

MEDIKA d.d.

**ANNUAL REPORT
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
for the year ended 31 December 2025**

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MANAGEMENT REPORT

Medika d.d. (the “Company”) achieved unconsolidated revenue in the amount of EUR 928,556 thousand in 2025, which is EUR 122,796 thousand more compared to the unconsolidated revenue generated in the previous year. The unconsolidated operating profit amounts to EUR 15,703 thousand, which is EUR 1,767 thousand less than the result achieved in the previous year.

The unconsolidated profit before tax amounts to EUR 27,481 thousand, and the unconsolidated profit for the year totals EUR 22,516 thousand, which is EUR 7,261 thousand more than the result achieved in 2024.

By business segment (Note 6 to the financial statements), 42.5% of total unconsolidated revenue is generated in the hospital segment (2024: 41.9%). At the same time, 41.5% of total unconsolidated revenue is generated in the pharmacy segment (2024: 43.7%).

The total unconsolidated assets amount to EUR 537,495 thousand, recording an increase of 23.0% compared to the previous year. Within the structure of unconsolidated assets, the amount of non-current assets is higher by 14.9% compared to the previous year, mainly due to the increase in right-of-use assets. The amount of unconsolidated current assets is higher by 24.1%, driven by an increase in trade receivables and inventories. Unconsolidated current assets account for 88.1% of total assets. Trade receivables and other receivables are the most significant item of total unconsolidated assets and are higher by 18.8% compared to the previous year.

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

The equity-to-assets ratio is 22% and shows that the Company finances 22% of its total assets from own resources.

The non-consolidated result is presented in the statement of comprehensive income on page 13 of the financial statements.

Research activities and expected future development of the Company

The Company will maintain the distribution of medicinal products and medical devices as its principal activity and boost the operations involving those products that constitute the Company’s core business.

Treasury shares

At 31 December 2025, Medika d.d. held 1,240 shares, which represents 4.11% of the total number of shares. The nominal value of each individual share is 920 euros.

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, has an ownership interest of 25.32% and 26.41% of the voting rights over the Company.

Risks

Credit risk

The most significant market risk for the Company 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 Company'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 Company 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 Company'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 Company to the interest-rate cash flow risk. Fixed-rate borrowings expose the Company to the interest-rate fair value risk.

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

Sustainability Statement

The Company applies the exemption from the obligation to prepare a non-financial statement in its separate annual reports in accordance with Article 61, paragraph (7) of the Accounting Act, given that the Company's data is included in the consolidated management report prepared in accordance with Articles 32 and 36 of the Accounting Act.

CORPORATE GOVERNANCE REPORT

Medika d.d., as a company listed on the official market of the Zagreb Stock Exchange, applies the Corporate Governance Code of the CFSSA (Croatian Financial Services Supervisory Agency) and the Zagreb Stock Exchange, which 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 restrictions.

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, Chairman; Mr. Damjan Možina, Deputy Chairman; and members Mr. Jozef Harviš, Mr. Josef Pilka, Ms. Tanja Kragulj Mežnarić, and Mr. Ivica Roso.

CORPORATE GOVERNANCE REPORT (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.

Zagreb, 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*

STATEMENT OF RESPONSIBILITIES OF MANAGEMENT AND SUPERVISORY BOARD

Pursuant to the Accounting Act of the Republic of Croatia, the Management Board is obliged to ensure that the financial statements are prepared for each financial year in accordance with the International Financial Reporting Standards (“the IFRSs”) which give a true and fair view of the financial position and results of operations of the Medika d.d. for that period.

The Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in the preparation of financial statements.

When preparing these financial statements, the Management Board is responsible for:

- selecting and then consistently applying suitable accounting policies;
- making reasonable and prudent judgments and estimates;
- following applicable accounting standards; and
- preparing the financial statements on the going concern basis.

The Management Board is responsible for maintaining correct accounting records, which disclose with acceptable accuracy at any time, the financial position of the Company, as well as its compliance with the Croatian Accounting Act. The Management Board is also responsible for safeguarding the Company’s assets, and therefore, for taking reasonable measures to prevent and detect fraud and other irregularities.

The Management Board has the responsibility to submit its annual report, together with the financial statements, to the Supervisory Board, following which the Supervisory Board is required to approve the annual financial statements for submission to the General Assembly of Shareholders for adoption.

The financial statements on pages 13 to 58 have been approved by the Management Board for submission to the Supervisory Board on 11 March 2026, and are signed below to confirm this.

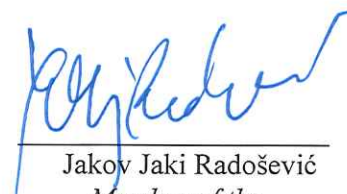
Signed on behalf of the Management Board on 11 March 2026 by



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 financial statements

Opinion

We have audited the financial statements of Medika d.d. (the Company), which comprise the statement of financial position as at 31 December 2025, the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and its 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 financial statements* section of our report.

We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 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 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 financial statements.



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Key Audit Matter	How we addressed Key Audit Matter
<p><i>Revenue recognition</i></p> <p>As indicated in Note 2 Significant accounting policies and Note 5 Revenue, the Company recognizes revenue in the amount net of value added tax, estimated returns, rebates and discounts. Revenue measurement therefore involves estimates related to such agreements.</p> <p>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.</p> <p>Due to the above mentioned, revenue recognition is considered a key audit matter.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 Company's accounting records.</p> <p>We also assessed on the adequacy of the relevant disclosures in the financial statements and if these are in line with the requirements of the IFRS.</p>



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Key Audit Matter	How we addressed Key Audit Matter
<p><i>Valuation of trade receivables</i></p> <p>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.</p> <p>As at 31 December 2025, trade receivables represent 64% of assets and 57% of trade receivables are overdue.</p> <p>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 Company for individual customers, depending on the current state of the market and their financial position.</p> <p>Due to the range of judgements and assumptions used in the models, as well as the significance of the amounts included in the financial statements, we consider this area to be a key audit matter.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>We have discussed with management the estimates of timing of collection and the amount of historically uncollected trade receivables.</p> <p>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 Company's accounting records.</p> <p>We also assessed on the adequacy of the relevant disclosures in the financial statements and if these are in line with the requirements of the IFRS.</p>

Other information

Management is responsible for the other information. Other information comprises information included in the Annual Report, but does not include financial statements and our auditor's report thereon.



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Other information (continued)

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report and Corporate Governance Report, we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Article 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in Article 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 financial statements;
2. the enclosed Management Report is prepared in accordance with requirements of Article 24 of the Accounting Act; and
3. the enclosed Corporate Governance Report includes the information specified in Article 25 of the Accounting Act.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit of financial statements, we are also required to report if we have identified material misstatements in the other information. We have nothing to report in this respect.

Responsibilities of management and Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.



