

BELUPO Inc. and its Subsidiaries,
Koprivnica
Annual report 31 December 2025

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MANAGEMENT REPORT 2025



Belupo 

**Be
well.**

1. DESCRIPTION OF BUSINESS ACTIVITIES

Belupo Pharmaceuticals and Cosmetics Inc. Koprivnica (hereinafter referred to as Company) is a joint stock company whose core business is the production and distribution of drugs, pharmaceuticals, auxiliary medicinal substances and other chemical products.

The company number of Belupo is 010006854, PIN 74181493335, and its registered headquarter is at the address Ulica Danica 5, 48000 Koprivnica, Croatia.

The share capital of the Company amounts to EUR 75,281,388.00 and is divided into 5,790,876 ordinary registered shares with a nominal value of EUR 13.00 each.

Company does not have any branch offices and did not purchase its own shares.

Belupo's Sustainability report for 2025 has been consolidated and published as part of the Consolidated Sustainability Report of the Podravka Group for the business year 2025 which is available upon publication on the website of the Podravka Group <https://www.podravka.com/>.

DESCRIPTION OF THE BELUPO GROUP – ORGANISATIONAL STRUCTURE OF THE GROUP

COMPANIES WITHIN THE GROUP

Belupo d.o.o., Slovenia
100% Belupo Inc.

Belupo s.r.o., Slovakia
100% Belupo Inc.

Belupo d.o.o.el., North Macedonia
100% Belupo Inc.

Ljekarne Deltis Pharm, Croatia
100% Belupo Inc.

Farmavita d.o.o., Bosnia i Hercegovina
65% Belupo Inc.

REPRESENTATIVE OFFICES of Belupo Inc.

Moscow, Russian Federation

Prague, Czech Republic

Sarajevo, Bosnia i Hercegovina

Beograd, Serbia

Pristina, Kosovo

Kiev, Ukraine

Almaty, Kazakhstan

PRODUCTION PROGRAM

Belupo manufactures the following products:

- Prescription drugs
- Food for special medical purposes
- Non-prescription drugs
 - Herbal medicines
 - Food supplements
 - Cosmetics
 - Non-prescription drugs
 - Medical products
 - Auxiliary substances

Belupo has products in its production programme that belong to the following anatomical therapeutic chemical classifications:

A preparations acting on the alimentary tract and metabolism

B preparations acting on blood and blood forming organs

C preparations acting on the cardiovascular system

D preparations for skin treatment - dermatologicals

G preparations acting on the genito-urinary system and sex hormones

J preparations for treating systemic infections

L preparations for treating malignant diseases and immunomodulating agents

M preparations acting on the musculo-skeletal system

N preparations acting on the nervous system

P preparations for treating infections caused by parasites

R preparations acting on the respiratory system

S preparations for sensory organs

These groups of drugs are produced in a variety of forms such as tablets, capsules, film-tablets, effervescent tablets, orally disintegrating tablets, solutions (and in spray form), lotions (and in spray form), creams, ointments, gels, syrups, suspensions, vagitoria, suppositories, powders and ampoules.

2. BUSSINES ACTIVITIES OF BELUPO GROUP IN 2025

Consolidated and separate statement of comprehensive income for the year 2025 and 2024

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
<i>(in thousands of EUR)</i>				
Revenues	181,241	175,379	129,441	124,545
Cost of goods sold	(86,086)	(85,799)	(58,517)	(56,895)
Gross profit from sales	95,155	89,580	70,924	67,650
Other income	2,511	725	4,340	703
General and administrative expenses	(21,189)	(20,753)	(15,377)	(15,735)
Selling and distribution expenses	(11,192)	(10,200)	(5,794)	(5,335)
Marketing expenses	(23,699)	(21,640)	(18,803)	(17,036)
Other expenses	(548)	(1,712)	(548)	(1,261)
Operating profit	41,038	36,000	34,742	28,986
Finance income	2,252	1,403	6,248	5,608
Finance expenses	(2,285)	(1,612)	(2,214)	(1,563)
Profit before tax	41,005	35,791	38,776	33,031
Income tax	(7,578)	(5,012)	(6,672)	(3,981)
Profit for the year	33,427	30,779	32,104	29,050
Profit after tax from continued operations	31,861			
Profit after tax from discontinued operations	1,566			
Profit after tax from total operations	33,427			
Other comprehensive income:				
Actuarial gains/(losses) - net from tax	(3)	(2)	(6)	-
Foreign operations – foreign currency translation differences	(2)	(1)	-	-
Total comprehensive income for the year	33,422	30,776	32,098	29,050
Profit attributable to:				
The equity holders of the parent	31,796	29,304		
Non-controlling interests	1,631	1,475		
	33,427	30,779		
Total comprehensive income attributable to:				
The equity holders of the parent	31,791	29,301		
Non-controlling interests	1,631	1,475		
	33,422	30,776		

