MEDIKA d.d.

ANNUAL REPORT
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
for the year ended 31 December 2024

Note: This format is not official format for public announcement.

CONTENTS

MANAGEMENT REPORT

In 2024, Medika d.d. (the "Company") generated non-consolidated revenue in the amount of EUR 805,760 thousand, which is EUR 77,750 thousand more than the prior year's non-consolidated revenue. Non-consolidated operating profit amounts to EUR 17,470 thousand, which is EUR 302 thousand less than the prior year's figure.

Profit before tax on a non-consolidated basis amounts to EUR 18,732 thousand, and the non-consolidated net profit amounts to EUR 15,255 thousand, which is EUR 286 thousand more than the result achieved in 2023.

By analysing the individual operating segments (note 6 in the financial statements), 43.7% of total non-consolidated income was generated in pharmacies (2023: 43.3%). At the same time, 41.9% of total non-consolidated income was generated from hospitals (2023: 44.0%).

Total non-consolidated assets amount to EUR 437,129 thousand, recorded an increase of 6.4% from the prior year. In the structure of non-consolidated assets, the amount of fixed assets increased by 5.8% compared to the prior year, which was the most significantly affected by the increase in assets with the right to use. The amount of non-consolidated current assets increased by 6.4% which was the most significantly affected by increase in trade receivables and inventories. Non-consolidated current assets account for 87.2% of total assets. Accounts receivable and other receivables are the most significant item of total non-consolidated assets and increased by 16.9% compared to the prior year.

Total non-consolidated loan debt amounts to EUR 35,205 thousand and relates entirely to short-term borrowing (note 25).

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 2024, 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.

Pliva Hrvatska 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.

Foreign exchange risk

In accordance with the Decision on the announcement of the introduction of the euro as the official currency in the Republic of Croatia (published in the "Official Gazzete" No. 85/22), the euro becomes the official monetary unit and legal tender in the Republic of Croatia on 1 January 2023, and consequently the Company has no significant currency risk.

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.

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 members of the Supervisory Board are as follows: Mr Oleg Uskoković, Chairman, Mr Mihael Furjan, Vice Chairman; Members: Mr Damjan Možina, Mr Jozef Harviš, Mr Josef Pilka, Mrs 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 Usković and Mr Dalibor Briški.

Zagreb, 10 March 2025

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 60 have been approved by the Management Board for submission to the Supervisory Board on 10 March 2025, and are signed below to confirm this.

Signed on behalf of the Management Board on 10 March 2025 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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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 2024, 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 2024 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), together with the ethical requirements that are relevant to our audit of the financial statements 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
Revenue recognition 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. At the reporting date, amounts of discounts, and rebates that have been incurred and not yet invoiced to the customers are estimated and accrued. Due to the variety of contractual terms, management is required to monitor a large number of individual customer arrangements in order to estimate the discounts and rebates amounts at the reporting date. This is considered complex and includes risk of incorrect inclusion or non-inclusion of discounts and rebates in the current period and year-end accruals, or incorrect calculation of these amounts recorded as at the reporting date. Due to the above mentioned, revenue recognition is considered a key audit matter.	Our audit procedures included understanding of the revenue recognition process including discounts and rebates recognition and assessing compliance with the policies in terms of applicable accounting standards. We walked through and tested the operating effectiveness of the controls over revenue recognition process. Based on a sample, we assessed revenue transactions, taking place at either side of the reporting date as well as credit notes issued after the reporting date to evaluate whether that revenue was recognized in the correct period. We also developed an expectation of the current year sales revenue balance considering historical revenue and historical discounts and rebates information, compared it to the actual sales revenues and examined unexpected differences. On a sample of key customers, we inspected respective contractual terms included in respective agreements with these customers and recalculated the amounts of discounts and rebates. Where our recalculation based on contractual terms materially differed from management records, we obtained explanation and support for the differences. We obtained customer confirmations of amounts outstanding at the reporting date for a sample of customers and gained understanding and reconciled with supporting evidence any significant differences between customer confirmations received and the Company's accounting records. 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.

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Key Audit Matter	How we addressed Key Audit Matter
Valuation of trade receivables As indicated in Note 2 Significant accounting policies, Note 4 Key Accounting estimates and Note 18 Trade and other receivables, trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. As at 31 December 2024, trade receivables represent 66% of assets and 58% of trade receivables are overdue. The impairment loss is assessed based on the type of customer, based on historical data, the current and expected liquidity of the Health System of the Republic of Croatia, as well as specific assessments of the Company for individual customers, depending on the current state of the market and their financial position. Due to the range of judgements and assumptions used in the models, as well as the significance of the amounts included in the financial statements, we consider this area to be a key audit matter.	We assessed management's estimate regarding recoverability of the receivables from the state hospitals. We tested aged balances where no provision was recognized to check that there were no indicators of impairment. This included verifying whether any payments subsequent to the end of the reporting period had been received, reviewing historical payment patterns and any correspondence or agreement with customers on expected settlement dates. We tested the accuracy of data in the expected credit loss model and tested mathematical accuracy of the model. We also tested the validation of ageing structure which shows the maturity of overdue receivables. Where specific provisions have been recognized, we selected a sample of trade receivable balances and understood the rationale behind management's judgement on indicators of impairment and provisioning. In order to evaluate the appropriateness of these judgements we verified whether balances were overdue, the customer's historical payment patterns and whether any payments subsequent to the end of the reporting period had been received. We have discussed with management the estimates of timing of collection and the amount of historically uncollected trade receivables. We obtained customer confirmations of amounts outstanding at the reporting date for a sample of customers and gained understanding and reconciled with supporting evidence any significant differences between customer confirmations received and the Company's accounting records. 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.

