rate method.

2.16 Borrowing costs

Borrowing costs comprise interest expense accrued on borrowings, impairment losses recognized on financial assets and foreign exchange losses. Borrowing costs are recognized in income statement using the effective interest rate.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

2.17 Dividends payable

Dividends payable to the Company's shareholders are recognized as a liability in the financial statements in the period in which the dividends are approved by the General Assembly.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.18 Value added tax

The Tax Authorities require that VAT is settled on a net basis. VAT on sale and purchase transactions is recognized in the statement of financial position on a net basis. Where an amount receivable is impaired, the impairment loss is recognized in the gross amount of the receivable, i.e. including VAT.

2.19 Earnings per share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share are determined by dividing the profit or loss for the year from ordinary shares by the weighted average number of ordinary shares during the year.

2.20 Share based payments

The key management members of the Company acquired certain number of the Company's shares from its parent company based on predefined share price that is different from fair value of share and whose acquisition is conditioned upon employment period in the Company, i.e., providing service to the Company. This arrangement is considered as a reward plan for the key management members based on the value of the Company's shares. The fair value of the key management members service received in exchange for the shares acquired through the arrangement is recognised as an expense with a corresponding increase in equity over the defined employment period. The total amount to be reported as an expense over the necessary employment period refers to the difference between the fair value of the shares acquired at the grant date and the acquisition price for which the key management members bought shares from the parent company. The amount recognized as an expense is adjusted to reflect the number of the key management members expected to meet the condition of providing the service to the Company, i.e, expected to remain employed in accordance with time condition set.

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (which includes foreign exchange risk, the fair value interest rate risk and cash flow interest rate), credit risk and liquidity risk. The pharmaceuticals wholesale industry in the Republic of Croatia is highly influenced by the state which plays its role by imposing strict legislation and the health system funding. As the dynamic of funding by the state is beyond control or prediction and given the inability to predict financial market trends, the overall risk management of the Group is focused on minimizing or eliminating the potential adverse impact on the Group's financial position. Risk management within the Company is the responsibility of the Department of Accounting and Finance that, in cooperation with the Management Board and other departments within the Company, identifies, assesses the risks and proposes risk protection measures.

(a) Market risk

(i) Foreign exchange risk

In accordance with the Decision on the announcement of the introduction of the euro as the official currency in the Republic of Croatia (published in the "Official Gazzete" No. 85/22), the euro becomes the official monetary unit and legal tender in the Republic of Croatia on 1 January 2023, and consequently the Company no significant currency risk.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

Interest rate risk of the Group arises from loans received. Loans granted at variable interest rates expose the Group to cash flow interest rate risk. Loans granted at fixed interest rates expose the Group to fair value interest rate risk.

The Group does not use derivative instruments to actively hedge against exposure to cash flow interest rate risk and fair value interest rate risk; however, the Group continuously monitors movements in interest rates. Various scenarios are simulated, taking into account refinancing, renewal of the existing position as well as alternative financing.

As at 31 December 2025, if effective interest rates on loans received (with variable interest rates) were to increase/decrease by 0.10 percentage points on an annual basis (2024: 0.10 percentage points), profit after tax for the reporting period would remain the same, given that all loans received as at 31 December 2025 carry fixed interest rates (2024: all loans received carried fixed interest rates).

(b) Credit risk

The Group's short-term assets that may give rise to credit risk consist mainly of cash and cash equivalents, trade receivables and other receivables. The Group does not have a significant concentration of credit risk. The Group's sales policies ensure that sales are made to customers with an appropriate credit history. With respect to credit risk exposure, customers are divided into three categories: pharmacies, hospitals and other customers. Higher credit risk is present with pharmacies. On the other hand, hospitals have longer collection periods, but the risk of non-collection is almost negligible. The remaining portion of trade receivables is not significant due to the dispersion across a very large number of individually small customer balances. Part of the Group's trade receivables is secured by promissory notes and bills of exchange received. A detailed analysis of exposure to credit risk and the analysis of expected credit losses is disclosed in Notes 16 and 17.

For trade receivables, the Group has applied the simplified approach for measuring loss allowances based on lifetime ECL.

The Group has exposure to one of customer from the hospital segment who accounts for 23% of total trade receivable (2024: 25%)

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash balances, ensuring the availability of funding through an adequate amount of committed credit lines, and the ability to meet all obligations as they fall due. The objective of the Company and the Group is to maintain financing flexibility by ensuring that committed credit lines remain available. The Company's Accounting and Finance Department regularly monitors the level of available sources of cash. A large number of customers are either owned by the state, i.e., the Republic of Croatia, or are dependent on it, which means that the Group's liquidity risk is also dependent on the state. Cash shortages from period to period are a direct consequence of the timing at which the state settles its obligations related to the healthcare system. In the event of extended payment periods by the state, the Group negotiates extended payment terms with suppliers. Any temporary liquidity shortfalls are covered through available credit lines with commercial banks. As at 31 December 2025, cash and cash equivalents amounted to EUR 25,730 thousand (2024: EUR 10,419 thousand), and the Group had EUR 113,268 thousand (2024: EUR 94,325 thousand) of undrawn credit lines available on demand for liquidity risk management.

The table below analyses the financial liabilities of the Group by contractual maturities. The amounts presented below represent undiscounted cash flows.

(in thousands of EUR)	**Up to 1 month**	**1 month to 1 year**	**1-3 years**	**Over 3 years**	**Total**
At 31 December 2025					
Trade and other payables (note 23)	100,534	267,159	4,399	-	372,092
Borrowings	79	42,454	-	-	42,533
Lease liabilities	247	2,484	4,507	8,187	15,425

(in thousands of EUR)	**Up to 1 month**	**1 month to 1 year**	**1-3 years**	**Over 3 years**	**Total**
31 December 2024					
Trade and other payables (note 23)	77,111	225,184	4,238	-	306,533
Borrowings	92	35,956	-	-	36,048
Lease liabilities	214	2,190	3,114	3,211	8,729

In 2026, the Group will settle trade and other current liabilities according to the dynamics of collection of receivables, which depends on the liquidity of the entire healthcare system.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The objectives od the Group is managing capital are to preserve the Group's ability to continue as going concern so as provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure in order to minimize the cost of capital.