MANAGEMENT REPORT (CONTINUED)

Consolidated and separate statement of financial position as at 31 December 2025 and 31 December 2024

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
<i>(in thousands of EUR)</i>				
ASSETS				
Non-current assets				
Intangible assets	17,091	14,809	10,302	9,711
Property, plant and equipment	94,146	94,441	82,724	82,604
Right-of-use assets	4,390	3,928	2,835	2,125
Non-current financial assets	50,615	109	50,604	98
Investments in subsidiaries	-	-	17,349	13,764
Deferred tax assets	1,677	2,166	1,500	2,282
	167,919	115,453	165,314	110,584
Current assets				
Inventories	49,881	47,198	37,920	36,345
Trade and other receivables	58,833	47,561	45,289	33,229
Loan receivables	-	46,272	-	46,272
Financial assets at fair value	-	35	-	35
Income tax receivable	86	-	-	-
Cash and cash equivalents	8,464	5,845	2,865	3,121
	117,264	146,911	86,074	119,002
Total assets	285,183	262,364	251,388	229,586
Continuing operations assets	275,184			
Discontinued operations assets	9,999			
Total	285,183			
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	75,281	75,281	75,281	75,281
Capital reserves	1,577	1,577	1,577	1,577
Reserves	22,760	20,535	22,525	20,301
Retained earnings	137,166	116,600	123,503	102,629
Attributable to the equity holders of the parent	236,784	213,993	222,886	199,788
Non-controlling interests	11,243	10,864	-	-
	248,027	224,857	222,886	199,788
Non-current liabilities				
Loans and borrowings	58	29	-	-
Liability for right-of-use assets	2,875	2,621	1,991	1,396
Provisions	1,405	1,619	1,041	1,412
Deferred tax liability	247	262	-	-
	4,585	4,531	3,032	2,808
Current liabilities				
Trade and other payables	26,604	23,219	21,312	18,473
Loans and borrowings	274	493	-	600
Liability for right-of-use assets	1,705	1,374	986	761
Income tax payable	2,384	5,542	2,268	5,306
Provisions	1,604	2,348	904	1,850
	32,571	32,976	25,470	26,990
Total liabilities	37,156	37,507	28,502	29,798
Total shareholders' equity and liabilities	285,183	262,364	251,388	229,586
Continuing operations liabilities	35,918			
Discontinued operations liabilities	1,238			
Total	37,156			

3. CORPORATE SOCIAL RESPONSIBILITY

Belupo actively contributes to business efficiency, market competitiveness and sustainable development of the Croatian economy through its socially responsible business operations. During 2025, in line with its long-standing tradition, numerous socially responsible projects and initiatives were implemented, further confirming the company's commitment to the community.

Within the framework of the goals of the Podravka Group's Sustainable Business Strategy, a reforestation campaign was carried out in which Belupo workers in Jagnjedovac, near the Rajčevica forest ranger, planted 1,500 beech seedlings as part of the Croatian Forests Collective Planting Day, thus contributing to the renewal of forest areas.

In 2025, Belupo also supported the "Happy to School" project, which has been providing free notebooks to all primary school students in Koprivnica for the 19th year in a row. A total of 2,504 sets, or 34,000 notebooks, were purchased, which significantly contributes to reducing costs for parents and promoting equal opportunities in education.