Other information

Management is responsible for the other information. Other information comprises the 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:

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 2 May 2024, representing a total period of uninterrupted engagement appointment of 2 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 10 March 2025 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 XBLR 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 2024, 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 2024, 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

Ernst & Young d.o.o.
Radnička cesta 50
10000 Zagreb, Republic of Croatia
10 March 2025

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are expressed in thousands of EUR)	**Note**	**2024**	**2023**
Sales revenue	5, 6	800,301	723,907
Other income	5,6	5,459	4,103
Cost of goods sold	6	(760,930)	(686,181)
Employee costs	7	(15,288)	(12,991)
Marketing and promotion expenses	8	(1,203)	(1,258)
Depreciation and amortisation	13, 14, 15	(3,127)	(2,736)
Other operating expenses	9	(7,833)	(7,112)
Other gains / (losses) – net		91	40
Operating profit		**17,470**	**17,772**
Financial income	10	3,138	2,276
Financial expenses	10	(1,876)	(1,633)
Net financial gain		**1,262**	**643**
Profit before tax		**18,732**	**18,415**
Income tax	11	(3,477)	(3,446)
Profit for the year		**15,255**	**14,969**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**15,255**	**14,969**
Earnings per share – basic and diluted (in EUR and CENT)	12	**526.87**	**516.99**

The notes on pages 18 to 60 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

(All amounts are expressed in thousands of EUR)	Note	As at 31 December 2024	2023
ASSETS			
Non-current assets			
Property and equipment	13	29,825	28,463
Right-of-use assets	14	6,117	2,688
Intangible assets	15	2,852	2,812
Investments in subsidiaries and associates	16	10,618	13,299
Deferred tax assets		103	75
Trade and other receivables	18	6,344	5,452
		55,859	**52,789**
Current assets			
Inventories	19	85,494	72,477
Trade and other receivables	18	286,162	244,735
Given deposits	18	-	32,000
Cash and cash equivalents	20	9,614	9,024
		381,270	**358,236**
Total assets		**437,129**	**411,025**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	25,414	25,414
Reserves	22	8,940	8,940
Retained earnings and income for the year	23	60,904	51,016
		95,258	**85,370**
Non-current liabilities			
Lease obligations	14	1,108	1,641
Provisions		106	98
Trade and other payables	24	4,238	4,244
		5,452	**5,983**
Current liabilities			
Trade and other payables	24	299,783	292,443
Borrowings	25	35,205	25,253
Lease obligations	14	956	1,033
Income tax payable		453	920
Provisions		22	23
		336,419	**319,672**
Total equity and liabilities		**437,129**	**411,025**

The notes on pages 18 to 60 form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are expressed in in thousands of EUR)	**Note**	**Share capital**	**Reserves**	**Retained earnings and income for the year**	**Total**
As at 1 January 2023		**25,407**	**8,940**	**41,861**	**76,208**
Comprehensive income for the year					
Profit for the year		-	-	14,969	14,969
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**14,969**	**14,969**
Transactions with owners recognised directly in equity					
Share based payments	7, 27	-	-	418	418
Share capital increase	21	7	-	(7)	-
Dividend payout	23	-	-	(6,225)	(6,225)
Total transactions with owners recognised directly in equity		**7**	**-**	**(5,814)**	**(5,807)**
As at 31 December 2023		**25,414**	**8,940**	**51,016**	**85,370**
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	7, 27	-	-	424	424
Dividend payout	23	-	-	(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**

MEDIKA d.d., Zagreb

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are expressed in thousands of EUR)	**Note**	**2024**	**2023**
Cash flow from operating activities:			
Profit for the year		**15,255**	**14,969**
Adjusted by:			
Income tax	11	3,477	3,446
Share based payments	7, 27	424	418
Depreciation and amortisation	13, 14, 15	3,127	2,736
Impairment of trade and other receivables, net	9	156	107
Value adjustment on inventories		1,057	795
Lease agreement termination	14	(14)	(7)
Changes in provisions		7	(6)
Gain on disposal of non-current tangible and intangible assets		(103)	(52)
Lease agreement modification, net	14	(10)	2
Interest expense	10	1,876	1,633
Interest income	10	(2,999)	(2,276)
Other financial income	10	(139)	-
Changes:			
(Increase) / decrease in inventories		(14,073)	(16,466)
(Increase) / decrease in trade and other receivables		(42,653)	(30,821)
Increase / (decrease) in trade and other payables		7,366	48,877
Cash generated from operations		**(27,246)**	**23,355**
Interest paid		(109)	(116)
Income taxes paid		(3,974)	(4,505)
Cash flow from operating activities		**(31,329)**	**18,734**

The notes on pages 18 to 60 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts are expressed in thousands of EUR)	**Note**	**2024**	**2023**
Cash flow from investing activities:			
Purchases of property and equipment and intangible assets	13, 15	(3,492)	(2,222)
Paid advances for the acquisition of right-of-use assets		(3,994)	(145)
Proceeds from the sale of property and equipment		129	67
Proceeds from repayment of given loans		1,053	1,271
Given loans		(900)	(896)
Other proceeds		11	-
Proceeds/ (payments) from short-term deposits	18	32,000	(32,000)
Interest received		3,002	2,275
Cash flow from investing activities		**27,809**	**(31,650)**
Cash flow from financial activities:			
Repayments of borrowings	25	(176,462)	(122,885)
Proceeds from borrowings	25	189,000	100,880
Borrowings interest paid	25	(1,553)	(1,452)
Repayment of leases	14	(1,084)	(1,074)
Dividend payout	23	(5,791)	(6,225)
Cash flow from financial activities		**4,110**	**(30,756)**
Net increase in cash and cash equivalents		**590**	**(43,672)**
Cash and cash equivalents at the beginning of the year		9,024	52,696
Cash and cash equivalents at the end of the year	20	**9,614**	**9,024**

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, 2024, 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 21.