In order to maintain or adjust the capital structure, the Group may change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or assets to reduce indebtedness.

The Group monitors capital on the basis of the self-financing ratio in the financial statements. This ratio is calculated as the proportion of total equity and total assets.

The equity financing ratio is as follows:

	2025	2024
	(in thousands of EUR)	
Total capital (equity and reserves)	152,675	124,690
Total assets	587,180	478,587
Equity to assets ratio	**26%**	**26%**

The 2025 ratio remained on the same level compared to 2024 ratio and shows that the Group finances 26% of its total assets from own sources. Consequently, 74% of the assets are financed from sources other than owner's equity (2024: 74%).

3.3 Fair value measurement

The nominal amount value of trade receivables less impairment allowance and of trade payables are assumed to approximate their fair values considering that they are short-term receivables.

NOTE 4 – KEY ACCOUNTING ESTIMATES

The Group makes estimates that are continually evaluated and are based on experience and other factors, including expectations of future events considered reasonable under the existing circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates are, by definition, only rarely equal to the actual results. The estimates and assumptions that may cause a significant risk of requiring material adjustments to the carrying amounts of assets and liabilities in the next financial year are outlined below.

Assumptions for determining the amount of provisions for trade receivables

Due to the significance of the amount of trade receivables recognized in the statement of financial position, the Management estimates the probability of recovering trade receivables based on the analysis of individual categories of such assets. Factors taken into consideration by the Management include receivables from customers in earlier years, the current and expected liquidity of the Health System of the Republic of Croatia, as well as the specific assessment of the Sales Department for individual customers, depending on the current market trends and their financial position.

When measuring ECL, the Group uses reasonable and relevant information, which is based on historical data. The ECL calculation model is further described in note 2.10.

As at 31 December 2025, if the discount rate were to increase by 1 percentage point, assuming all other variables remain unchanged, profit before tax for the reporting period would be EUR 1 thousand lower than reported (2024: EUR 10 thousand).

Useful life of property and equipment

The determination of the useful life of assets is based on past experience involving similar assets, as well as on forecast changes in the economic environment and industry-specific factors. Adequacy of the useful life estimates is reviewed once a year, or whenever there is an indication of significant changes in the underlying assumptions.

Pharmaceutical licenses and goodwill impairment

The goodwill and pharmaceutical licenses with indefinite useful life impairment testing is performed once a year during the reporting period in accordance with the accounting policy explained in notes.

Goodwill partly relates to the goodwill arising on the acquisition of the subsidiaries Farmis and Farmacon, which were subsequently merged into Medika, and partly arises on the acquisition of pharmacies. At the end of 2025, an assessment of the recoverable amount of the recognized cash-generating units, and the related goodwill and licenses, was performed based on discounted future cash flows. The recoverable amounts of the cash-generating units are determined using the value-in-use calculation. The calculations applied were based on cash flow projections derived from financial forecasts approved by Management, covering a period of eight years.

Management determined the planned growth rates and gross margins based on past experience and expected market developments. A terminal growth rate of 2.0% and a pre-tax discount rate reflecting the specific risks associated with the relevant business segment were used in discounting the future cash flows.

The sensitivity analysis indicates if discount rate increased by 1.0% (assuming an unchanged terminal growth rate) or terminal growth rate decreased by 0.5% (assuming an unchanged discount rate), there would be no impairment of other rights.

NOTE 5 – REVENUE

	2025	2024
	(in thousands of EUR)	
Sales revenue:		
Revenue from sales of goods	939,880	814,928
Revenue from sales of goods – related parties (note 28)	12,741	11,396
	952,621	**826,324**
Other income:		
Revenue from sale of services	7,002	6,005
Revenue from sale of services – related parties (note 28)	256	118
	7,258	**6,123**

NOTE 6 – SEGMENT INFORMATION

Segment information follows the structure used by the Company and the Group for internal reporting purposes, which has remained unchanged in comparison with the prior year.

The Group monitors revenues and gross profit through two main distribution channels: wholesale and retail.

The wholesale distribution channel consists of:

1. Pharmacies

2. Hospitals

3. Other customers, which are divided into:
   - Dental practices
   - Veterinary clinics
   - Medical centers
   - Wholesalers
   - Other customers (herbal pharmacies, companies, optics, etc,)

Retail distribution channel consists of self-owned pharmacies (subsidiary ZU Ljekarne Prima Pharme and its subsidiaries).

The Group uses margin calculated as sales revenue minus cost of the goods sold as a performance measure of a particular segment.

There are no transactions between segments. The Company and the Group apply the same accounting policies in all segments.

NOTE 6 – SEGMENT INFORMATION (continued)

The segments' results for the year ended 31 December 2025 are as follows:

	Wholesale			Retail	
(in thousands of EUR)	**Pharmacies**	**Hospitals**	**Other**	**Own pharmacies**	**Total**
Revenue from sale of goods	308,063	394,319	142,377	95,121	939,880
Revenue from sale of goods - related parties (note 28)	12,739	-	2	-	12,741
Revenue from sale of services	86	395	5,772	749	7,002
Revenue from sale of services – related parties (note 28)	16	-	234	6	256
Total income	**320,904**	**394,714**	**148,385**	**95,876**	**959,879**
Cost of goods sold	(302,889)	(377,064)	(135,311)	(72,341)	(887,605)
Segment result	**18,015**	**17,650**	**13,074**	**23,535**	**72,274**
Operating expenses					(50,591)
Profit from operations					**21,683**
Financial income					13,659
Financial expenses					(2,109)
Net financial profit					**11,550**
Share in the profit of associates					553
Profit before tax					**33,786**
Income tax					(6,001)
Profit for the year					**27,785**

NOTE 6 – SEGMENT INFORMATION (continued)

The segments' results for the year ended 31 December 2024 are as follows:

	Wholesale			Retail	
(in thousands of EUR)	**Pharmacies**	**Hospitals**	**Other**	**Own pharmacies**	**Total**
Revenue from sale of goods	278,079	336,906	111,826	88,117	814,928
Revenue from sale of goods - related parties (note 28)	11,393	-	3	-	11,396
Revenue from sale of services	72	347	4,849	737	6,005
Revenue from sale of services – related parties (note 28)	21	-	97	-	118
Total income	**289,565**	**337,253**	**116,775**	**88,854**	**832,447**
Cost of goods sold	(271,225)	(323,692)	(103,916)	(68,040)	(766,873)
Segment result	**18,340**	**13,561**	**12,859**	**20,814**	**65,574**
Operating expenses					(42,257)
Profit from operations					**23,317**
Financial income					2,999
Financial expenses					(1,998)
Net financial loss					**1,001**
Share in the profit of associates					512
Profit before tax					**24,830**
Income tax					(4,519)
Profit for the year					**20,311**

The analysis of trade receivables by the segments at 31 December 2025 is as follows:

	Wholesale			Retail	
(in thousands of EUR)	**Pharmacies**	**Hospitals**	**Other**	**Own pharmacies**	**Retail**
Trade receivables (note 17/i/)	90,801	215,373	21,744	19,966	347,884

The analysis of trade receivables by the segments at 31 December 2024 is as follows:

	Wholesale			Retail	
(in thousands of EUR)	**Pharmacies**	**Hospitals**	**Other**	**Own pharmacies**	**Total**
Trade receivables (note 17/i/)	75,623	176,791	18,605	17,693	288,712

NOTE 6 – SEGMENT INFORMATION (continued)

Other assets are not analysed by segments considering the same assets are used in all segments for performing activities. Furthermore, the Group does not follow assets by geographical areas since it operates only in the area of the Republic of Croatia.

Revenue from the most significant customer, the hospital segment, was 13.60% in 2025 (2024: 14.68%).

NOTE 7 - STAFF EXPENSES

	2025	2024
	(in thousands of EUR)	
Net salaries	15,814	13,492
Contributions from and on salaries /i/	7,353	6,246
Other employee benefits /ii/	3,514	2,764
Taxes and surtaxes	2,037	1,632
Management bonuses	1,224	916
Employee transportation costs	735	722
Termination benefits	352	66
Share based payments (note 28)	200	478
	31,229	**26,316**

As at 31 December 2025, there were 1,079 employees at the Group (2024: 1,032 employees). The average number of employees during 2025 was 1,041 employees (2024: 1,015 employees).

/i/ The pension contributions recognized by the Group as payable to mandatory pension funds for 2025 amount to EUR 4,428 thousand (2024: EUR 3,673 thousand).

/ii/ Other employee benefits relate to costs of meals for employees, awards, accommodation costs for foreign workers, business trip expenses, assistance and similar.

NOTE 8 - OTHER OPERATING EXPENSES

	2025	2024
	(in thousands of EUR)	
Maintenance of assets, security services and property insurance	4,584	3,677
Materials and energy	2,288	2,175
Professional training and consultancy services /i/	1,347	1,136
Taxes and contributions independent of the results	792	729
Telephone, postal and utility services	399	356
Bank and payment operation charges	383	349
Rental costs (note 13/iii/)	488	308
Road tolls and transportation costs	252	200
Impairment of trade and other receivables, net (note 17)	368	157
Other costs	1,209	974
	12,110	**10,061**

/i/ The total amount of fees for the statutory audit of the annual financial statements for 2025 is EUR 83 thousand (2024: EUR 69 thousand). In 2025, no other services charged by the audit firm were contracted (nor in 2024).

NOTE 9 - NET FINANCIAL GAIN / (LOSS)

	2025	2024
	(in thousands of EUR)	
Financial income		
Interest income /i/	13,659	2,999
	13,659	**2,999**
Financial expenses		
Interest expense		
Bank loans (note 24)	(1,622)	(1,685)
Leases (note 13/v/)	(485)	(304)
Penalty interests	(2)	-
Other financial expenses /ii/	-	(9)
	(2,109)	**(1,998)**

/i/ Interest income includes penalty interest paid collected from debtors in the amount of EUR 13,066 thousand (2024: EUR 2,397 thousand).

ii/ Other financial expenses arose as a result of the liquidation of Primus nekretnine d.o.o., which ceased operations during 2024.

NOTE 10 – INCOME TAX

	2025	2024
	(in thousands of EUR)	
Current tax	6,067	4,551
	6,067	4,551
Deferred tax	(66)	(32)
	6,001	**4,519**

Reconciliation of the Group's tax (benefit)/expense as per income statement and the tax at the statutory tax rate is presented in the table below:

	2025	2024
	(in thousands of EUR)	
Profit before taxation	**33,786**	**24,830**
Income tax at the rate of 18%	6,081	4,469
Effect of non-taxable income and tax incentives	(169)	(189)
Effect of non-deductible expenses	89	239
Income tax	**6,001**	**4,519**
Effective tax rate	17.76%	18.20%

In accordance with local regulations, the Tax Authority may at any time inspect the Group`s books and records within 3 years following the year in which the tax liability is reported and may introduce additional tax liabilities and penalties. The Management is not familiar with any circumstances which may lead to contingent liabilities in that respect.

NOTE 11 – EARNINGS PER SHARE

Earnings per share are calculated by dividing the Company's net profit by the weighted average number of ordinary shares issued during the year, excluding the average number of ordinary shares redeemed and held by the Company as treasury shares.