Donations during 2025 were directed to public health actions, the Koprivnica General Hospital, the Teaching Institute for Emergency Medicine of the Istrian County, and sports associations and clubs. Belupo Inc. continuously promotes health and quality of life through socially responsible activities aimed at the well-being of the community, among which the following initiatives stand out:

- support for the public health initiative "Brain Week" organized by the Croatian Society for Neuroscience and the Croatian Institute for Brain Research of the Faculty of Medicine of the University of Zagreb
- support for the initiative "The ambulance arrives with one more hug" of the Teaching Institute for Emergency Medicine of the Istrian County, as part of which every child in contact with the emergency medical team receives a teddy bear as a symbol of comfort and safety
- support for the campaign on the occasion of World Health Day organized by the City of Koprivnica
- support for the humanitarian campaign "Bicycle for those who cannot" on the occasion of World Multiple Sclerosis Day, with the aim of raising awareness and raising funds to help those affected
- organized visits to the company and production facilities for high school teachers and students
- educational activities for workers on the occasion of Red Dress Day, World Health Day, World Heart Day and the Movember initiative.

In 2025, Belupo financially supported professional meetings and conferences, including the Croatian Medical Association, the Croatian Pharmaceutical Society, the Croatian League Against Cancer, the Vrapče Psychiatric Clinic, the Faculty of Dentistry, and the Croatian Society of Pharmacologists.

The company is a sponsor of the Croatian Handball Association, the Koprivnica first league football team Slaven Belupo FC, and the Podravka Handball Club.

In addition to community-oriented activities, Belupo continuously invests in improving the material rights and working conditions of its employees, ensuring a stable, stimulating and safe working environment. In 2025, Belupo received the Employer Partner certificate, as a confirmation of excellence in human resource management and commitment to developing a quality organizational culture.

During 2025, Belupo also received several business awards. The Croatian Exporters Association awarded the company the "Golden Key" award in the Best Exporter to Slovakia category, while the "Balance Sheet 2025" award was given to Belupo as the Entrepreneur of the Year of the Koprivnica-Križevci County.

4. SAFETY AT WORK

Belupo invests a lot of energy, knowledge and significant resources in activities that improve the culture of health care.

The Occupational Safety Service takes care of the prevention of injuries at work, the occurrence of occupational diseases and other work-related diseases, as well as the protection of the working environment. Plans are continuously implemented in the implementation of activities aimed at improving working conditions and controlling the implementation of legal provisions related to occupational safety.

During 2025, the activities of the Occupational Safety Service are aimed at improving and controlling working conditions in all sectors of Belupo and educating and training employees. Risk assessment audits were conducted for Legal Affairs, Production Operations, Logistics, Maintenance and Energy, Controlling, Finance, Quality, IT, Production and Packaging Planning, Research and Development, Quality Control and Deltis Pharma pharmacies.

Compliance with the basic rules of occupational safety was carried out through periodic tests:

- work equipment,
- electrical installations,
- testing of the working environment (physical, chemical and biological factors)

According to the plan for 2025, tests were carried out on work equipment in 4 sectors, the working environment in 1 sector and electrical installations in 3 sectors. In 2024, tests were carried out on work equipment in 6 sectors, the working environment in 2 sectors, and electrical installations in 3 sectors.

In 2025, practical evacuation and rescue exercises were held at the location of Danica Street 5 in the warehouse of drugs for the domestic market, the warehouse of drugs for export, the warehouse of raw materials and packaging, and in all pharmacy units of Deltis Pharma. In 2024, practical evacuation and rescue exercises were held at the location of Danica Street 5 in the tower, old administrative building, advertising warehouse, warehouse and dispatch, energy center 1 and 3, office building, pilot plant and laboratories, quality control, production of solid drugs, production of semi-solid and liquid drugs and EPP (expansion of production).

During 2025, 20 internal inspections were conducted in the Production of Solid Drugs, Production of Semi-Solid and Liquid Drugs, Research and Development, Quality Control and Logistics. No deficiencies were observed. In 2024, 16 internal inspections were conducted in the Production of Semi-Solid and Liquid Drugs, Production of Solid Drugs, Quality Control and Logistics. No deficiencies were observed.