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 10 March 2025. 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 2024 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.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Adoption of new and revised International Financial Reporting Standards

Standards and Interpretations effective in the current period

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

- **Amendments to IAS 1** *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (the amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are applied retrospectively).

- **Amendments to IFRS 16** *Leases*: Lease Liability in a Sale and Leaseback (the amendments are effective for annual reporting periods beginning on or after January 1, 2024).

- **Amendments to IAS 7** *Statement of Cash Flows* and **IFRS 7** *Financial Instruments Disclosures*: Disclosures **-** Supplier Finance Arrangements (the amendments are effective for annual reporting periods beginning on or after January 1, 2024).

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

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

- **Amendments to IAS 21** *The Effects of Changes in Foreign Exchange Rates*: Lack of Exchangeability (the amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted.

The Company is currently evaluating the effects of these changes and amendments and does not expect that will have a significant impact on the financial statements of the Company.

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:

- **Amendments to IFRS 9** *Financial Instruments* and **IFRS 7** *Financial Instruments***:** Disclosures: Classification and Measurement of Financial Instruments (issued in May 2024).

- **Amendments to IFRS 9** *Financial Instruments* and **IFRS 7** *Financial Instruments***:** Contracts Referencing Nature-dependent Electricity (issued in December 2024).

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Adoption of new and revised International Financial Reporting Standards (continued)

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 (continued):

- **IFRS 18** *Presentation and Disclosure in Financial Statements* (issued in April 2024).

- **IFRS 19** *Subsidiaries without Public Accountability:* Disclosures (issued in May 2024).

- **Annual Improvements to IFRS Accounting Standards –** *Volume 11* (issued in July 2024).

- **Amendments to IFRS 10** *Consolidated Financial Statements and* **IAS 28** *Investments in Associates and Joint Ventures:* Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity accounting method).

The Company is currently evaluating the effects of these changes and amendments and does not expect that will have a significant impact on the Company`s financial statements.

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.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

(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 acurred 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.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 Financial instruments (continued)

Financial assets (continued)

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

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 10).

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.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

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).

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 Financial instruments (continued)

Financial assets (continued)

(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.

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.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 Financial instruments (continued)

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 5 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.

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 preformed continuously and for all such inventories a provision is charged to cost of goods sold.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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.

NOTE 2 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.12 Reserves (continued)

(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.

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.

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.

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.

NOTE 3 - FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(ii) 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.

As at 31 December 2024, if the effective interest rate on borrowings (issued at variable rate) would be by 0.10 percentage points higher/lower on an annual level (2023: 0.10 percentage points), the net profit for the reporting period would remain the same since all borrowings as at 31 December 2024 are at fixed rates (2023: all borrowings at fixed 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 17 and 18.

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

At the reporting date, the Company is exposed to one customer from the hospital segment, accounting for 24% of total trade receivables, (31 December 2023: 22%).

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. At 31 December 2024, the balance of cash and cash equivalents amounts to EUR 2,543 thousand (2023: EUR 9,024 thousand), and the Company had free credit lines in the amount of EUR 94,325 thousand (2023: 96,326 thousand) available at demand for liquidity risk management purposes.

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 2024					
Trade and other payables (note 24)	75,212	224,571	4,238	-	304,021
Borrowings	92	35,956	-	-	36,048
Leases	94	935	934	242	2,205

(in thousands of EUR)	**Up to 1 month**	**From 1 month to 1 year**	**1-3 years**	**Over 3 years**	**Total**
31 December 2023					
Trade and other payables (note 24)	70,329	222,114	2,994	1,250	296,687
Borrowings	5,070	20,388	-	-	25,458
Leases	100	969	1,293	372	2,734

In 2025, the Company will settle trade and other current liabilities according to the dynamics of collection of receivables, which depends on the liquidity of the entire healthcare system.

NOTE 3 - FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The 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:

	2024	**2023**
	(in thousands of EUR)	
Total capital (equity and reserves)	95,258	85,370
Total assets	437,129	411,025
Equity to assets ratio	**22%**	**21%**

The 2024 ratio increased compared to 2023 and shows that the Company finances 22% of its total assets from own sources (2023: 21%), Consequently, 78% of the assets are financed from sources other than owner’s equity (2023: 79%).

3.3 Fair value measurement

The nominal amount value of trade receivables less impairment allowance and of trade payables are assumed to approximate their fair values considering that they are short-term receivables.

NOTE 4 - KEY ACCOUNTING ESTIMATES

The 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 31 December 2024, if the discount rate were to increase by 1 percentage point, assuming that all other indicators remained unchanged, profit before tax for the reporting period would be EUR 10 thousand lower than reported (2023: EUR 17 thousand less).

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.

NOTE 5 – REVENUE

	2024	2023
	(in thousands of EUR)	
Sales revenue:		
Revenue from sales of goods	726,812	657,578
Revenue from sales of goods – related parties (note 27)	73,489	66,329
	800,301	**723,907**
Other income:		
Revenue from sale of services	5,271	3,890
Revenue from sale of services – related parties (note 27)	188	213
	5,459	**4,103**

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.