	2025	2024
Net profit attributable to the shareholders *(in thousands of EUR)*	27,785	20,311
Weighted average number of shares (excluding treasury shares)	28,954	28,954
Basic/diluted earnings per share *(in EUR and CENT)*	**959.63**	**701.49**

NOTE 12 - PROPERTY AND EQUIPMENT

(All amounts are expressed in thousands of EUR)	Land	Buil-dings	Inve-stment pro-perty	Equip-ment	Asset under constr u-ction	Pre-pay-ments	Total
Balance at 31 December 2023							
Cost	3,107	26,205	1,294	17,961	6,330	109	55,006
Accumulated depreciation	-	(12,441)	(162)	(12,708)	-	-	(25,311)
Net carrying amount	**3,107**	**13,764**	**1,132**	**5,253**	**6,330**	**109**	**29,695**
For the year ended 31 December 2024							
Opening carrying amount, net	3,107	13,764	1,132	5,253	6,330	109	29,695
Additions	-	-	-	104	1,633	1,736	3,473
Realized advances	-	-	-	-	1,240	(1,240)	-
Transfer to intangible assets (note 14)	-	-	-	-	3	-	3
Transfer from right-of-use assets (note 13)	-	-	-	35	-	-	35
Transfer from assets under construction	-	188	-	2,257	(2,445)	-	-
Disposals	-	(1)	-	(27)	-	-	(28)
Depreciation	-	(724)	(64)	(1,281)	-	-	(2,069)
Closing carrying amount, net	3,107	13,227	1,068	6,341	6,761	605	31,109
Balance at 31 December 2024							
Cost	3,107	26,392	1,294	20,190	6,761	605	58,349
Accumulated depreciation	-	(13,165)	(226)	(13,849)	-	-	(27,240)
Net carrying amount	**3,107**	**13,227**	**1,068**	**6,341**	**6,761**	**605**	**31,109**
For the year ended 31 December 2025							
Opening carrying amount, net	3,107	13,227	1,068	6,341	6,761	605	31,109
Increase	-	-	-	-	3,820	1,605	5,425
Realised advances	-	-	-	-	1,517	(1.517)	-
Derecognition	-	-	-	(2)	-	-	(2)
Transfer from right-of-use assets (Note 13)	-	-	-	105	-	-	105
Transfer from assets under construction	-	528	-	4,319	(4,847)	-	-
Disposals and write-offs	-	(18)	-	(46)	-	-	(64)
Depreciation	-	(742)	(65)	(1,746)	-	-	(2,553)
Closing net carrying amount	3,107	12,995	1,003	8,971	7,251	693	34,020
Balance at 31 December 2025							
Cost	3,107	26,872	1,294	23,831	7,251	693	63,048
Accumulated depreciation	-	(13,877)	(291)	(14,860)	-	-	(29,028)
Net carrying amount	**3,107**	**12,995**	**1,003**	**8,971**	**7,251**	**693**	**34,020**

NOTE 12 - PROPERTY AND EQUIPMENT (continued)

The fair value of real estate classified as Investment property does not deviate significantly from the book value.

As collateral for the loan (note 24), property, plant and equipment with a net carrying amount of EUR 13,606 thousand as at 31 December 2025 (2024: EUR 15,587 thousand) has been pledged.

NOTE 13 – LEASES

The Group leases vehicles and business premises under lease agreements.

/i/ The leases presented in the statement of financial position at 31 December are as follows:

	2025	2024
	(in thousands of EUR)	
Right-of-use assets:		
Vehicles	741	1,233
Buildings	17,157	10,445
	17.898	**11,678**
Lease liabilities:		
Current	2,490	2,139
Non-current	12,037	5,697
	14,527	**7,836**

/ii/ Non-current lease liabilities:

	31.12.2025	31.12.2024
	(in thousands of EUR)	
1-2 years	2,221	1,556
2-5 years	8,146	2,699
Over 5 years	1,670	1,442
Contractual lease liabilities	**12,037**	**5,697**

NOTE 13– LEASES (continued)

/iii/ Leases presented in the statement of comprehensive income are as follows:

	2025	2024
	(in thousands of EUR)	
Depreciation	3,058	2,279
Interest expense (note 9)	485	304
Rental costs related to short-term leases (note 8)	488	308
	4,031	**2,891**

The average interest rate is 3.81 % (2024.: 4.16%).

NOTE 13 – LEASES (continued)

/iv/ An overview of the movement of right-of-use assets is as follows:

(All amounts are expressed in thousands of EUR)	Vehicle	Business premises	Asset under cons-truction	Advance payments for premises	Total
For the year ended 31 December 2024					
Opening carrying amount, net	1,493	6,591	-	25	8,109
Additions	97	1,295	501	4,002	5,895
Transfer to tangible asset (note 12)	(35)	-	-	-	(35)
Contract termination		13	-	-	13
Transfer from assets under construction	309	192	(501)	-	-
Contract modification	(11)	-	-	-	(11)
Disposals	(4)	-	-	(10)	(14)
Depreciation	(616)	(1,663)	-	-	(2,279)
Closing net book value	1,233	6,428	-	4,017	11,678
For the year ended 31 December 2024 Cost					
Cost	2,302	11,274	-	4,017	17,593
Accumulated depreciation	(1,069)	(4,846)	-	-	(5,915)
Net book value	**1,233**	**6,428**	**-**	**4,017**	**11,678**
For the year ended 31 December 2025					
Opening carrying amount, net	1,233	6,428	-	4,017	11,678
Additions	98	2,588	7,064	-	9,750
Transfer to tangible asset (note 12)	(105)	-	-	-	(105)
Contract termination	-	(354)	-	-	(354)
Realized advances	-	-	4,000	(4,000)	-
Transfer from assets under construction	38	11,026	(11,064)	-	-
Contract modification	(13)	-	-	-	(13)
Depreciation	(510)	(2,548)	-	-	(3,058)
Closing net book value	**741**	**17,140**	**-**	**17**	**17,898**
For the year ended 31 December 2025					
Cost	2,039	22,014	-	17	24,070
Accumulated depreciation	(1,298)	(4,874)	-	-	(6,172)
Net book value	**741**	**17,140**	-	**17**	**17,898**

NOTE 13 – LEASES (continued)

/v/ Movement in lease liability:

	2025	2024
	(in thousands of EUR)	
Lease liabilities recognized on 1 January	**7,836**	**8,269**
Additions	8,884	2,179
Contract modification	816	(21)
Lease payments	(2,639)	(2,301)
Interest expense (note 9)	485	304
Interest paid	(485)	(304)
Contract termination	(370)	(290)
Lease liabilities recognized on 31 December	**14,527**	**7,836**