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Auditor's responsibilities for the audit of the 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 year.

Consistence with Additional Report to Audit Committee

We confirm that our audit opinion on the 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 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 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 financial statements, as contained in the attached electronic file *Medika_dionicko_drustvo_nekonsolidirani_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 financial statements in accordance with ESEF Regulation. Furthermore, management is responsible for maintaining an internal control system that reasonably ensures the preparation of 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 financial statements included in the annual report, in XHTML format and
- selecting and using XBRL codes in accordance with ESEF regulation

Audit Committee is responsible for overseeing the preparation of the 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 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 financial statements, which are included in the annual report, are prepared in the relevant XHTML format,
- the information contained in the 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 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 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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

<i>(All amounts are expressed in thousands of EUR)</i>	Note	2025	2024
Sales revenue	5, 6	921,999	800,301
Other income	5, 6	6,557	5,459
Cost of goods sold	6	(879,783)	(760,930)
Employee costs	7	(18,086)	(15,288)
Marketing and promotion expenses		(1,208)	(1,203)
Depreciation and amortisation	12, 13, 14	(4,287)	(3,127)
Other operating expenses	8	(9,566)	(7,833)
Other gains / (losses) – net		77	91
Operating profit		15,703	17,470
Financial income	9	13,659	3,138
Financial expenses	9	(1,881)	(1,876)
Net financial gain		11,778	1,262
Profit before tax		27,481	18,732
Income tax	10	(4,965)	(3,477)
Profit for the year		22,516	15,255
Other comprehensive income for the year		-	-
Total comprehensive income for the year		22,516	15,255
Earnings per share		777,56	526,87
– basic and diluted (in EUR and CENT)	11	777,56	526,87

The notes on pages 18 to 58 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2025

<i>(All amounts are expressed in thousands of EUR)</i>	Note	As at 31 December	
		2025	2024
ASSETS			
Non-current assets			
Property and equipment	12	32,691	29,825
Right-of-use assets	13	11,373	6,117
Intangible assets	14	3,165	2,852
Investments in subsidiaries	15	10,618	10,618
Deferred tax assets		162	103
Trade and other receivables	17	6,195	6,344
		64,204	55,859
Current assets			
Inventories	18	107,103	85,494
Trade and other receivables	17	341,329	286,162
Cash and cash equivalents	19	24,859	9,614
		473,291	381,270
Total assets		537,495	437,129
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	22	83,592	60,904
		117,946	95,258
Non-current liabilities			
Lease obligations	13	6,598	1,108
Provisions		105	106
Trade and other payables	23	4,399	4,238
		11,102	5,452
Current liabilities			
Trade and other payables	23	363,244	299,783
Borrowings	24	42,217	35,205
Lease obligations	13	1,153	956
Income tax payable		1,817	453
Provisions		16	22
		408,447	336,419
Total equity and liabilities		537,495	437,129

The notes on pages 18 to 58 form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

<i>(All amounts are expressed in in thousands of EUR)</i>	Note	Share capital	Reserves	Retained earnings and income for the year	Total
As at 1 January 2024		25,414	8,940	51,016	85,370
Comprehensive income for the year					
Profit for the year		-	-	15,255	15,255
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	15,255	15,255
Transactions with owners recognised directly in equity					
Share based payments		-	-	424	424
Dividend payout	22	-	-	(5,791)	(5,791)
Total transactions with owners recognised directly in equity				(5,367)	(5,367)
As at 31 December 2024		25,414	8,940	60,904	95,258
As at 1 January 2025		25,414	8,940	60,904	95,258
Comprehensive income for the year					
Profit for the year		-	-	22,516	22,516
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year				22,516	22,516
Transactions with owners recognised directly in equity					
Share based payments		-	-	172	172
Total transactions with owners recognised directly in equity				172	172
As at 31 December 2025		25,414	8,940	83,592	117,946

The notes on pages 18 to 58 form an integral part of these financial statements.

MEDIKA d.d., Zagreb**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2025**

<i>(All amounts are expressed in thousands of EUR)</i>	Note	2025	2024
Cash flow from operating activities:			
Profit for the year		22,516	15,255
Adjusted by:			
Corporate income tax	10	4,965	3,477
Share-based payment transactions		172	424
Depreciation	12, 13, 14	4,287	3,127
Impairment of trade receivables and other receivables, net		368	156
Inventory write-down		1,257	1,057
Lease termination		(14)	(14)
Derecognition of right-of-use assets		13	-
Change in provisions		(7)	7
Gain on disposal of non-current tangible and intangible assets		(95)	(103)
Lease modification – net effect		820	(10)
Interest expense	9	1,881	1,876
Interest income	9	(13,659)	(2,999)
Other financial income		-	(139)
Changes:		-	-
(Increase) / decrease in inventories		(22,817)	(14,073)
(Increase) / decrease in trade and other receivables		(55,954)	(42,653)
Increase / (decrease) in trade and other payables		63,560	7,366
Cash generated from operations		7,293	(27,246)
Interest paid		(259)	(109)
Income taxes paid		(3,659)	(3,974)
Interest received	9	13,066	2,397
Cash flow from operating activities		16,441	(28,932)

The notes on pages 18 to 58 form an integral part of these financial statements.

MEDIKA d.d., Zagreb**STATEMENT OF CASH FLOWS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2025**

<i>(All amounts are expressed in thousands of EUR)</i>	Note	2025	2024
Cash flow from investing activities:			
Purchases of property and equipment and intangible assets	12, 14	(5,730)	(3,492)
Paid advances for the acquisition of right-of-use assets		(867)	(3,994)
Proceeds from the sale of property and equipment		151	129
Proceeds from repayment of given loans		1,026	1,053
Given loans		(500)	(900)
Other proceeds		61	11
Proceeds/ (payments) from short-term deposits		-	32,000
Interest received		586	605
Cash flow from investing activities		(5,273)	25,412
Cash flow from financial activities:			
Repayments of borrowings	24	(190,000)	(176,462)
Proceeds from borrowings	24	197,000	189,000
Borrowings interest paid		(1,610)	(1,553)
Repayment of leases		(1,313)	(1,084)
Dividend payout	22	-	(5,791)
Cash flow from financial activities		4,077	4,110
Net increase in cash and cash equivalents		15,245	590
Cash and cash equivalents at the beginning of the year		9,614	9,024
Cash and cash equivalents at the end of the year	19	24,859	9,614

The notes on pages 18 to 58 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 1 – GENERAL INFORMATION

Medika d.d. (hereinafter: “the Company”) is a joint stock company incorporated in the Republic of Croatia. The main activity of the Company is the wholesale distribution of pharmaceutical products. The Company’s headquarters is located in Zagreb, Capraška 1, the Republic of Croatia.