NOTE 6 – SEGMENT INFORMATION (continued)

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

(in thousands of EUR)	**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 27)	73,486	-	3	73,489
Revenue from sale of services	75	347	4,849	5,271
Revenue from sale of services – related parties (note 27)	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**

NOTE 6 – SEGMENT INFORMATION (continued)

The segments' results for the year ended 31 December 2023 are as follows:

(in thousands of EUR)	**Pharmacies**	**Hospitals**	**Other**	**Total**
Revenue from sale of goods	248,787	320,457	88,334	657,578
Revenue from sale of goods - related parties (note 27)	66,313	-	16	66,329
Revenue from sale of services	41	98	3,751	3,890
Revenue from sale of services – related parties (note 27)	74	-	139	213
Total income	**315,215**	**320,555**	**92,240**	**728,010**
Cost of goods sold	(298,609)	(304,691)	(82,881)	(686,181)
Segment result	**16,606**	**15,864**	**9,359**	**41,829**
Operating expenses				(24,057)
Profit from operations				**17,772**
Financial income				2,276
Financial expenses				(1,633)
Net financial loss				**643**
Profit before tax				**18,415**
Income tax				(3,446)
Profit for the year				**14,969**

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

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

The analysis of trade receivables by the segments at 31 December 2023 is as follows:

(in thousands of EUR)	**Pharmacies**	**Hospitals**	**Other**	**Total**
Trade receivables (note 18/i/)	89,084	140,901	16,829	246,814

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 15.16% in 2024 (2023: 16.50%) out of the total revenue.

NOTE 7 – EMPLOYEE COSTS

	2024	**2023**
	(in thousands of EUR)	
Net salaries	7,510	6,271
Contributions from and on salaries /i/	3,597	3,054
Other employee benefits /ii/	1,632	1,341
Taxes and surtaxes	866	696
Management bonuses	761	736
Employee transportation costs	447	419
Share based payments (note 27)	424	418
Termination benefits	51	56
	15,288	**12,991**

As at 31 December 2024, the Company has 595 employees (31 December 2023: 553 employees). The average number of employees in 2024 was 585 employees (2023: 537 employees).

/i/ The pension contributions recognised by the Company as payable to mandatory pension funds for 2024 amount to EUR 1,997 thousand (2023: EUR 1,720 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 – MARKETING AND PROMOTION EXPENSES

	2024	**2023**
	(in thousands of EUR)	
Marketing	514	397
Donations	501	473
Entertainment	185	388
Marketing - related parties (note 27)	3	-
	1,203	**1,258**

NOTE 9 – OTHER OPERATING EXPENSES

	2024	2023
	(in thousands of EUR)	
Maintenance of assets, security services and property insurance	2,733	2,292
Materials and energy	1,795	1,633
Professional training and consultancy services /i/	846	662
Taxes and contributions independent of the results	611	637
Road tolls and transportation costs	200	292
Rental costs (note 14)	255	238
Telephone, postal and utility services	216	189
Bank and payment operation charges	120	119
Impairment of trade and other receivables, net (note 18)	156	107
Control and analysis services	72	48
Other costs	829	895
	7,833	**7,112**

/i/ The total amount of fees for the statutory audit of the annual financial statements for 2024 is EUR 57 thousand (2023: EUR 36 thousand). In 2024, no other services charged by the audit firm were contracted (nor in 2023).

NOTE 10 – NET FINANCIAL GAIN / (LOSS)

Financial income	2024	2023
	(in thousands of EUR)	
Interest income /i/	2,999	2,276
Other financial income /ii/	139	-
	3,138	**2,276**

/i/ Interest income includes penalty interest paid collected from debtors in the amount of EUR 2,397 thousand (2023: EUR 2,160 thousand).

/ii/ Other financial income arose as a result of the liquidation of Primus nekretnine d.o.o., which ceased operations in 2024.

Financial expenses	2024	2023
	(in thousands of EUR)	
Interest expense		
Bank loans (note 25)	(1,685)	(1,499)
Leases (note 14)	(107)	(103)
Loans – related parties (notes 25, 27)	(83)	(18)
Penalty interest	(1)	(13)
	(1,876)	**(1,633)**

NOTE 11 – INCOME TAX

	2024	2023
	(in thousands of EUR)	
Current tax	3,505	3,479
Deferred tax	(28)	(33)
	3,477	**3,446**

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:

	2024	2023
	(in thousands of EUR)	
Profit before taxation	**18,732**	**18,415**
Income tax at a rate of 18% (2023: 18%)	3,372	3,315
Effect of non-taxable income and tax incentives	(7)	(5)
Effect of non-deductible expenses	112	136
Income tax	**3,477**	**3,446**
Effective tax rate	18.56%	18.71%

In accordance with local regulations, the Tax Authority may at any time inspect the Company's books and records within 3 years following the year in which the tax liability is reported and may introduce additional tax liabilities and penalties. The Management is not familiar with any circumstances which may lead to contingent liabilities in that respect.

NOTE 12 – 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.

	2024	2023
Net profit attributable to the shareholders *(in thousands of EUR)*	15,255	14,969
Weighted average number of shares (excluding treasury shares)	28,954	28,954
Basic/diluted earnings per share *(in EUR and CENT)*	**526.87**	**516.99**