NOTE 14 – INTANGIBLE ASSETS

(All amounts are expressed in thousands of EUR)	Goodwill	Licences	Software and other rights	Assets under construction	Prepayments	Total
Balance at 31 December 2023						
Cost	12,399	22,702	7,782	12	122	43,017
Accumulated amortisation and impairment	(1,012)	(168)	(6,220)	-	-	(7,400)
Net carrying amount	**11,387**	**22,534**	**1.562**	**12**	**122**	**35.617**
For the year ended 31 December 2024						
Opening carrying amount, net	11,387	22,534	1,562	12	122	35,617
Increase	-	219	4	440	70	733
Transfers to for assets (note 13)	-	-	-	46	(46)	-
Acquisition of subsidiary (note 27)	-	-	-	(3)	-	(3)
Disposals	-	46	367	(413)	-	-
Amortisation	-	-	(437)	-	-	(437)
Closing carrying amount, net	11,387	22,799	1,496	82	146	35,910
Balance at 31 December 2024						
Cost	12,722	22,967	7,931	82	146	43,848
Accumulated amortisation and impairment	(1,335)	(168)	(6,435)	-	-	(7,938)
Net carrying amount	**11,387**	**22,799**	**1,496**	**82**	**146**	**35,910**
For the year ended 31 December 2025						
Opening carrying amount, net	11,387	22,799	1,496	82	146	35,910
Additions	-	-	-	2,847	530	3,377
Realised advances – acquisitions (note 27)	-	75	-	-	(75)	-
Acquisition of a subsidiary (note 27)	110	536	-	-	-	646
Transfer from assets under construction	-	-	598	(598)	-	-
Depreciation	-	-	(498)	-	-	(498)
Closing carrying amount, net	11,497	23,410	1,596	2,331	601	39,435
Balance at 31 December 2025						
Cost	12,832	23,578	8,344	2,331	601	47,686
Accumulated amortisation and impairment	(1,335)	(168)	(6,748)	-		(8,251)
Net carrying amount	**11,497**	**23,410**	**1,596**	**2,331**	**601**	**39,435**

Licences

Pharmacy service licences with an indefinite useful life amount to EUR 23,409 thousand as at the reporting date (2024: EUR 22,799 thousand). During 2025, the Institution acquired one pharmacy licence (three pharmacy licences were acquired in 2024). Without pharmacy operating licences, the pharmacy activity itself cannot be performed.

NOTE 14 – INTANGIBLE ASSETS (continued)

Impairment test of goodwill and licences with indefinite useful life

The Group has determined the recoverable amount using the value-in-use method. The value-in-use calculation is based on cash flow projections derived from an eight-year business plan (2024: eight-year business plan) approved by Management and the Director, a discount rate of 8.20% (2024: 8.08%) and a terminal growth rate of 2.00% (2024: 2.00%). A longer business-plan horizon was applied due to the expected long-term stabilisation of operations.

The recoverable amount exceeds the carrying amount.The sensitivity analysis shows that even with a significant decrease of the terminal growth rate and the increase of the WACC rate, there are still no indicators for a value adjustment, respectively, the impairment test is not sensitive to changes in key variables.

NOTE 15 – INVESTMENTS IN ASSOCIATES

The Group holds a 49% share in the associate Zdravstvena ustanova Ljekarne Jagatić, which was acquired in 2008.

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Balance at 1 January	3,349	3,482
Share of profit paid	(460)	(645)
Transfer of profit made	553	512
Balance at 31 December	**3,442**	**3,349**

Information on associates for the year ended 31 December can be summarised as follows:

(All amounts are expressed in thousands of EUR)	Assets	Liabilities	Income	Net gain
Balance at 31 December 2025				
ZU Ljekarne Jagatić	9,380	6,937	20,047	1,128
Total	**9,380**	**6,937**	**20,047**	**1,128**

(All amounts are expressed in thousands of EUR)	Assets	Liabilities	Income	Net gain
Balance at 31 December 2024				
ZU Ljekarne Jagatić	7,788	5,535	17,613	1,044
Total	**7,788**	**5,535**	**17,613**	**1,044**

NOTE 16– FINANCIAL INSTRUMENTS BY CATEGORY

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Financial assets – category:		
Loans and receivables (note 17/v/)	350,790	291,808
Cash and cash equivalents (note 19)	25,730	10,419
	376,520	**302,227**

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Financial liabilities - category:		
Trade payables (note 23/i/)	362,585	300,168
Total borrowings (note 24)	42,217	35,205
Lease liabilities (note 13/i/)	14,527	7,836
Other liabilities (note 23)	9,507	6,365
	428,836	**349,574**

The quality of financial receivables not yet due and not impaired can be assessed based on historical data about the customers.

The quality of receivables not yet due and not impaired is considered from the aspect of the different credit risk exposures of the debtors (note 17 /i/):

	2025	2024
	(in thousands of EUR)	
Hospitals	81,246	63,591
Pharmacies	42,795	35,916
HZZO	9,163	8,590
Other	12,308	10,273
Balance at 31 December	**145,512**	**118,370**

NOTE 17 – TRADE AND OTHER RECEIVABLES

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Long-term receivables:		
Trade receivables /i/	4,288	4,175
Given loans /ii/	1,894	2,155
Long-term deposits	62	49
	6,244	6,379
Current receivables:		
Trade receivables /i/	343,596	284,537
Other current receivables /iii/	1,333	1,382
Given loans /iv/	29	29
Given loans – current portion of non-current receivables /i/	983	912
	345,941	286,860
	352,185	**293,239**

/i/ Trade receivables, as reported in the statement of financial position at 31 December, are as follows:

	2025	2024
	(in thousands of EUR)	
Domestic trade receivables	342,920	284,743
Trade receivables – related parties (note 28)	5,895	4,709
Foreign trade receivables	540	360
	349,355	289,812
Expected credit losses	(1,471)	(1,100)
	347,884	**288,712**

The ageing structure of receivables:

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Not yet due (note 16)	145,512	118,370
0–180 days past due	201,539	167,457
181–360 days past due	393	1,641
Over 360 days past due	1,911	2,344
	349,355	**289,812**

NOTE 17 – TRADE AND OTHER RECEIVABLES

Movements in impairment allowance for trade receivables:

	2025	2024
	(in thousands of EUR)	
Balance at 1 January	1,100	937
Increase (note 8)	371	165
Writte-off	-	(2)
Balance at 31 December	**1,471**	**1,100**

/ii/ Given loans, as reported in the statement of financial position as at 31 December, are as follows:

	Effective interest rate	2025	2024
		(in thousands of EUR)	
Loans given to pharmacies	2.0%-5.0%	1,683	1,710
Other given loans	3.0%-6.0%	1,194	1,357
Total non-current receivables, including current portion		2.877	3,067
Current portion of non-current receivables		(983)	(912)
		1,894	**2,155**

The fair value of long-term receivables approximates the carrying value considering the immaterial effect of the discount and the fact that long-term receivables are financed by long-term liabilities to suppliers.