As at 31 December, 2025, the Company’s shares were listed on the official market of the Zagreb Stock Exchange. The ownership structure of the Company is shown in note 20.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION

The following is an overview of the principal accounting policies adopted for the preparation of these 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 Company’s financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS). The financial statements have been prepared under the historical cost convention unless stated otherwise.

The preparation of financial statements in conformity with the International Financial Reporting Standards adopted by the European Union (IFRS) requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Company’s accounting policies. Areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are presented in note 4.

The Company has prepared separate financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. The Company has also prepared consolidated financial statements for the Company and its subsidiaries (“the Group”) in accordance with IFRS, which were approved by the Management on 11 March 2026. In the consolidated financial statements, subsidiary undertakings – which represent all companies over which the Group, directly or indirectly, holds more than half of the voting rights or otherwise has power to exercise control over the operations – have been fully consolidated. Users of these financial statements should read them together with the consolidated financial statements of the Group as at and for the year ended 31 December 2025 in order to obtain complete information on the Group’s financial position, results of operations and changes in the financial position of the Group as a whole. The aforementioned financial statements are available on the Company's website.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

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 by 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 date for annual periods beginning on or after 1 January 2025).

The adoption of these Standards and Interpretations had no significant impact on the financial statements of the Company and the Group.

Standards and Interpretations issued by IASB and endorsed by the EU but not yet effective

- **Amendments to IFRS 9 and IFRS 7** - Classification and Measurement of Financial Instrument, issued on 30 May 2024 (effective date for annual periods beginning on or after 1 January 2026).
- **Amendments to IFRS 9 and IFRS 7** - Contracts Referencing Nature-dependent Electricity, issued on 18 December 2024 (effective date for annual periods beginning on or after 1 January 2026).
- **Annual Improvements to IFRS Accounting Standards – Volume 11**, issued on 18 July 2024 (effective date for annual periods beginning on or after 1 January 2026).

Standards and Interpretations issued by IASB but not yet adopted by the EU

At the date of authorization of these financial statements the following standards, revisions and interpretations were in issue by the International Accounting Standards Board but not yet adopted by the EU:

- **IFRS 18** Presentation and Disclosure in Financial Statements (issued on 9 April 2024).
- **IFRS 19, including Amendments** Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024 and on 21 August 2025).
- **Amendments to IAS 21** The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (issued on 13 November 2025).

The Company does not expect the amendment to have a material impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currencies

(a) Functional and reporting currency

The items included in the Company's financial statement are presented in the currency of the primary economic environment in which the Company operates (official 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 recognised in the income statement. However, if a gain or loss on a monetary item is recognised directly in reserves, then any component of foreign currency application and profit or loss should also be recognized directly in reserves.

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.

2.4 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.

2.5 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of acquisition of a subsidiary over the acquisition-date fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

NOTE 2 – SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

a) Goodwill (continued)

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 Company at which goodwill is monitored for internal management purposes.

(b) *Software*

Software licenses are capitalized based on the cost of purchase and costs incurred in bringing the software into working condition for its intended use. The cost is amortised linearly over the useful life of the assets, which ranges from 5 to 10 years.

2.6 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position of the Company when the Company becomes a party to the contractual provisions 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 recognised immediately in profit or loss.

Financial assets

The Company 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 cash inflow is made exclusively based on payments of principal and interest on the principal outstanding amount (IFRS 9).

At each reporting date, the Company 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 2.9.

Financial assets are a non-derivative financial asset 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 – SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (continued)

2.6 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 flows, including expected credit losses, to the depreciated cost of the debt instrument at the initial measurement.

The depreciated cost of a financial assets is the amount at which a financial instrument is measured at initial recognition, less of 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 adjustment 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 Company 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).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 2 – SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

Financial assets (continued)

(i) Depreciated cost and effective interest rate method (continued)

Impairment of financial assets

The Company 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 Company 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 2.9. The Company 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 Company recognises a 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 initial recognition, the Company 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 Company 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 Company 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 Company relies on days of default when assessing significant credit risk deterioration. If the debtor is in default more than 60 days, then the Company 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 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.

However, the Company does not currently use the simplification of a low credit risk when assessing a significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 2 – SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

Financial assets (continued)

(i) Significant increase in credit risk (continued)

The Company 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 Company, in full (without considering any collateral held by the Company).

(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 occurred. 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 Company 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 Company 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 2.9. In terms of exposure in the moment of default, for financial assets it represents the gross carrying amount of the assets at the reporting date.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 2 – SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

Financial assets (continued)

(v) Measurement and recognition of expected credit losses (continued)

If the Company 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 Company measures the loss in an 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 Company recognises 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 Company are trade payables and borrowings.

The Company measures all financial liabilities at depreciated cost.

(a) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised 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 method.

2.7 Leases

The company rents certain real estate and vehicles. Lease contracts are concluded for a period of 3 to 10 years and have the possibility of extension. In the case of contracts that contain lease components, the Company allocates the fees under the contract to each lease component based on its relative independent price.

Lease liabilities include the net present value of the following lease payments: fixed payments less any incentives, amounts expected to be paid by the Company 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 Company, the Company'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.

NOTE 2 – SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (continued)

2.7 Leases (continued)

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.

2.8 Inventories

Inventories are reported at the lower of cost or net realisable 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.

2.9 Trade and loan receivables

The Company always reports provisions for expected credit losses of trade receivables in the amount equal to the lifetime ECL.

Trade and loan receivables are recognised initially at fair value and subsequently measured at amortised 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 recognised 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.

2.10 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.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 2 – SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (continued)

2.12 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.

2.13 Employee benefits

(a) Pension obligations and other post-employment benefits

In the normal course of business, the Company 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 recognised as salary expense when accrued. The Company does not have any other pension scheme and consequently, has no other obligations in respect of employee pensions. In addition, the Company is not obliged to provide any other post-retirement benefits.

(b) Long-term employee benefits

The Company recognizes the liability for long-term employee benefits (jubilee awards and retirement benefits for full-age retirement) evenly 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 Company recognises 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 Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14 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 Company. Revenue is reported in the amount net of value added tax, estimated returns, rebates and discounts, Revenue is recognised when delivery liability has been settled by transferring control of the promised goods or services to the customer.

(a) Sales of goods

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.

(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 recognised on a time proportion basis using the effective interest rate method.

2.15 Borrowing costs

Borrowing costs comprise interest expense accrued on borrowings, impairment losses recognised on financial assets and foreign exchange losses. Borrowing costs are recognised 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.

2.16 Dividends payable

Dividends payable to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the General Assembly.

2.17 Value added tax

The Tax Authorities require that VAT is settled on a net basis. VAT on sale and purchase transactions is recognised in the statement of financial position on a net basis. Where an amount receivable is impaired, the impairment loss is recognised in the gross amount of the receivable, i.e., including VAT.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.18 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.