NOTE 13 – PROPERTY AND EQUIPMENT

(All amounts are expressed in thousands of EUR)	**Land**	**Buildings**	**Investment Property**	**Equipment**	**Assets under construction**	**Prepayments**	**Total**
Balance at 31 December 2022							
Cost	3,107	25,135	1,294	12,520	6,234	73	48,363
Accumulated depreciation	-	(11,428)	(97)	(9,021)	-	-	(20,546)
Net carrying amount	**3,107**	**13,707**	**1.197**	**3,499**	**6,234**	**73**	**27,817**
For the year ended 31 December 2023							
Opening carrying amount, net	3,107	13,707	1,197	3,499	6,234	73	27,817
Additions	-	-	-	-	1,717	389	2,106
Realized advances	-	-	-	-	353	(353)	-
Transfer from assets under construction	-	149	-	1,824	(1,973)	-	-
Disposals	-	-	-	(1)	-	-	(1)
Depreciation	-	(682)	(65)	(712)	-		(1,459)
Closing carrying amount, net	3,107	13,174	1,132	4,610	6,331	109	28,463
Balance at 31 December 2023							
Cost	3,107	25,284	1,294	14,476	6,331	109	50,601
Accumulated depreciation	-	(12,110)	(162)	(9,866)	-	-	(22,138)
Net carrying amount	**3,107**	**13,174**	**1,132**	**4,610**	**6,331**	**109**	**28,463**
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 assets with rights of use (note 14)	-	-	-	35	-	-	35
Disposals	-	-	-	(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**

The fair value of real estate classified as Investment property does not deviate significantly from the book value.

NOTE 13 – PROPERTY AND EQUIPMENT (continued)

Loan liabilities (note 25) have been secured by pledges over property and equipment with a carrying amount of EUR 15,587 thousand as at 31 December 2024 (2023: EUR 16,214 thousand). Of the stated amount, EUR 1,068 thousand relate to the value of the pledged assets for the loan, which was fully repaid as of 31 December 2024.

NOTE 14 – LEASES

The Company leases vehicles and business premises under lease agreements.

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

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Right-of-use assets:		
Vehicles	996	1,271
Business premises	5.121	1,417
	6.117	**2,688**
Lease obligations:		
Current	956	1,033
Non-current	1.108	1,641
	2.064	**2,674**

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

	31.12.2024	31.12.2023
	(in thousands of EUR)	
From 1-2 years	544	851
From 2-5 years	564	790
	1,108	**1,641**

NOTE 14 – LEASES (continued)

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

	2024	2023
	(in thousands of EUR)	
Depreciation	1,014	974
Interest expense (note 10)	107	103
Rental costs related to short-term leases (note 9)	255	238
	1,376	**1,315**

The average interest rate is 4.84% (2023: 4.01%)

NOTE 14 – LEASES (continued)

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

(all amounts are expressed in thousands of EUR)	**Vehicles**	**Business premises**	**Advance payments for business premises**	**Prepayments**	**Total**
For the year ended 31 December 2023					
Opening carrying amount, net	1,732	744	-	-	2,476
Additions	-	-	890	271	1,161
Realized advances			271	(280)	(9)
Transfer from assets under construction	184	977	(1,161)	-	-
Transfer from intangible assets (note 15)	-	-	-	34	34
Disposals	(14)	-	-	-	(14)
Contract modifications	14	-	-	-	14
Depreciation and amortisation	(645)	(329)	-	-	(974)
Closing carrying amount, net	1,271	1,392		25	2,688
Balance at 31 December 2023					
Cost	2,451	2,231	-	25	4,707
Accumulated depreciation	(1,180)	(839)	-	-	(2,019)
Net carrying amount	**1,271**	**1,392**	**-**	**25**	**2,688**
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 13)	(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**

NOTE 14 – LEASES (continued)

/v/ Movement in lease liabilities:

	2024	2023
	(in thousands of EUR)	
Lease liabilities recognized on 1 January	**2,674**	**2,731**
Additions	509	1,008
Contract modifications	(21)	16
Lease payments	(1,084)	(1,074)
Interest expense (note 10)	107	103
Interest paid	(107)	(103)
Lease contract termination	(14)	(7)
Lease liabilities recognized on 31 December	**2,064**	**2,674**

NOTE 15 – INTANGIBLE ASSETS

(all amounts are expressed in thousands of EUR))	**Software**	**Goodwill**	**Assets under construction**	**Prepayments**	**Total**
Balance at 31 December 2022					
Cost	4,341	1,583	7	34	5,965
Accumulated amortisation	(2,932)	-	-	-	(2,932)
Net carrying amount	**1,409**	**1,583**	**7**	**34**	**3,033**
For the year ended 31 December 2023					
Opening carrying amount, net	1,409	1,583	7	34	3,033
Additions	-	-	116	-	116
Transfers from assets under construction	116	-	(116)	-	-
Transfer to rights of use (note 14)	-	-	-	(34)	(34)
Amortisation	(303)	-	-	-	(303)
Closing carrying amount, net	1,222	1,583	7	-	2,812
Balance at 31 December 2023					
Cost	4,410	1,583	7	-	6,000
Accumulated amortisation	(3,188)	-	-	-	(3,188)
Net carrying amount	**1,222**	**1,583**	**7**	**-**	**2,812**
For the year ended 31 December 2024					
Opening carrying amount, net	1,222	1,583	7	-	2,812
Additions	-	-	274	70	344
Transfers 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**

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

Goodwill impairment test

The Company has calculated the recoverable amount using the value-in-use method. Value-in-use cash flow projections based on the eight-year business plan approved by the Management (2023 eight-year business plan). For the purposes of the cash flow projections, a discount rate of 8.08% (2023: 8.07%) and a terminal growth rate of 2.00% (2023: 2.00%) were applied. The longer term of the business plan was used in the calculation due to the expected stabilization of the business in the long term. The recoverable amount exceeds the carrying amount.

The sensitivity analysis shows that even with a significant decrease of the terminal growth rate and the increase of the WACC rate, there are still no indicators for a value adjustment, respectively, the impairment test is not sensitive to changes in key variables.