The maturity of long-term loans is as follows:

	31.12.2025	31.12.2024
	(in thousands of EUR)	
From 1 to 2 years	739	783
From 2 to 5 years	1,155	1,330
Over 5 years	-	42
	1,894	**2,155**

NOTE 17 – TRADE AND OTHER RECEIVABLES (continued)

/iv/ Given loans, as reported in the balance sheet as at 31 December, are as follows:

	2025	2024
	(in thousands of EUR)	
Given loans	29	29
Expected credit losses	-	-
	29	**29**

Given long-term loans – short-term part as reported in the balance sheet as at 31 December, are as follows:

	2025	2024
	(in thousands of EUR)	
Given loans	985	917
Expected credit losses	(2)	(5)
	983	**912**

Movements in provisions for impairment of given loans:

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Balance at 1 January	5	13
Decrease (note 8)	(3)	(8)
Write-off	-	-
Balance at 31 December	**2**	**5**

/v/ Financial assets by category include the following:

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Trade receivables	347,884	288,712
Given cash loans	1,604	1,531
Given commodity loans	1,302	1,565
	350,790	**291,808**

The commodity loans given relate to trade receivables past due that have been reprogrammed and the payment has been agreed in future periods. The loans are not intended to generate financial benefit, but rather to collect current receivables from customers.

NOTE 18 - INVENTORIES

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Trade goods	113,094	91,562
Prepayments	1,288	1,178
Materials	64	58
Impairment allowance on inventories	(226)	(99)
	114,220	**92,699**

Inventories in the amount of EUR 13,275 thousand (2024: EUR 13,272 thousand) were pledged as collateral for the Group`s borrowings (note 24).

NOTE 19 - CASH AND CASH EQUIVALENTS

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Bank account	25.726	10.416
Cash in hand	4	3
	25,730	**10,419**

Cash on EUR and foreign-currency denominated accounts is held with commercial banks in Croatia.

NOTE 20 - SHARE CAPITAL

At 31 December 2025, the share capital as of the Company amounts to EUR 27,778,480 (31 December 2024: EUR 27,778,480) and is divided into 30,194 shares (2024: 30,194 shares). The nominal value per share amounts to EUR 920 (31 December 2024: EUR 920). All issued shares are fully paid in.

	Number of shares	Share capital	Treasury shares	Capital gains/ (losses)	Total
	(in pieces)		*(in thousands of EUR)*		
Balance at 1 January 2024	30,194	27,778	(2,081)	(283)	25,414
Balance at 31 December 2024	**30,194**	**27,778**	**(2,081)**	**(283)**	**25,414**
Balance at 1 January 2025	30,194	27,778	(2,081)	(283)	25,414
Balance at 31 December 2025	**30,194**	**27,778**	**(2,081)**	**(283)**	**25,414**

NOTE 20 - SHARE CAPITAL (continued)

The ownership structure of the Company as at 31 December is as follows:

	2025		2024	
	Number of shares	**%**	**Number of shares**	**%**
Auctor d.o.o.	14,506	48.04%	14,506	48.04%
Auctor Pharma d.o.o.	7,646	25.32%	-	-
Pliva Hrvatska d.o.o.	-	-	7,646	25.32%
Krka d.d. Novo Mesto	3,614	11.97%	3,614	11.97%
Individuals	1,695	5.61%	2,114	7.00%
Treasury shares	1,240	4.11%	1,240	4.11%
Auctor Holding a.s.	8	0.03%	8	0.03%
Other legal entities	1,485	4.92%	1,066	3.53%
Total	**30,194**	**100.00%**	**30,194**	**100.00%**

As at 31 December 2025, Auctor d.o.o. holds 14,506 shares (of which 1,600 shares are held by the members of the Company's Management Board, one employee of the Company and a Director of ZU Prima Pharme Pharmacies(2024: 3,929 shares are held by the members of the Management Board of the Company, one employee of the Company, one member of the Supervisory Board ant a Director of ZU Prima Pharme Pharmacies), which were transferred to Auctor d.o.o. under a fiduciary arrangement), representing 50.10% (2024: 50.10%) of voting shares when treasury shares without voting rights are taken into account. During 2025, a member of the Supervisory Board sold all 729 shares of Medika d.d. to Auctor d.o.o., while the members of the Management Board, one employee of the Company and the director of the pharmacies sold half of their total number of shares which they held at the beginning of the year.
As of 31 December 2025, Auctor d.o.o. and Auctor Pharma d.o.o. are part of the Auctor Holding a.s. group, with Auctor Holding a.s. holding a 100% ownership interest in both of the aforementioned companies

NOTE 21 - RESERVES

(in thousands of EUR)	**Legal reserves**	**Reserves for treasury shares**	**Total**
Balance at 31 December 2023	**2,462**	**6,478**	**8,940**
Changes during the year	**-**	**-**	-
Balance at 31 December 2024	**2,462**	**6,478**	**8,940**
Changes during the year	-	-	-
Balance at 31 December 2025	**2,462**	**6,478**	**8,940**

NOTE 22 – RETAINED EARNINGS

Retained earnings include other reserves in the total amount of EUR 4,209 thousand (2024: EUR 4,209 thousand). Other reserves in the amount of EUR 4,209 thousand relate to reserves arising from hyperinflation during the 1990s, which resulted in a significant increase in prices.

In 2025, the General Assembly, at its meeting held on 5 May 2025, adopted a decision to allocate the entire net profit of the Company to retained earnings. In 2024, the General Assembly, at its meeting held on 2 May 2024, adopted a decision on the distribution of dividends from the Company's retained earnings in the amount of EUR 5,791 thousand. The dividend per share amounted to EUR 200.00.