2.19 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.

2.20 Investments in Subsidiaries and Associates

In the Company's financial statements, investments in subsidiaries and associates are presented using the cost method, reduced for impairment losses, if any.

NOTE 3 - FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (which includes foreign exchange rate risk, the fair value interest rate risk and the 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 Company is focused on minimising or eliminating the potential adverse impact on the Company's financial position. Risk management within the Company is the responsibility of the Department of Accounting and Finance that, in cooperation with other Departments within the Company, identifies, assesses the risks and proposes risk protection measures.

(a) *Market risk*

(i) *Foreign exchange rate 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 3 - FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(i) Cash flow and fair value interest rate risk

The Company's interest rate risk arises from its borrowings. Borrowings granted at variable rates expose the Company to cash-flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company does not use derivative instruments to actively hedge its cash flow and fair value interest rate risk exposure. However, the Company continuously monitors changes in interest rates. Various scenarios are simulated taking into account refinancing, renewal of existing positions and alternative financing.

Compared to the reported balance as at 31 December 2025, if the effective interest rates on borrowings (with variable interest rates) were to increase or decrease by 0.10 percentage points on an annual basis (2024: 0.10 percentage points), the profit after tax for the reporting period would remain unchanged, given the fact that all borrowings as at 31 December 2025 carried fixed interest rates (2024: all borrowings carried fixed interest rates).

(b) Credit risk

The Company's current assets that may lead to credit risk consist mainly of cash, trade and other receivables. The Company has no significant concentrations of credit risk. The Company has sales policies in place to ensure that the sale is made to customers with an appropriate credit history. With respect to credit risk exposure, customers are grouped into three categories: pharmacies, hospitals and other customers. A higher credit risk is found among pharmacies that are privately owned. On the other hand, collection period for hospitals is longer, but the risk that the receivables will not be recovered is almost nil. Other customers are not significant because of dispersion over a large number of customers and individually small balances. The Company secures the recovery of a part of the trade receivables with bills of exchange and promissory notes. A detailed credit risk analysis and the analysis of expected credit losses is presented in notes 16 and 17.

For trade receivables, the Company applied a simplified approach to measuring loss for the life ECL.

As at the reporting date, the Company has exposure to one customer in the hospital segment, accounting for 23% of total trade receivables (31 December 2024: 24%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 3 - FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies the maintenance of a sufficient cash level, ensuring the availability of financial assets due to adequate amounts of contracted credit lines and the ability to settle all liabilities. The aim of the Company is to maintain financing flexibility by ensuring that the credit lines are available. The Department of Accounting and Finance of the Company regularly monitors the level of available sources of cash funds. Customers consist largely of those owned by, or dependent of the Republic of Croatia. Hence, the liquidity risk level also depends on the state. The insufficient level of cash from period to period is a direct consequence of the schedule of payments received from the state in settling the state's liabilities concerning the health system. Where the payment periods are extended by the state, the Company agrees extended payment deadlines with its suppliers. Any shortfall is covered using lines of credit available at commercial banks. As at 31 December 2025, cash and cash equivalents amount to EUR 24,859 thousand (2024: EUR 9,614 thousand), and the Company has EUR 113,268 thousand (2024: EUR 94,325 thousand) of undrawn credit lines available on demand for liquidity risk management.

The table below analyses financial liabilities of the Company by contractual maturities. The amounts presented below represent undiscounted cash flows.

(in thousands of EUR)

	Up to 1 month	From 1 month to 1 year	1-3 years	Over 3 years	Total
31 December 2025					
Trade and other payables (note 23)	98,468	264,776	4,399	-	367,643
Borrowings	79	42,454	-	-	42,533
Leases	112	1,045	2,011	4,587	7,755

(in thousands of EUR)

	Up to 1 month	From 1 month to 1 year	1-3 years	Over 3 years	Total
31 December 2024					
Trade and other payables (note 23)	75,212	224,571	4,238	-	304,021
Borrowings	92	35,956	-	-	36,048
Leases	94	935	934	242	2,205

In 2026, the Company will settle its trade payables and other short-term liabilities in line with the timing of collections from customers, which depends on the liquidity of the overall healthcare system.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 3 - FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company 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-to-total assets ratio is as follows:

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Total capital (equity and reserves)	117,946	95,258
Total assets	<u>537,495</u>	<u>437,129</u>
Equity to assets ratio	<u>22%</u>	<u>22%</u>

The indicator increased in 2025 compared to 2024 and shows that 22% of the Company's total assets are financed from equity (2024: 22%). Accordingly, 78% of the assets are financed from external sources (2024: 78%).

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 4 - KEY ACCOUNTING ESTIMATES

The Company makes estimates that are continually reviewed and are based on experience and other factors, including expectations of future events that are considered acceptable under the current circumstances. The Company makes estimates and makes assumptions concerning the future. The resulting accounting estimates are, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within 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 recognised 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 Company uses reasonable and relevant information, which is based on historical data. The ECL calculation model is further described in note 2.9.

Compared to the amount reported 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 lower).

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. The adequacy of the useful life estimates is reviewed once a year, or whenever there is an indication of significant changes in the underlying assumptions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 5 – REVENUE

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Sales revenue:		
Revenue from sales of goods	844,759	726,812
Revenue from sales of goods – related parties (note 26)	<u>77,240</u>	<u>73,489</u>
	<u>921,999</u>	<u>800,301</u>
Other income:		
Revenue from sale of services	6,262	5,271
Revenue from sale of services – related parties (note 26)	<u>295</u>	<u>188</u>
	<u>6,557</u>	<u>5,459</u>

NOTE 6 – SEGMENT INFORMATION

Segment information follows the structure used by the Company for internal reporting purposes, which has remained unchanged in comparison with the prior year.

The Company monitors revenues and gross profit by distribution channels:

1. Pharmacies
2. Hospitals
1. Other customers, which are divided into:
 - Dental practices
 - Veterinary clinics
 - Medical centres
 - Wholesalers
 - Other customers (herbal pharmacies, companies, optics, etc.)