NOTE 16 – INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries

	Interest in %, 31.12.2024	Interest in %, 31.12.2023	31.12.2024	31.12.2023
			(in thousands of EUR)	
ZU Ljekarne Prima Pharme, Zagreb	100%	100%	10,618	10,618
Primus nekretnine d.o.o., Zagreb /i/	-	100%	-	2,681
			10,618	**13,299**

At the meeting of the Supervisory Board which was held on 7 November 2023, the Management Board received approval to conduct an abbreviated termination of Primus nekretnine d.o.o. without liquidation. The company ceased operations during 2024.

NOTE 17 – FINANCIAL INSTRUMENTS BY CATEGORY

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Financial assets – category: Loans and receivables		
Loans and receivables (note 18/v/)	284,793	248,926
Cash and cash equivalents (note 20)	9,614	9,024
	294,407	**257,950**
Financial liabilities - category: Other liabilities		
Trade payables (note 24/i/)	299,273	291,886
Other liabilities (note 24)	4,748	4,801
Borrowings (note 25)	35,205	25,253
Leases (note 14)	2,064	2,674
	341,290	**324,614**

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 18/i/):

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Hospitals	63,591	58,818
Pharmacies	48,398	46,905
Other	9,912	9,704
	121,901	**115,427**

NOTE 18 – TRADE AND OTHER RECEIVABLES

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Long-term receivables:		
Trade receivables /i/	4,175	4,175
Given loans /ii/	2,155	1,263
Long-term deposits	14	14
	6,344	5,452
Current receivables:		
Trade receivables /i/	284,593	242,639
Short-term deposits	-	32,000
Other current receivables /iii/	628	1,247
Given loans /iv/	29	239
Given loans – current portion of non-current receivables /i/	912	610
	286,162	276,735
	292,506	**282,187**

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

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Domestic trade receivables	267,051	223,777
Trade receivables – related parties (note 27)	22,457	23,568
Foreign trade receivables	360	405
	289,868	247,750
Expected credit losses	(1,100)	(936)
	288,768	**246,814**

The ageing structure of receivables:

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Not yet due (note 17)	121,901	115,427
0-180 days past due	164,073	128,837
181-360 days past due	1,572	118
Over 360 days past due	2,322	3,368
	289,868	**247,750**

NOTE 18 – TRADE AND OTHER RECEIVABLES (continued)

Movements in impairment allowance for trade receivables:

	2024	2023
	(in thousands of EUR)	
Balance at 1 January	936	841
Increase (note 9)	164	95
Write-off	-	-
Balance at 31 December	**1,100**	**936**

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

	Effective interest rate	31.12.2024	31.12.2023
		(in thousands of EUR)	
Loans given to pharmacies	2,0%-5,0%	1,710	1,293
Other given loans	3,0%-6,0%	1,357	580
Total non-current receivables, including current portion		3,067	1,873
Current portion of non-current receivables		(912)	(610)
		2,155	**1,263**

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:

	31.12.2024	31.12.2023
	(in thousands of EUR)	
From 1 to 2 years	783	487
From 2 to 5 years	1,330	652
Over 5 years	42	124
	2,155	**1,263**

NOTE 18 – TRADE AND OTHER RECEIVABLES (continued)

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

	31.12.2024	31.12.2023
	(in thousands of EUR)	
VAT receivable not yet recognized	58	843
Prepaid expenses	127	91
Other	443	313
	628	**1,247**

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

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Given loans	29	239
Expected credit losses	-	-
	29	**239**

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

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Given loans	917	623
Expected credit losses	(5)	(13)
	912	**610**

Movements in provisions for impairment of given loans:

	2024	2023
	(in thousands of EUR)	
Balance at 1 January	13	1
Increase / (Decrease) (note 9)	(8)	12
Write-off	-	-
Balance at 31 December	**5**	**13**

NOTE 18 – TRADE AND OTHER RECEIVABLES (continued)

/v/ Financial assets by category include the following:

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Trade receivables	281,697	246,814
Given cash loans	1,531	1,206
Given commodity loans	1,565	906
	284,793	**248,926**

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 19 – INVENTORIES

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Trade goods	78,057	65,421
Trade goods – related parties (note 27)	6,337	4,841
Prepayments	1,177	2,539
Materials	22	26
Impairment allowance on inventories	(99)	(350)
	85,494	**72,477**

Inventories in the amount of EUR 13,275 thousand (2023: EUR 13,272 thousand) were pledged as collateral for the Company's borrowings (note 25).

NOTE 20 - CASH AND CASH EQUIVALENTS

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Bank account	9,614	9,023
Cash in hand	-	1
	9,614	**9,024**

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

NOTE 21 – SHARE CAPITAL

At 31 December 2024, the share capital as of the Company amounts to EUR 27,778,480 (31 December 2023: EUR 27,778,480) and is divided into 30,194 shares (2023: 30,194 shares). The nominal value per share amounts to EUR 920 (31 December 2023: EUR 920). All issued shares are fully paid in.

	Number of shares	Share capital	Treasury shares	Capital gains/ (losses)	Total
	(in pieces)		*(in thousands of EUR)*		
Balance at 1 January 2023	30,194	27,771	(2,081)	(283)	25,407
Share capital increase /i/	-	7	-	-	7
Balance at 31 December 2023	**30,194**	**27,778**	**(2,081)**	**(283)**	**25,414**
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**

/i/ During 2023, the share capital was increased based on the Decision of the General Assembly of the Company, which was held on 2 May 2023. The Company's share capital is aligned with euros. Share capital was increased in the total amount of EUR 7 thousand from t retained profit of earlier periods.