NOTE 23 – TRADE AND OTHER PAYABLES

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Non-current liabilities:		
Trade payables /i/	4,338	4,238
Other liabilities /ii/	61	-
	4,399	**4,238**
Current liabilities:		
Trade payables /i/	358,247	295,930
Other liabilities /ii/	9,446	6,365
	367,693	302,295
	372,092	**306,533**

/i/ Trade payables recognized as at 31 December are as follows:

	2025	2024
	(in thousands of EUR)	
Foreign trade payables	255,052	214,825
Domestic trade payables	107,532	61,412
Trade payables – related parties (note 28)	1	23,931
	362,585	**300,168**

The carrying amounts of trade payables are denominated in the following currencies:

	31.12.2025	31.12.2024
	(in thousands of EUR)	
EUR	362,535	300,095
Other currencies	50	73
	362.585	**300,168**

NOTE 23 – TRADE AND OTHER PAYABLES (continued)

/ii/ Other payables recognised as at 31 December are as follows:

	2025	2024
	(in thousands of EUR)	
VAT liabilities	3,491	2,896
Payroll liabilities	2,714	2,308
Liabilities for the acquisition of a business unit	1,579	-
Liabilities for unused vacation days	230	224
Liabilities for other taxes and contributions	63	24
Other	1,369	913
	9,446	**6,365**

NOTE 24 – BORROWINGS

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Short-term:		
Short-term loans	42,217	35,205
Total borrowings	**42,217**	**35,205**

(i) The loans relate to financing provided by various banks for working capital purposes. All loans are denominated in euros and carry a fixed interest rate. The maturities of short-term loans are up to nine months.

The effective interest rates at the reporting date are as follows:

	31.12.2025	31.12.2024
	%	%
Short-term borrowings		
Short-term loans	2.433%	3.125%

The carrying amounts of short-term borrowings correspond mainly to their fair values.

NOTE 24 – BORROWINGS (continued)

The exposure to changes in the interest rates on the borrowings and the contractual repricing dates at the reporting date is as follows:

	31.12.2025	31.12.2024
	(in thousands of EUR)	
Variable-rate borrowings		
	-	**-**
Fixed-rate borrowings		
Fixed-rate loans	42,217	35,205
	42,217	**35,205**
Total borrowings	**42,217**	**35,205**

Given that the interest rate on borrowings in the amount of EUR 42,217 thousand (2024: EUR 35,205 thousand) is fixed, there is no exposure to interest rate risk.

The borrowings are secured by mortgages over the Group's properties (Note 12), inventories (Note 18), as well as by issued promissory notes and bills of exchange.

Movement in borrowings is as follows:

	2025	2024
	(in thousands of EUR)	
Borrowings recognized at 1 January	**35,205**	**22,355**
Additions	197,000	189,000
Payments	(190,000)	(176,282)
Interest cots (note 9)	1,622	1,685
Interest paid	(1,610)	(1,553)
Borrowings recognized at 31 December	**42,217**	**35,205**

NOTE 25 - CONTINGENT LIABILITIES

As at 31 December 2025 and as at 31 December 2024, management did not identify any contingent liabilities.

NOTE 26 – DEFERRED TAX

Deferred tax liabilities

(in thousands of EUR)	**Acquisition of a subsidiary – licences**
Balance at 1 January 2024	**3,337**
Changes during the year	-
Balance at 31 December 2024	**3,337**
Balance at 1 January 2025	**3,337**
Changes during the year (note 27)	110
Balance at 31 December 2025	**3,447**

The deferred tax liability arose at the acquisition of the subsidiary as a result of the difference arising from the measurement of assets and liabilities of subsidiaries in consolidation at fair values, while the tax base of assets and liabilities remained at the level of expense.

NOTE 27 – ACQUISITION OF SUBSIDIARIES

In 2025, the Group acquired 100% ownership of one pharmacy for an agreed consideration of EUR 882 thousand (2024: no new subsidiary was acquired).

From the acquisition date to the reporting date, the Group did not generate revenue from the newly acquired subsidiary, as the acquisition and merger of the newly acquired pharmacy were both completed on 1 April 2025.

The amount has been calculated using the Group's accounting policies. The acquired net assets and goodwill are presented as follows:

	2025
	(in thousands of EUR)
Acquisition cost	**882**
– Consideration paid	882
Liabilities for the purchase of subsidiaries	-
Fair value of acquired assets	(772)
Goodwill (note 14)	**110**

NOTE 27 – ACQUISITION OF SUBSIDIARIES (continued)

Fair value of assets:

	2025.
	(in thousands of EUR)
Intangible assets (note 14)	611
Inventories	67
Trade and other receivables	933
Cash and cash equivalents	1
Deferred tax liability (note 26)	(110)
Trade and other payables	(730)
Net assets acquired	**772**
Acquisition cost paid in cash	122
Cash and cash equivalents acquired	(1)
Net outflow	**121**

In 2025, the Group allocated the purchase price to the identified assets, including intangible assets that were not previously recognised in the balance sheets of the acquired entities, in accordance with IAS 38 Intangible Assets.

The Group's Management identified and measured the pharmacy service licence as a form of intangible asset arising in the acquisition of healthcare institutions/pharmacies. The asset was measured at fair value as at the acquisition date using the net present value of the cash flows generated by the entity that are attributable to the use of the identified intangible and tangible assets and that can be directly assigned to them.

NOTE 28 – RELATED-PARTY TRANSACTIONS

The Group enters into transactions with related parties.