The Company 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 applies the same accounting policies in all segments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 6 – SEGMENT INFORMATION (continued)

The segments' results for the year ended 31 December 2025 are as follows:

<i>(in thousands of EUR)</i>	Pharmacies	Hospitals	Other	Total
Revenue from sale of goods	308,064	394,319	142,376	844,759
Revenue from sale of goods - related parties (note 26)	77,238	-	2	77,240
Revenue from sale of services	94	395	5,773	6,262
Revenue from sale of services – related parties (note 26)	61	-	234	295
Total income	385,457	394,714	148,385	928,556
Cost of goods sold	(367,408)	(377,064)	(135,311)	(879,783)
Segment result	18,049	17,650	13,074	48,773
Operating expenses				(33,070)
Profit from operations				15,703
Financial income				13,659
Financial expenses				(1,881)
Net financial loss				11,778
Profit before tax				27,481
Income tax				(4,965)
Profit for the year				22,516

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 6 – SEGMENT INFORMATION (continued)

The segments' results for the year ended 31 December 2024 are as follows:

<i>(in thousands of EUR)</i>	Pharmacies	Hospitals	Other	Total
Revenue from sale of goods	278,080	336,906	111,826	726,812
Revenue from sale of goods - related parties (note 26)	73,486	-	3	73,489
Revenue from sale of services	75	347	4,849	5,271
Revenue from sale of services – related parties (note 26)	91	-	97	188
Total income	351,732	337,253	116,775	805,760
Cost of goods sold	(333,322)	(323,692)	(103,916)	(760,930)
Segment result	18,410	13,561	12,859	44,830
Operating expenses				(27,360)
Profit from operations				17,470
Financial income				3,138
Financial expenses				(1,876)
Net financial loss				1,262
Profit before tax				18,732
Income tax				(3,477)
Profit for the year				15,255

The analysis of trade receivables by the segments at 31 December 2025 is as follows:

<i>(in thousands of EUR)</i>	Pharmacies	Hospitals	Other	Total
Trade receivables (note 17/i)	106,890	215,373	21,744	344,007

The analysis of trade receivables by the segments at 31 December 2024 is as follows:

<i>(in thousands of EUR)</i>	Pharmacies	Hospitals	Other	Total
Trade receivables (note 17/i)	93,371	176,792	18,605	288,768

Other assets are not analysed by segment considering the same assets are used in all segments for performing activities. Furthermore, the Company 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 15.00% in 2025 (2024: 15.16%) out of the total revenue.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 7 – EMPLOYEE COSTS

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Net salaries	8,562	7,510
Contributions from and on salaries /i/	4,163	3,597
Other employee benefits /ii/	2,336	1,632
Taxes and surtaxes	1,038	866
Management bonuses	1,024	761
Employee transportation costs	457	447
Severance payments	331	51
Share based payments (note 26)	172	424
Other benefits – related parties	3	-
	<u>18,086</u>	<u>15,288</u>

As at 31 December 2025, the Company has 622 employees (31 December 2024: 595 employees). The average number of employees during 2025 was 598 employees (2024: 585 employees).

/i/ The pension contributions recognised by the Company as payable to mandatory pension funds for 2025 amount to EUR 2,334 thousand (2024: EUR 1,997 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

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Maintenance, safeguarding and insurance of assets	3,293	2,733
Materials and energy	1,872	1,795
Professional training and consulting services /i/	1,156	846
Taxes and contributions not dependent on results	653	611
Rental expenses (note 13)	443	255
Impairment of trade receivables and other receivables, net (note 17)	368	156
Toll and transportation costs	252	200
Telephone, postal and utility services	249	216
Banking services and payment transaction costs	128	120
Inspection and analysis services	80	72
Other expenses	1,072	829
	<u>9,566</u>	<u>7,833</u>

/i/ The total amount of fees for the statutory audit of the annual financial statements for the year 2025 amounts to EUR 70 thousand (2024: EUR 57 thousand). In 2025, there were no contracted non-audit services provided by the audit firm (as was also the case in 2024).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 9 – NET FINANCIAL GAIN / (LOSS)

Financial income	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Interest income /i/	13,659	2,999
Other financial income /ii/	-	139
	<u>13,659</u>	<u>3,138</u>

(i) Interest income includes default interest collected from debtors in the amount of EUR 13,066 thousand (2024: EUR 2,397 thousand).

(ii) Other financial income arose as an effect of the liquidation of Primus nekretnine d.o.o., which ceased operations during 2024.

Financial expenses	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Interest expense		
Bank loans (note 24)	(1,622)	(1,685)
Leases (note 13)	(257)	(107)
Penalty interest	(2)	(1)
Loans – related parties (notes 24, 26)	-	(83)
	<u>(1,881)</u>	<u>(1,876)</u>

NOTE 10 – INCOME TAX

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Current tax	5,024	3,505
Deferred tax	(59)	(28)
	<u>4,965</u>	<u>3,477</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 10 – INCOME TAX (CONTINUED)

Reconciliation of the Company's tax expense as per income statement and the tax at the statutory tax rate is presented in the table below:

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Profit before taxation	27,481	18,732
Income tax at a rate of 18% (2024: 18%)	4,947	3,372
Effect of non-taxable income and tax incentives	(6)	(7)
Effect of non-deductible expenses	24	112
Income tax	4,965	3,477
Effective tax rate	<u>18.07%</u>	<u>18.56%</u>

In accordance with local regulations, the Tax Administration may review the Company's books and records at any time during a period of 3 years after the end of the year in which the tax liability was reported, and may impose additional tax liabilities and penalties. Management is not aware of any circumstances that could result in potentially significant liabilities in this regard.

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.

	<u>2025</u>	<u>2024</u>
Net profit attributable to the shareholders <i>(in thousands of EUR)</i>	22,516	15,255
Weighted average number of shares (excluding treasury shares)	<u>28,954</u>	<u>28,954</u>
Basic/diluted earnings per share <i>(in EUR and CENT)</i>	<u>777.56</u>	<u>526.87</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 12 – PROPERTY AND EQUIPMENT

<i>(All amounts are expressed in thousands of EUR)</i>	Land	Buildings	Investment Property	Equipment	Assets under construction	Pre-payments	Total
For the year ended 31 December 2024							
Opening carrying amount, net	3,107	13,174	1,132	4,610	6,331	109	28,463
Additions	-	-	-	-	1,412	1,736	3,148
Realized advances	-	-	-	-	1,240	(1,240)	-
Transfer from assets under construction	-	185	-	2,083	(2,268)	-	-
Transfer from right-of-use assets (note 13)	-	-	-	35	-	-	35
Disposals and write-offs	-	-	-	(12)	-	-	(12)
Depreciation	-	(701)	(64)	(1,044)	-	-	(1,809)
Closing carrying amount, net	3,107	12,658	1,068	5,672	6,715	605	29,825
Balance at 31 December 2024							
Cost	3,107	25,469	1,294	16,642	6,715	605	53,832
Accumulated depreciation	-	(12,811)	(226)	(10,970)	-	-	(24,007)
Net carrying amount	3,107	12,658	1,068	5,672	6,715	605	29,825
For the year ended 31 December 2025							
Opening carrying amount, net	3,107	12,658	1,068	5,672	6,715	605	29,825
Additions	-	-	-	-	3,478	1,604	5,082
Realized advances	-	-	-	-	1,517	(1,517)	-
Transfer from assets under construction	-	528	-	3,966	(4,494)	-	-
Transfer from assets with rights of use (note 13)	-	-	-	105	-	-	105
Disposals	-	(18)	-	(37)	-	-	(55)
Write-off	-	-	-	(1)	-	-	(1)
Depreciation	-	(719)	(65)	(1,481)	-	-	(2,265)
Closing carrying amount, net	3,107	12,449	1,003	8,224	7,216	692	32,691
Balance at 31 December 2025							
Cost	3,107	25,950	1,294	20,093	7,216	692	58,352
Accumulated depreciation	-	(13,501)	(291)	(11,869)	-	-	(25,661)
Net carrying amount	3,107	12,449	1,003	8,224	7,216	692	32,691

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 13 – LEASES

The Company leases vehicles and business premises under lease agreements.