Monitoring of the health of workers in jobs with special working conditions is carried out continuously by a contracted occupational medicine doctor. Occupational medicine is also in charge of controlling the health of workers who work on a computer for more than 4 hours a day, as well as extraordinary examinations every 36 months for workers who are not in jobs with special working conditions, but come into contact with raw materials during work. In accordance with GMP standards, the employer is obliged to send all workers who work at visual inspection workplaces for examinations to a specialist ophthalmologist.

In 2025, 164 workers underwent vision and color vision tests, and a total of 637 workers underwent medical examinations. In 2024, 20 workers underwent vision and color vision tests, and a total of 500 workers underwent medical examinations.

Special attention is paid to timely training and education of workers to work in a safe way, which was completed by 78 workers in 2025 and 38 workers in 2024. In addition to the training of newly employed workers, a test of workers' knowledge in occupational safety is also carried out.

The Occupational Safety Service independently conducts training for safe work, the general part, work in a safe way in laboratories and in offices and when working with a computer according to the program approved by the Ministry of Labor, Pension System, Family and Social Policy.

The Occupational Safety Service also held training for the employer's authorized person for occupational safety, for 2 workers, and professional training for forklift operator for 8 workers. In 2024, the Occupational Safety Service organized professional training for workers working with hazardous chemicals for 37 workers, training for employer's authorized personnel for occupational safety for 13 workers and professional training for forklift operators for 19 workers. In 2025, we had 8 injuries at work, of which 6 were at workplace, and in 2024, 13 injuries at work, of which 9 were at workplace.

5. ENVIRONMENTAL PROTECTION

Waste management

Waste management processes are integrated into Belupo's processes, which implies a responsible attitude towards waste and the development of a culture of proper waste management, which are the basis of the company's sustainable business. In order for this system to function, Belupo employees are regularly educated on the proper way of waste selection.

Through its activities, Belupo generates hazardous and non-hazardous waste. Waste is selected at the place of origin in accordance with key numbers and temporarily stored at the location until handed over to an authorized collector. With the principle of efficient waste management, all waste generated during 2025 was disposed of in a safe and environmentally friendly way.

In 2025, 29 types of waste were recorded at Belupo in the total amount of 375 tons, in 2024, 31 types of waste were recorded in the total amount of 385 tons.

Year	Type of waste	Amount of generated waste / t	Method of processing		
			Recycling %	Thermal processing %	Landfill %
2024	31	385	59.6	37.5	2.9
2025	29	375	75	23	2

With proper management, a large part of waste has become a secondary raw material, which is aimed at saving natural resources as well as reducing the amount of waste that is disposed of in landfills.

During 2025, a series of activities aimed at improving the waste selection process were carried out, which reduced the amount of waste ending up in landfills by 36%. With this approach, we significantly contribute to more efficient waste management and at the same time reduce our carbon footprint, which has a positive impact on environmental protection and business sustainability.

The Belupo company is obliged to pay waste management fees, therefore, during 2025, we regularly reported to the Environmental Protection and Energy Efficiency Fund and paid the appropriate fees.

Air protection

Belupo uses refrigerants in its cooling systems, which have a negative impact on the ozone layer due to their chemical composition. With the aim of preventing a negative impact on the environment and in accordance with legal regulations, during 2025 a permeability check from refrigeration devices was carried out by authorized service technicians. Records of all refrigeration units have been updated and regular servicing has been carried out to prevent failures that can lead to the release of harmful gas into the environment.

Belupo attaches great importance to emissions into the air from stationary sources. During 2025, preventive maintenance of the same continued, regular inspection of all built-in filters to reduce dust emissions into the air, as well as control of the operation of activated carbon adsorbers. The operation of the plant is automated and the regeneration of activated carbon was carried out after its saturation, and the computerized record of the plant's operation ensured that we monitored emissions into the atmosphere. Plants using organic solvents were registered with the Ministry of Environmental Protection and Green Transition. By keeping a record of the consumption of organic solvents, the control of the amount of solvent consumption per each REGVOC plant was monitored. During 2025, emissions were measured at energy outlets. The emission limit values were within the permitted limits, which was recorded in the records, and the test reports were submitted to the Ministry of Environmental Protection and Green Transition. Continuing preventive maintenance of cooling systems and stationary outlets with the aim of minimizing unwanted emissions into the air is Belupo's primary task in the future.