Related parties include:

	2025	2024
1. Associate of Zdravstvene ustanove Ljekarne Prima Pharme, Zagreb Zdravstvena ustanova Ljekarne Jagatić, Zagreb	49%	49%

2. The company with the largest voting rights is the parent company Auctor d.o.o., which holds 48.04% of ownership interests and 50.10% of voting shares. As part of the financial restructuring of the Auctor d.o.o. Group, in 2019 the ownership of Auctor d.o.o. was transferred to Auctor Holding a.s., resulting in an indirect change in the ownership of the Company's shares. Auctor Holding a.s. holds 100.00% of the ownership interest in Auctor d.o.o., while the owners of Auctor Holding a.s. were Auctor Prime d.o.o. with 55.00% and JTPEG Croatia Investments a.s. with 45.00%. In 2022, a transaction was completed involving the sale and transfer of shares of Auctor Holding a.s., after which the ownership and voting rights structure became: 50.00% Auctor Prime d.o.o. and 50.00% JTPEG Croatia Investments a.s. In 2025, changes occurred in the ownership structure of Auctor Holding a.s., and the ownership and voting rights are now as follows: 45.00% Auctor Prime d.o.o.,45.00% JTPEG Croatia Investments a.s., and 10.00% Perrarus Holding a.s.

   Auctor Pharma d.o.o., Zagreb, which holds 25.32% of ownership interests and 26.41% of voting rights in the Company. The aforementioned company has, as of 23 December 2025, become the second-largest shareholder of Medika d.d., having acquired the respective stake from Pliva Hrvatska d.o.o., which had been the second-largest shareholder of Medika d.d. until that date.
   Accordingly, as of 23 December 2025, Pliva Hrvatska d.o.o. ceased to have the status of a related party of Medika d.d.
   Auctor d.o.o. and Auctor Pharma d.o.o. are part of the Auctor Holding a.s. group, with Auctor Holding a.s. holding a 100% ownership interest in both of the aforementioned companies.

NOTE 28 – RELATED-PARTY TRANSACTIONS (continued)

Balances resulting from transactions with related parties and included in the statement of financial position at 31 December 2025 and 31 December 2024 as well as items from the Statement of comprehensive income are shown below

(in thousands of EUR)	Note	2025	2024
Trade and other receivables			
Trade receivables			
Associate of ZU Ljekarne Prima Pharme		5,895	4,673
Auctor d.o.o.		-	2
Pliva Hrvatska d.o.o.		-	34
	17/i/	5,895	4,709
Inventories			
Pliva Hrvatska d.o.o.		-	6,957
		-	6,957
Trade payables			
Associate of ZU Ljekarne Prima Pharme		1	1
Pliva Hrvatska d.o.o.		-	23,930
	23/i//	1	23,931
Revenues from sale of goods			
Associate of ZU Ljekarne Prima Pharme		12,739	11,393
Auctor d.o.o.		-	2
Pliva Hrvatska d.o.o.		2	1
	5, 6	12,741	11,396
Revenue from sale of services			
Auctor Holding a.s.		1	1
Pliva Hrvatska d.o.o.		255	117
	5, 6	256	118
Marketing and promotion expenses			
Associate of ZU Ljekarne Prima Pharme		3	3
		3	**3**
Purchase of trade goods			
Pliva Hrvatska d.o.o./i/		61,787	59,178
		61,787	59,178
/ i /The stated amount includes value added tax.			
Key management compensation – salaries and bonuses for Management Board and Director		1.568	1.339
Supervisory Board, Audit Committee and Governing Council compensation		93	90

NOTE 28 – RELATED-PARTY TRANSACTIONS (continued)

The members of the Company's Management Board and one employee of the Company purchased 3,200 shares of Medika d.d. in 2020, while a member of the Company's Supervisory Board purchased 972 shares of Medika d.d. from the related party Auctor d.o.o., primarily through secured loans received from the same related party. The voting rights attached to the purchased shares remain with Auctor d.o.o., which may repurchase them or transfer them to third parties under certain conditions until mid-2026. In 2021, the fiduciary ownership right of Auctor d.o.o. over 243 shares of Medika d.d. held by the Supervisory Board member was removed. The cost and the corresponding increase in equity recognised cumulatively up to 2025 amounts to EUR 2,267 thousand (cumulative up to 2024: EUR 2,067 thousand). The cost and corresponding increase in equity recognised during 2024 amounts to EUR 478 thousand, and during 2025 EUR 200 thousand. During 2025, the Supervisory Board member sold all 792 shares of Medika d.d. to Auctor d.o.o., while the members of the Management Board, one employee of the Company and Director of ZU Prima Pharme Pharmacies sold half of their total number of shares.The estimated cost for the following year amounts to EUR 100 thousand.

NOTE 29 – EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, Auctor d.o.o., as a shareholder of Medika d.d., requested the convening of an Extraordinary General Meeting and proposed the adoption of a decision to withdraw the Company's shares from the regulated market of the Zagreb Stock Exchange Inc.

The Extraordinary General Meeting was convened for 17 March 2026, and the proposed decision on the withdrawal of the Company's shares from the regulated market of the Zagreb Stock Exchange Inc. was included on the agenda of the General Meeting.

The Company assesses that the aforementioned event has no impact on its financial position, financial performance, or cash flows as at the balance sheet date and is therefore considered a non-adjusting event after the balance sheet date, in accordance with the applicable accounting standards.

NOTE 30 - APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements presented on pages 164 to 212 were approved by the Management Board of the Company in Zagreb on 11 March 2026:

Jasminko Herceg *President of the Management Board*	Matko Galeković *Member of the Management Board*	Jakov Jaki Radošević *Member of the Management Board*

***

100 GODINA Medika

ODLUKA

O utvrđenju Financijskog izvješća o poslovanju Grupe Medika za 1-12 mj. 2025. godine

Dana 24. ožujka 2026. godine na 18. Sjednici Nadzornog odbora Medike d.d. za trgovinu lijekovima i sanitetskim materijalom, Zagreb, Capraška 1, Nadzorni odbor Medike d.d. dao je suglasnost na Financijsko izvješće o poslovanju Grupe Medika za 1-12 mj. 2025. godine kako ga je utvrdila Uprava Medike d.d.

Time je Izvješće o poslovanju Grupe Medika za 1-12 mj. 2025. godine utvrđeno u skladu s čl. 300 d. Zakona o trgovačkim društvima.

U Zagrebu, 24.03.2026.

Predsjednik Uprave

Jasminko Herceg

Predsjednik Nadzornog odbora

Oleg Uskoković

1 Medika d.d.
ZAGREB, Capraška 1