/i/ The leases presented in the statement of financial position are as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Right-of-use assets:		
Vehicles	498	996
Business premises	10,875	5,121
	<u>11,373</u>	<u>6,117</u>
Lease obligations:		
Current	1,153	956
Non-current	6,598	1,108
	<u>7,751</u>	<u>2,064</u>

/ii/ Long-term lease liabilities are as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
From 1-2 years	998	544
From 2-5 years	5,600	564
	<u>6,598</u>	<u>1,108</u>

/iii/ Leases presented in the statement of comprehensive income are as follows:

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Depreciation	1,687	1,014
Interest expense (note 9)	257	107
Rental costs related to short-term leases	443	255
	<u>2,387</u>	<u>1,376</u>

The average interest rate is 3,71% (2024: 4.84%)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 13 – LEASES (continued)

/iv/ An overview of the movement of right-of-use assets is as follows:

<i>(all amounts are expressed in thousands of EUR)</i>	<u>Vehicles</u>	<u>Business premises</u>	<u>Advance payments for business premises</u>	<u>Prepayments</u>	<u>Total</u>
For the year ended 31 December 2024					
Opening carrying amount, net	1,271	1,392	-	25	2,688
Additions	-	-	501	4,002	4,503
Transfer to tangible assets (note 12)	(35)	-	-	-	(35)
Transfer from assets under construction	309	192	(501)	-	-
Disposals	(4)	-	-	(10)	(14)
Contract modifications	(11)	-	-	-	(11)
Depreciation and amortisation	(534)	(480)	-	-	(1,014)
Closing carrying amount, net	996	1,104	-	4,017	6,117
Balance at 31 December 2024					
Cost	1,883	2,141	-	4,017	8,041
Accumulated depreciation	(887)	(1,037)	-	-	(1,924)
Net carrying amount	996	1,104	-	4,017	6,117
For the year ended 31 December 2025					
Opening carrying amount, net	996	1,104	-	4,017	6,117
Additions	-	-	7,065	-	7,065
Realised advances	-	-	4,000	(4,000)	-
Transfer to tangible assets (note 12)	(105)	-	-	-	(105)
Transfer from assets under construction	38	11,027	(11,065)	-	-
Contract modifications	(4)	-	-	-	(4)
Derecognition	-	(13)	-	-	(13)
Depreciation and amortisation	(427)	(1,260)	-	-	(1,687)
Closing carrying amount, net	498	10,858	-	17	11,373
Balance at 31 December 2025					
Cost	1,597	11,875	-	17	13,489
Accumulated depreciation	(1,099)	(1,017)	-	-	(2,116)
Net carrying amount	498	10,858	-	17	11,373

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 13 – LEASES (continued)

/v/ Movement in lease liabilities:

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Lease liabilities recognized on 1 January	<u>2,064</u>	<u>2,674</u>
Additions	6,198	509
Contract modifications	816	(21)
Lease payments	(1,313)	(1,084)
Interest expense (note 9)	257	107
Interest paid	(257)	(107)
Lease contract termination	<u>(14)</u>	<u>(14)</u>
Lease liabilities recognized on 31 December	<u>7,751</u>	<u>2,064</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 14 – INTANGIBLE ASSETS

(all amounts are expressed in thousands of EUR)

	Software	Goodwill	Assets under construction	Prepayme nts	Total
For the year ended 31 December 2024					
Opening carrying amount, net	1,222	1,583	7	-	2,812
Additions	-	-	274	70	344
Transfer from assets under construction	237	-	(237)	-	-
Amortisation	(304)	-	-	-	(304)
Closing carrying amount, net	1,155	1,583	44	70	2,852
Balance at 31 December 2024					
Cost	4,623	1,583	44	70	6,320
Accumulated amortisation	(3,468)	-	-	-	(3,468)
Net carrying amount	1,155	1,583	44	70	2,852
For the year ended 31 December 2025					
Opening carrying amount, net	1,155	1,583	44	70	2,852
Additions	-	-	269	379	648
Transfers from assets under construction	270	-	(270)	-	-
Amortisation	(335)	-	-	-	(335)
Closing carrying amount, net	1,090	1,583	43	449	3,165
Balance at 31 December 2025					
Cost	4,842	1,583	43	449	6,917
Accumulated amortisation	(3,752)	-	-	-	(3,752)
Net carrying amount	1,090	1,583	43	449	3,165

Goodwill arose as a result of merging two subsidiaries into the Company in 2008.

Goodwill impairment test

The Company calculated the recoverable amount using the value-in-use method. The value-in-use calculation was based on cash flow projections derived from an eight-year business plan (2024: eight-year business plan) approved by Management, 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 used due to the expected long-term stabilization of operations. The recoverable amount exceeds the carrying amount.

The sensitivity analysis shows that even with a significant weakening of the terminal growth rate and an increase in the weighted average cost of capital, there is still no indication for an impairment adjustment, meaning that the impairment test is not sensitive to changes in key variables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 15 – INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries

	<u>Interest in % 31.12.2025</u>	<u>Interest in % 31.12.2024</u>	<u>31.12.2025</u>	<u>31.12.2024</u>
			<i>(in thousands of EUR)</i>	
ZU Ljekarne Prima Pharme, Zagreb	100%	100%	10,618	10,618
			10,618	10,618

NOTE 16 – FINANCIAL INSTRUMENTS BY CATEGORY

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Financial assets – category: Loans and receivables		
Loans and receivables (note 17/v/)	346,913	284,793
Cash and cash equivalents (note 19)	24,859	9,614
	371,772	294,407
Financial liabilities - category: Other liabilities		
Trade payables (note 23/i)	361,806	299,273
Other liabilities (note 23)	5,837	4,748
Borrowings (note 24)	42,217	35,205
Leases (note 13)	7,751	2,064
	417,611	341,290

The quality of financial receivables not yet due and not impaired can be assessed based on the 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):

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Hospitals	81,246	63,591
Pharmacies	55,410	48,398
Other	11,870	9,912
	148,526	121,901

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 17 – TRADE AND OTHER RECEIVABLES