Water protection

The protection of water and water resources was carried out in accordance with legal regulations and its own internal acts. Technological and sanitary water was drained from the Belupo site through a separate sewage system, mixed with wastewater from other factories and discharged to a mechanical and biological treatment plant. Wastewater analyses are regularly performed by authorized laboratories, in accordance with legal provisions and the Water Transport Permit. Due to the proper handling of hazardous substances and waste that was not discharged into the drainage system, wastewater met the limit values prescribed by legislation. Rainwater is drained through a separate sewer into a natural recipient. Continuous investments are being made to ensure the proper condition of the distribution system, which prevents uncontrolled withdrawal and discharge of water. Thus, during 2025, the storm sewer system was renovated on sections of the pipeline with a length of approximately 600 meters.

Risk supervision

In order to avoid the possibility of an incident with dangerous substances, a Threat Assessment was made, as well as an Operational Plan for Protection and Rescue, in which the potential effects on material goods, possible endangerment of employees and the environment as a result of the use of hazardous substances were elaborated, thus reducing the risk of an incident to a minimum. The peak quantities of hazardous substances have been updated in accordance with the Regulation on the Prevention of Major Accidents Involving Dangerous Substances and have been reported to the Register of Facilities in which Hazardous Substances are present. Proper handling of hazardous substances and chemicals was an integral part of employee education, which minimized the possibility of an incident.

Pollution emission register

Through the Environmental Pollution Register of the Ministry of Environmental Protection and Green Transition, all pollution and emissions into the environment were reported, separately for all types of waste with the final method and place of disposal, as well as the calculation of the quantities and places of emissions into the air and water.

Monitoring of legal regulations

During 2025, continuous monitoring of legal regulations and their implementation in Belupo systems continued. In 2025, the State Inspectorate supervised the implementation of regulations in the environmental protection segment. Belupo Inc. fully complies with all environmental protection regulations and not a single decision was issued regarding their violation.

Environmental actions

The company encourages employees to volunteer in clean-up campaigns, forest planting and humanitarian work, so during the past year, employees participated in a forest reforestation campaign in Rajčevica. With the expert guidance of Croatian Forests employees, employees contributed to the restoration of forest areas by planting 1,500 seedlings.

6. DEVELOPMENT PLAN

Belupo's goal is to strengthen its market positions in Croatia, the region and foreign markets. The focus of growth will be on selected European markets through the expansion of its range of medicines in traditionally strong ATC groups.

All business improvement activities are part of a five-year strategy that includes optimization of key processes, proactive portfolio management, and increasing the efficiency of purchasing and production capacities, with the ultimate goal of a positive impact on the operational efficiency of the business.

At the beginning of 2026, the Group sold 100% of its shares in the company Ljekarne Deltis Pharm (for more details see Note 37 Events after the balance sheet date), thereby creating the prerequisites for an even stronger focus on the core business (pharmaceuticals) and on the long-term strategy of the Belupo Group. After the sale of its pharmacies, and in accordance with the objectives of the Podravka Group Business Strategy until 2030, Belupo remains fully focused on the development of its core business. By 2030, Belupo plans to become a leading European expert in dermatology and a strong regional player in the field of OTC (over-the-counter) products, cardiology, psychiatry and neurology. The key growth markets are the markets of Central and Southeastern Europe, with a step forward into Western markets through dermatology and cooperation with partners.

The strategy includes investments worth 36 million euros that will enable the increase of production and logistics capacities and the improvement of business efficiency. An integral part of the planned investments is an investment in the Center of Excellence for Dermatology.