NOTE 21 - SHARE CAPITAL (continued)

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

	2024		2023	
	Number of shares	**%**	**Number of shares**	**%**
Auctor d.o.o.	14,506	48.04%	14,506	48.04%
Pliva Hrvatska d.o.o.	7,646	25.32%	7,646	25.32%
Krka d.d. Novo Mesto	3,614	11.97%	3,614	11.97%
Fizičke osobe	2,114	7.00%	2,088	6.92%
Vlastite dionice	1,240	4.11%	1,240	4.11%
Auctor Holding a.s.	8	0.03%	8	0.03%
Ostale pravne osobe	1,066	3.53%	1,092	3.62%
Total	**30,194**	**100.00%**	**30,194**	**100.00%**

As of 31 December 2024, Auctor d.o.o. holds 14,506 shares (out of which 3,929 shares were acquired by members of the Management Board, one employee of the Company, the Director of ZU Ljekarne Prima Pharma and a member of the Supervisory Board of the Company and transferred by fiduciary to Auctor d.o.o.), accounting for 50.10% (2023: 50.10%) of voting shares when considering non-voting treasury shares.

NOTE 22 – RESERVES

(in thousands of EUR)	**Legal reserves**	**Reserves for treasury shares**	**Total**
Balance at 31 December 2022	**2,462**	**6,478**	**8,940**
Changes during the year	**-**	**-**	**-**
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**

NOTE 23 – RETAINED EARNINGS

Included in the retained earnings are other reserves in the total amount of EUR 4,209 thousand (2023: 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 2024, the General Assembly adopted in its meeting held on 02 May 2024 a decision to distribute dividends from the retained earnings in the amount of EUR 5,791 thousand. The dividend per share amounted to EUR 200.00. In 2023, the General Assembly adopted in its meeting held on 02 May 2023 a decision to distribute dividends from the retained earnings in the amount of EUR 6,225 thousand. The dividend per share amounted to EUR 215.00.

In 2023, the share capital was increased from retained earnings in the amount of EUR 7 thousand in accordance with the Decision of the General Assembly of the Company.

NOTE 24 – TRADE AND OTHER PAYABLES

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Non-current liabilities:		
Trade payables /i/	4,238	4,244
	4,238	4,244
Current liabilities:		
Trade payables /i/	295,035	287,642
Other liabilities /ii/	4,748	4,801
	299,783	292,443
	304,021	**296,687**

/i/ Trade payables recognised are as follows:

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Foreign trade payables	214,825	216,787
Domestic trade payables	60,517	55,108
Trade payables - related parties (note 27)	23,931	19,991
	299,273	**291,886**

NOTE 24 – TRADE AND OTHER PAYABLES (continued)

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

	31.12.2024	**31.12.2023**
	(in thousands of EUR)	
EUR	299,200	291,884
Other currencies	73	2
	299,273	**291,886**

/ii/ Other current payables recognised are as follows:

	31.12.2024	**31.12.2023**
	(in thousands of EUR)	
VAT payable	2,686	2,485
Salaries payable	1,070	919
Unused annual leave	112	302
Other taxes and contributions payable	24	54
Other	856	1,041
	4,748	**4,801**

NOTE 25 – BORROWINGS

	31.12.2024	**31.12.2023**
	(in thousands of EUR)	
Short-term:		
Short-term loans /i/	35,205	22,355
Short-term loans – related parties (note 27) /i/	-	2,898
Total borrowings	**35,205**	**25,253**

/i/ Borrowings are relate to financing of operations from various banks. It is denominated in euros with a fixed rate. The maturity of the borrowing is 12 months.

NOTE 25 – BORROWINGS (continued)

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

	31.12.2024	31.12.2023
	EUR %	**EUR %**
Short-term borrowings		
Short-term loans	3.125%	0.29%-4.35%

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

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:

	31.12.2024	31.12.2023
	(in thousands of EUR)	
Variable-rate borrowings		
	-	**-**
Fixed-rate borrowings		
Fixed-rate loans	35,205	25,253
Total borrowings	**35,205**	**25,253**

Given that borrowings in the amount of EUR 35,205 thousand bear interest at fixed rates (2023: EUR 25,253 thousand), there is no exposure to interest rate changes.

The loans received are secured by registered lien over the Company's property (note 13), inventories (note 19) as well as bills of exchange and promissory notes furnished by the Company.

NOTE 25 – BORROWINGS (continued)

Movement in borrowings:

	2024	2023
	(in thousands of EUR)	
Borrowings recognized at 1 January	**25,253**	**47,193**
Additions	189,000	100,880
Payments	(176,462)	(122,885)
Reduction /i/	(2,801)	-
Interest expenses (note 10)	1,768	1,517
Interest paid	(1,553)	(1,452)
Borrowings recognized at 31 December	**35,205**	**25,253**

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

NOTE 26 - CONTINGENT LIABILITIES

As at 31 December 2024 and as at 31 December 2023, management did not identify any contingent liabilities.

NOTE 27 – RELATED-PARTY TRANSACTIONS

The Company enters into transactions with related parties.

Related parties include:

	31.12. 2024	31.12. 2023
1. Subsidiaries:		
Zdravstvena ustanova Ljekarne Prima Pharme, Zagreb	100%	100%
Primus nekretnine d.o.o., Zagreb	-	100%
2. Subsidiaries of Zdravstvena ustanova Ljekarne Prima Pharme, Zagreb:		
Zdravstvena ustanova Ljekarne Šeremet, Zagreb (acquired on 01 May 2023, merged on 01 September 2024)	-	100%
3. Associate of Zdravstvena ustanova Ljekarne Prima Pharme, Zagreb		
Zdravstvena ustanova Ljekarne Jagatić, Zagreb	49%	49%

NOTE 27 – RELATED-PARTY TRANSACTIONS (continued)

4. The company with the largest voting rights, is the parent company Auctor d.o.o. which holds 48.04% or 50.10% of shares with voting rights. In the course of the financial restructuring of Auctor d.o.o., during 2019, there was a transfer of ownership of Auctor d.o.o. to Auctor Holding a.s. that led to an indirect change of ownership of the Company's shares. Auctor Holding a.s. owns 100.00% stake 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, the transaction of sale and transfer of shares was carried out to Auctor Holding a.s. The structure of ownership and voting rights over Auctor Holding a.s. is Auctor Holding a.s. with 50.00% and JTPEG Croatia Investments a.s. with 50.00%.