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Long-term receivables:		
Trade receivables /i/	4,287	4,175
Given loans /ii/	1,894	2,155
Long-term deposits	14	14
	<u>6.195</u>	<u>6.344</u>
Current receivables:		
Trade receivables /i/	339,720	284,593
Short-term deposits	597	628
Given loans /iv/	29	29
Given loans – current portion of non-current receivables /i/	983	912
	<u>341,329</u>	<u>286,162</u>
	<u>347,524</u>	<u>292,506</u>

/i/ Trade receivables, as reported in the statement of financial position at 31 December, are as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Domestic trade receivables	322,953	267,051
Trade receivables – related parties (note 26)	21,985	22,457
Foreign trade receivables	540	360
	<u>345,478</u>	<u>289,868</u>
Expected credit losses	(1,471)	(1,100)
	<u>344,007</u>	<u>288,768</u>

The ageing structure of receivables:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Not yet due (note 16)	148,526	121,901
0-180 days past due	194,696	164,073
181-360 days past due	370	1,572
Over 360 days past due	1,886	2,322
	<u>345,478</u>	<u>289,868</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 17 – TRADE AND OTHER RECEIVABLES (continued)

Movements in impairment allowance for trade receivables:

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Balance at 1 January	1,100	936
Increase	371	164
Write-off	-	-
Balance at 31 December	<u>1,471</u>	<u>1,100</u>

/ii/ Given loans, as reported in the statement of financial position as at 31 December, are as follows:

	<u>Effective interest rate</u>	<u>31.12.2025</u>	<u>31.12.2024</u>
		<i>(in thousands of EUR)</i>	
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		<u>2,877</u>	<u>3,067</u>
Current portion of non-current receivables		(983)	(912)
		<u>1,894</u>	<u>2,155</u>

The fair value of long-term receivables approximates the carrying amounts 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:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
From 1 to 2 years	739	783
From 2 to 5 years	1,155	1,330
Over 5 years	-	42
	<u>1,894</u>	<u>2,155</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 17 – TRADE AND OTHER RECEIVABLES (continued)

/iii/ Other receivables, as reported in the statement of financial position as at 31 December, are as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Prepaid expenses	170	127
VAT receivable not yet recognized	13	58
Other	414	443
	<u>597</u>	<u>628</u>

/iv/ Short-term loans given reported in the statement of financial position as at 31 December are as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Given loans	29	29
Expected credit losses	-	-
	<u>29</u>	<u>29</u>

Long-term loans given reported in the statement of financial position as at 31 December are as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Given loans	985	917
Expected credit losses	(2)	(5)
	<u>983</u>	<u>912</u>

Movements in provisions for impairment of given loans:

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Balance at 1 January	5	13
Increase / (Decrease)	(3)	(8)
Write-off	-	-
Balance at 31 December	<u>2</u>	<u>5</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 17 – TRADE AND OTHER RECEIVABLES (continued)

/v/ Financial assets by category include the following:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Trade receivables	344,007	281,697
Given cash loans	1,604	1,531
Given commodity loans	1,302	1,565
	<u>346,913</u>	<u>284,793</u>

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

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Trade goods	106,011	78,057
Trade goods – related parties (note 26)	-	6,337
Prepayments	1,274	1,177
Materials	35	22
Impairment allowance on inventories	(217)	(99)
	<u>107,103</u>	<u>85,494</u>

Inventories in the amount of EUR 13,275 thousand (2024: EUR 13,275 thousand) were pledged as collateral for the Company's borrowings (note 24).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 19 - CASH AND CASH EQUIVALENTS

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Bank account	24,857	9,614
Cash in hand	2	-
	<u>24,859</u>	<u>9,614</u>

Cash on EUR and foreign-currency denominated accounts is held with commercial banks in Croatia.

NOTE 20 – SHARE CAPITAL

The Company's share capital as at 31 December 2025 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 of one share is EUR 920 (31 December 2024: EUR 920). All shares are fully paid.

	<u>Number of shares</u>	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital gains/ (losses)</u>	<u>Total</u>
	<i>(in pieces)</i>		<i>(in thousands of EUR)</i>		
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

The ownership structure of the Company as at 31 December is as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Number of shares</u>	<u>%</u>	<u>Number of shares</u>	<u>%</u>
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%

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 20 - SHARE CAPITAL (continued)

As at 31 December 2025, the company 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 and one employee of the Company sold half of their total number of shares which were 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

<i>(in thousands of EUR)</i>	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

Included in the retained earnings are other reserves in the total amount of EUR 4,209 thousand (2024: EUR 4,209 thousand). The other reserves in the amount of EUR 4,209 thousand comprise reserves arisen as a result of hyperinflation during the 1990s, which resulted in a high increase of prices.

In 2025, the General Assembly adopted in its meeting held on 05 May 2025 a decision that the Company's entire net profit shall be allocated 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 23 – TRADE AND OTHER PAYABLES

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Non-current liabilities:		
Trade payables /i/	4,338	4,238
Other payables /ii/	61	-
	<u>4,399</u>	<u>4,238</u>
Current liabilities:		
Trade payables /i/	357,468	295,035
Other liabilities /ii/	5,776	4,748
	<u>363,244</u>	<u>299,783</u>
	<u>367,643</u>	<u>304,021</u>

/i/ Trade payables recognised are as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Foreign trade payables	259,389	214,825
Domestic trade payables	102,416	60,517
Trade payables - related parties (note 26)	1	23,931
	<u>361,806</u>	<u>299,273</u>

The carrying amounts of the Company's trade payables are denominated in the following currencies:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
EUR	361,756	299,200
Other currencies	50	73
	<u>361,806</u>	<u>299,273</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 23 – TRADE AND OTHER PAYABLES (continued)

/ii/ Other current payables recognised are as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
VAT payable	3,123	2,686
Salaries payable	1,258	1,070
Unused annual leave	125	112
Other taxes and contributions payable	62	24
Other	<u>1,208</u>	<u>856</u>
	<u>5,776</u>	<u>4,748</u>

NOTE 24 – BORROWINGS

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Short-term:		
Short-term loans /i/	<u>42,217</u>	<u>35,205</u>
Total borrowings	<u>42,217</u>	<u>35,205</u>

(i) The loans relate to financing obtained from various banks for working capital purposes. All loans are euro-denominated with fixed interest rates. The maturities of the short-term loans are up to nine months.

The effective interest rates at the reporting date are as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	%	%
Short-term borrowings		
Short-term loans	2.433%	3.125%

The carrying amounts of short-term borrowings correspond mainly to their fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 24 – BORROWINGS (continued)

The Company's exposure to changes in the interest rates on the borrowings and the contractual repricing dates at the reporting date is as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
	<i>(in thousands of EUR)</i>	
Variable-rate borrowings	<u>-</u>	<u>-</u>
Fixed-rate borrowings		
Fixed-rate loans	<u>42,217</u>	<u>35,205</u>
	42,217	35,205
Total borrowings	42,217	35,205

Given that borrowings in the amount of EUR 42,217 thousand bear interest at fixed rates (2024: EUR 35,205 thousand), there is no exposure to interest rate changes.