7. BRANDS, NEW PRODUCTS AND DIGITAL INNOVATIONS

BRANDS

BELUPO produces prescription and non-prescription medicines (herbal medicines, dietary supplements, cosmetics, OTC medicines, medical products, auxiliary substances). With selected therapeutic groups, it ensures sustainable growth and long-term value for employees, users and society as a whole. It is also present in 12 sub-portfolios and 14 ATK categories and is the market leader in the Croatian prescription medicines market according to IMS data for 2022. Belupo is present in international markets with almost all brands that are also on the domestic market, but the product portfolio differs from market to market. Belupo's portfolio of medicines is well known among business partners, patients and consumers and it is constantly being enriched with new products, taking into account market trends.



BELOSALIC
BETAMETAZON, SALICILNA KISELINA

The **BELOSALIC** brand (lotion, spray and ointment) is the best-selling brand in Belupo's portfolio, and is also the best-selling medicine in the markets of Russia, Ukraine, Kazakhstan and Poland. The Belosalic brand, thanks to its active ingredients, belongs to the group of topical corticosteroids, but is classified as a "strong corticosteroid". Medicines under the Belosalic brand are applied to the skin surface to reduce redness and itching caused by certain skin diseases, and have been present in Belupo's portfolio since 2000.

The **BELOGENT** brand also includes medicines that contain active ingredients from the group of strong corticosteroids, as well as the antibiotic gentamicin. Belogent is used for skin diseases that respond to local treatment with corticosteroids, such as psoriasis, dermatitis, eczema, seborrhea and other skin changes, and are complicated by a secondary infection caused by microorganisms sensitive to gentamicin or when such an infection is suspected..

BELOGENT
BETAMETAZON, GENTAMICIN

NEOFEN The **NEOFEN** brand, which includes tablets and gel for adults and syrup and suppositories for children, is based on the active substance ibuprofen. On the Croatian market, Neofen is among the four best-selling OTC brands. At the same time, it is Belupo's best-selling OTC brand on the market of Bosnia and Herzegovina, as well as on the market of Slovenia, where it is present under the name Ibubel. Most products from the Neofen line contain the active substance ibuprofen, while Neofen Combo combines ibuprofen and paracetamol. Neofen tablets are intended to relieve pain, reduce inflammation and lower body temperature. Neofen Plus gel is used for the local treatment of rheumatic pain, muscle and back pain, as well as pain and swelling caused by sprains, strains and other sports injuries and neuralgia. Neofen Combo is intended for adults over 18 years of age for the short-term relief of mild to moderate pain associated with migraine, headache, back pain and menstrual pain.

ROSIX, ROSIX DUO I ROSIX COMBI are used to lower elevated blood fat levels. A new potent statin for the control and treatment of dyslipidemia.

BELFORMIN is the basic therapy for the treatment of type 2 diabetes and the prevention of the development of the disease.

RIBAS is a medicine that helps prevent blood clots. The entire range of strengths (2.5 mg, 10 mg, 15 mg and 20 mg) allows for tailoring therapy to different patient needs, which significantly contributes to the safety of treatment and the quality of life of patients.

Medicines under the brand **NORMABEL** contain the active ingredient diazepam and are available in tablet form and as a solution for injection. Normabel tablets are used in the treatment of anxiety, insomnia associated with anxiety, muscle spasms and cerebral spasticity. They are also used as an adjunct to the treatment of some types of epilepsy (e.g. myoclonus) and as sedation for minor diagnostic and therapeutic procedures.

NORMABEL
D I A Z E P A M

LUPOCET Within Belupo's over-the-counter (OTC) portfolio, the best-selling OTC brand on the Croatian market in 2025 was **LUPOCET**. The Lupocet brand maintained its leading position in ATC group N, both in terms of quantity and value. The main active ingredient of the product is paracetamol, and there are 11 different strengths and pharmaceutical forms under the Lupocet brand. Products from the Lupocet line are intended for the treatment of pain and fever, while Lupocet Trio and Lupocet Flu Forte are aimed at alleviating the symptoms of flu and colds. In addition to paracetamol, Lupocet trio also contains guaifenesin and phenylephrine chloride in the form of a powder for oral solution, while Lupocet Flu forte, in addition to paracetamol, contains ascorbic acid (vitamin C) and chlorphenamine in the form of effervescent tablets.