5. Pliva Hrvatska d.o.o., Zagreb, has an ownership interest of 25.32% and 26.41% of voting rights over the Company.

Balances resulting from transactions with related parties and included in the statement of financial position at 31 December 2024 and 31 December 2023 as well as items from the Statement of comprehensive income are shown below:

(in thousands of EUR)	**Note**	**2024**	**2023**
Trade receivables			
Subsidiaries		17,748	19,174
Subsidiaries of ZU Ljekarne Prima Pharme		-	407
Associate of ZU Ljekarne Prima Pharme		4,673	3,936
Auctor d.o.o.		2	-
Pliva Hrvatska d.o.o.		34	51
	18/i/	22,457	23,568
Inventories			
Pliva Hrvatska d.o.o.		6,337	4,841
	20	6,337	4,841
Trade payables			
Associate of ZU Ljekarne Prima Pharme		1	-
Pliva Hrvatska d.o.o.		23,930	19,991
	24/i/	23,931	19,991
Borrowings			
Subsidiaries		-	2,898
	25	-	2,898
Revenue from sale of goods			
Subsidiaries		61,077	55,184
Subsidiaries of ZU Ljekarne Prima Pharme		1,016	1,088
Associate of ZU Ljekarne Prima Pharme		11,393	10,041
Auctor d.o.o.		2	-
Pliva Hrvatska d.o.o.		1	16
	5, 6	73,489	66,329

NOTE 27 – RELATED-PARTY TRANSACTIONS (continued)

(in thousands of EUR)	Note	2024	2023
Revenue from services			
Subsidiaries		70	74
Auctor Holding a.s.		1	1
Pliva Hrvatska d.o.o.		117	138
	5, 6	188	213
Cost of marketing and sales promotion			
Subsidiary ZU Ljekarne Prima Pharme		3	-
	8	3	-
Financial expenses			
Subsidiaries		83	18
	10	83	18
Purchase of trade goods			
Pliva Hrvatska d.o.o. /i/		59,178	48,286
		59,178	48,286

/ i /The stated amount includes value added tax.

Key management compensation – salaries and bonuses for members		**1,178**	**933**
Supervisory Board and Audit Committee compensation		**65**	**73**

Members of the Management Board of the Company and one employee of the Company in the middle of 2020 purchased 2,750 shares of Medika d.d. and a member of the Supervisory Board of the Company purchased 972 shares of Medika d.d. from the related entity Auctor d.o.o. primarily via secured loans received from the same related entity. The voting rights of the purchased shares remain with Auctor d.o.o. and may be repurchased by Auctor d.o.o. or transferred to third parties under specific conditions until the middle of 2026. During 2021, the fiduciary ownership right of Auctor d.o.o. was removed from 243 Medika d.d. shares of a member of the Supervisory Board. Expense and corresponding capital increase recognized until 2024 cumulatively amounts to EUR 1,828 thousand (cumulatively amounts to EUR 1,404 thousand until 2023). Expense and corresponding capital increase recognised during the year 2023 and corresponding increase in equity amount to EUR 418 thousand and during the year 2024 amount to EUR 424 thousand. Over the next two years, the estimated cost is EUR 658 thousand.

NOTE 28 – EVENTS AFTER THE BALANCE SHEET DATE

There were no other events after the balance sheet date that would have had a significant impact on the financial statements as of or for the period then ended.

NOTE 29 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements presented on pages 13 to 60 were approved by the Management Board of the Company in Zagreb, on 10 March 2025:

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

***

100 GODINA 100 Medika

ODLUKA

o utvrđenju Financijskog izvješća o poslovanju Medike d.d. za 1-12. mj. 2024. god.

Dana 20. ožujka 2025. godine na 12. 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. 2024. god. kako ga je utvrdila Uprava Medike d.d.

Time je Izvješće o poslovanju Medike d.d. za 1-12. mj. 2024. god. utvrđeno u skladu s čl. 300 d. Zakona o trgovačkim društvima.

U Zagrebu, 20.03.2025.

Predsjednik Uprave

Jasminko Herceg

1 Medika d.d.
ZAGREB, Capraška 1

Predsjednik Nadzornog odbora

Oleg Uskoković

Medika, dioničko društvo za trgovinu lijekovima i sanitetskim materijalom
Capraška 1, HR-10000 Zagreb. **OIB** 94818858923. **MBS** 080027531.
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 27 778 480.00 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

100 GODINA Medika

PRIJEDLOG ODLUKE

o upotrebi dobiti za 2024. god.

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

   Cjelokupna neto dobit Društva u iznosu 15.254.767,08 EUR, rasporedit će se u zadržanu dobit.

2. Glavna skupština koja će odlučivati o prijedlogu odluke o upotrebi dobiti sazvana je za dan 05.05.2025. godine.

U Zagrebu, 20.03.2025.

Predsjednik Uprave

Jasminko Herceg

1 Medika d.d.
ZAGREB, Capraška 1

Predsjednik Nadzornog odbora

Oleg Uskoković