The loans received are secured by registered lien over the Company's property (note 12), inventories (note 18) as well as bills of exchange and promissory notes furnished by the Company.

Movement in borrowings:

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Borrowings recognized at 1 January	35,205	25,253
Additions	197,000	189,000
Payments	(190,000)	(176,462)
Reduction /i/	-	(2,801)
Interest expenses (note 9)	1,622	1,768
Interest paid	(1,610)	(1,553)
Borrowings recognized at 31 December	42,217	35,205

/i/ The reduction in 2024 refers to a loan received from the company Primus Nekretnine d.o.o., which ceased operations in 2024.

NOTES TO THE FINANCIAL STATEMENTS (continued)**FOR THE YEAR ENDED 31 DECEMBER 2025**

NOTE 25 - CONTINGENT LIABILITIES

As at 31 December 2025 and as at 31 December 2024, management did not identify any contingent liabilities.

NOTE 26 – RELATED-PARTY TRANSACTIONS

The Company enters into transactions with related parties.

Related parties include:

	<u>31.12.</u> <u>2025</u>	<u>31.12.</u> <u>2024</u>
1. Subsidiaries:		
Zdravstvena ustanova Ljekarne Prima Pharme, Zagreb	100%	100%
2. Associate of Zdravstvena ustanova Ljekarne Prima Pharme, Zagreb		
Zdravstvena ustanova Ljekarne Jagatić, Zagreb	49%	49%

3. 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%. During 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. During 2025, changes were made to the ownership structure of Auctor Holding a.s., and the current ownership and voting rights structure is: 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 26 – 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:

<i>(in thousands of EUR)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Trade receivables			
Subsidiaries		16,090	17,748
Associate of ZU Ljekarne Prima Pharme		5,895	4,673
Auctor d.o.o.		-	2
Pliva Hrvatska d.o.o.		-	34
	17/i/	21,985	22,457
Inventories			
Pliva Hrvatska d.o.o.			6,337
	18	-	6,337
Trade payables			
Associate of ZU Ljekarne Prima Pharme		1	1
Pliva Hrvatska d.o.o.		-	23,930
	23/i/	1	23,931
Revenue from sale of goods			
Subsidiaries		64,499	61,077
Subsidiaries of ZU Ljekarne Prima Pharme		-	1,016
Associate of ZU Ljekarne Prima Pharme		12,739	11,393
Auctor d.o.o.		-	2
Pliva Hrvatska d.o.o.		2	1
	5, 6	77,240	73,489
Revenue from services			
Subsidiaries		39	70
Auctor Holding a.s.		1	1
Pliva Hrvatska d.o.o.		255	117
	5, 6	295	188
Employee costs			
Subsidiaries		3	-
	7	3	-
Cost of marketing and sales promotion			
Subsidiaries		1	-
Subsidiary ZU Ljekarne Prima Pharme		3	3
		4	3

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 26 – RELATED-PARTY TRANSACTIONS (continued)

(in thousands of EUR)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Financial expenses			
Subsidiaries		-	83
	9	-	83
Purchase of trade goods			
Pliva Hrvatska d.o.o. /i/		61,787	59,178
/ i /The stated amount includes value added tax.		61,787	59,178
Key management compensation – salaries and bonuses for members			
		1,393	1,178
Supervisory Board and Audit Committee compensation			
		68	65

The members of the Company’s Management Board and one employee of the Company purchased 2,750 shares of Medika d.d. in mid-2020, while a member of the Company’s Supervisory Board purchased 972 shares of Medika d.d., primarily through secured loans received from the related party Auctor d.o.o.

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. During 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 2024 amounts to EUR 2,000 thousand (cumulative up to 2024: EUR 1,828 thousand). The cost and corresponding increase in equity recognised in 2024 amounts to EUR 424 thousand and in 2025 to EUR 172 thousand. During 2025, the Supervisory Board member sold all 729 shares of Medika d.d. to Auctor d.o.o., while the members of the Management Board and one employee of the Company sold half of their total number of shares. The estimated cost for the following year amounts to EUR 86 thousand.

NOTE 27 – 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.

MEDIKA d.d., Zagreb

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 28 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements presented on pages 13 to 58 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*

ODLUKA

o utvrđenju Financijskog izvješća o poslovanju Medike d.d. 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 Medike d.d. za 1-12 mj. 2025. godine kako ga je utvrdila Uprava Medike d.d.

Time je Izvješće o poslovanju Medike d.d. 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

Medika, dioničko društvo za trgovinu lijekovima i sanitetskim materijalom
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IBAN HR4223600001101213745, Zagrebačka banka d.d. Zagreb
+3851 2412 555, 0800 2888, medika@medika.hr, www.medika.hr

Upisano u registar Trgovačkog suda u Zagrebu. Temeljni kapital: 27778.480,00 EUR
u cijelosti uplaćen, podjeljen na 30.194 redovne dionice na ime, nominalnog iznosa 920,00 EUR
Uprava: Jasminko Herceg, predsjednik Uprave; Matko Galeković, član Uprave,
Jakov Jaki Radošević, član Uprave; Nadzorni odbor: Oleg Uskoković, predsjednik

PRIJEDLOG ODLUKE

o upotrebi dobiti za 2025. godinu

1. Uprava i Nadzorni odbor Medike d.d. daju Glavnoj skupštini na odlučivanje sljedeći prijedlog odluke o upotrebi dobiti:

Cjelokupna neto dobit Društva u iznosu 22.516.045,08 EUR, rasporedit će se u zadržanu dobit.

2. Glavna skupština koja će odlučivati o prijedlogu odluke o upotrebi dobiti sazvana je za dan 12.05.2026.

U Zagrebu, 24.03.2026.

Predsjednik Uprave


Jasminko Herceg

Predsjednik Nadzornog odbora


Oleg Uskoković

¹ **Medika** d.d.
ZAGREB, Capraška 1

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IBAN HR4223600001101213745, Zagrebačka banka d.d. Zagreb
+3851 2412 555, 0800 2886, medika@medika.hr, www.medika.hr

Upisano u registar Trgovačkog suda u Zagrebu. Temeljni kapital: 27778.480,00 EUR
u cijelosti uplaćen, podijeljen na 30.194 redovne dionice na ime, nominalnog iznosa 920,00 EUR
Uprava: Jasminko Herceg, predsjednik Uprave; Matko Galeković, član Uprave,
Jakov Jaki Radošević, član Uprave; Nadzorni odbor: Oleg Uskoković, predsjednik