NEW PRODUCTS

In 2025, Belupo expanded its range of over-the-counter products with a new line of dermocosmetics under the Belupo Skin Solutions brand. **Belupo Skin Solutions ALBA** is a moisturizing face cream rich in herbal extracts of white mulberry and linden, which contribute to even skin tone and enhance the effect of brightening facial skin. The olive oil-based formula provides long-lasting protection against drying out and keeps the skin smooth and supple. Cream with mild UV protection, suitable for use before and after aesthetic procedures.





Belupo Skin Solutions APSORIA is a soothing emulsion in a spray, intended for hydration and moisturization of dry and irritated skin, ideal for both the scalp and the body, and is also available as a cream. Carefully selected ingredients, including coconut oil, almond oil and panthenol, act as an ideal basis for skin regeneration, providing long-lasting protection against drying out. The formula, rich in plant extracts, reduces discomfort and dryness of the skin, symptoms associated with psoriatic skin.

Belupo Skin Solutions ASKAR has also been developed, a soothing gel that softens the skin and helps maintain hydration. The carefully selected formula based on silicone gel creates a protective barrier that protects the skin from external factors. It also helps soften, smooth and reduce scar marks.



Last year, Belupo launched a product from the group of medicines for the treatment of diabetes, **Belformin** prolonged-release tablets (500 mg, 750 mg, 1000 mg). The tablets contain the active substance metformin and belong to the pharmacotherapeutic group of medicines preparations for the treatment of diabetes (antidiabetics), biguanides (ATC code: A10BA02).

The new product includes **Cutibel** 500 micrograms/g shampoo containing the active ingredient clobetasol propionate. It belongs to the pharmacotherapeutic group of drugs: Corticosteroids, dermatological preparations; corticosteroids, high strength (group IV), ATC code: D07AD01.

DIGITAL INNOVATIONS

During 2025, Belupo also continued to systematically strengthen its own digital ecosystem with the aim of increasing the availability of relevant, verified and expert information for end users, patients and the general public. The website www.amofin.hr was launched, ensuring a clear and centralized digital presence of the brand with a focus on informing users about the therapeutic area. A new website www.beluposkinsolutions.hr was also launched, focused on dermatological solutions, with an emphasis on educational content, easy navigation and an optimized user experience. During 2025, the focus was also on further optimizing these web platforms through SEO improvements, improving the content structure and integrating analytical tools to better understand user behavior. In line with the Group's trends, Belupo further developed its presence on social networks in 2025 as key channels for education, engagement and trust building. The Facebook page and Instagram profile Belupo Skin Solutions were launched, opening a direct communication channel with users interested in dermatological topics, prevention and proper skin care. In parallel, the Instagram profile [zdravo_budi.hr](https://www.instagram.com/zdravo_budi.hr) was also opened, with the aim of promoting healthy lifestyle habits, raising health literacy and sharing expert advice in a customized, digital format to attract a younger population. During 2025, content strategies for www.zdravobudi.hr were strengthened through educational series, video formats, collaborations with health experts, and gradual testing of new formats (Reels, Stories, interactive content), in accordance with the regulatory framework of the pharmaceutical industry.

8. EXPOSURE AND RISK MANAGEMENT

In 2025, the Group's business operations were marked by several factors that influenced the level of risk exposure to unforeseen and negative changes which may effect on the achievement of Company goals. Therefore, changes in exchange rates of currencies of countries where we operate, the state of the economy in the country and the degree of liquidity, etc. should all be mentioned. Group aims to manage the potential risks in a way that they are continuously monitored, promptly defined and their intensity recognized to find the best response strategy whilst minimizing their negative impact on the Group. Communication between the Board and the management, their understanding of risks from their own field of responsibility and adoption of measures are key elements for protection from unforeseen losses. The following is an overview of the major risks and activities performed as the Group's response for effective risk management.

MARKET RISK

The fact that most of the material for the pharmaceutical industry is purchased on the international market increases the risk of price changes. Contracts are concluded with fixed prices in the longer term, and the prices of raw material for the Company's strategic products are continuously negotiated. The Group does not use forward contracts to manage price risks of pharmaceutical material. The Group's sales take place in the domestic and foreign markets, of which each has its own specific pricing regulations that the Group cannot influence. This represents a market risk that is avoided by continuous monitoring of changes and business conditions and a timely reaction in each individual market.

CURRENCY RISK

The exposure to foreign currency risk arises from transactions taking place in foreign currencies and are subject to exchange rate fluctuations. The outflows in foreign currencies are mainly denominated in USD, whilst foreign currency inflows are largely denominated in RUB. The most significant foreign exchange risk for the Group in 2025 was represented by the exchange rate volatility of RUB. In 2025, the Group did not use forward contracts for the purpose of hedging against the currency risk of foreign currencies. The Company's Finance continuously, daily, monitors the movement of foreign exchange rates and takes appropriate action in agreement with the Management Board.

INTEREST RATE RISK

The Group proactively manages this risk, taking actions to minimize it.

CREDIT RISK

The Group is exposed to the risk of inability to collect its receivables, both domestically and abroad. Collection of receivables from domestic customers depends on the dynamics of payment of the Croatian Health Insurance Found (CHIF), respectively, the liquidity of the entire health system. The balance of trade receivables is continuously monitored and actions implemented as protection from credit risk. Part of the receivables from domestic customers were insured with insurance policies in 2025, and additional certain foreign receivables were insured in early 2026. During 2025, the Group decided to exit factoring of its receivables due to the continuously increasing fees. As a result, the Group received bank guarantees from key customers during 2025 to further secure the collection of its receivables.

LIQUIDITY RISK

The Group faces liquidity risk due to uncertainty of collection, which depends on the dynamics of payment of the CHIF in the domestic market and the situation of individual economies in foreign markets. The Group manages this risk by continuously monitoring cash flow and planning of its activities and in case of unforeseen circumstances has agreed credit lines.

Information on financial instruments and the risks is explained in Note 33 Financial instruments within the notes to the financial statements.

9. VISION, SLOGAN, PURPOSE, VALUES AND STRATEGY

VISION

To be the most reliable partner on the healthcare journey.

SLOGAN

Be well.

PURPOSE

We manufacture top quality medications for every patient and contribute to mutual understanding among all stakeholders involved in the optimal treatment decisions.

VALUES

- Heartiness: Bold. Proud. Persistent.
- Trust: Expert. Experienced. Quality. Ethical.
- Inclusivity: Compassionate. Opened. Closeness.
- Creativity: Curious. Contemporary. Inventive.
- Accessibility: Ubiquitous. Secure. Competitive.

COMPANY STRATEGY

The goal is to further enhance the recognition of the Belupo brand as a symbol of quality, safety and affordable pharmaceutical care.

Belupo strategically directs its capacities and innovations towards the development and expansion of its portfolio, especially in the areas of dermatology, cardiology and the nervous system, as well as the non-prescription range. We want to become the first choice of healthcare professionals and patients through high-quality, effective and affordable products.

Belupo bases its market strategy on a strong positioning in Southeastern, Central and Eastern Europe, with continuous expansion into new markets.

Our strategic goal is to build a position as the most reliable partner in the pharmaceutical sector in the region through excellent customer support, flexibility in adapting to market demands and long-term relationships based on quality and joint growth.

As part of its sustainability strategy, Belupo develops initiatives to reduce its carbon footprint and optimize resource consumption, as well as transition to green energy sources in accordance with European and global standards in the pharmaceutical industry.

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Management Board is required to prepare the consolidated and separate financial statements for each financial year which give a true and fair view of the financial position of the Company and its subsidiaries ("the Group") and of the results of its operations and its cash flows, in accordance with applicable accounting standards, and is responsible for maintaining proper accounting records to enable the preparation of such consolidated and separate financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting suitable accounting policies to conform with applicable accounting standards and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the consolidated and separate financial statements on a going concern basis. After making enquiries, the Management Board has a reasonable expectation that the Company and Group have 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 preparing the consolidated and separate financial statements.

The Management Board is also responsible for the preparation of the Management report in accordance with the Croatian Accounting Act. The Management report is authorised and signed by the Management Board. The Management Board is responsible for the submission to the Supervisory Board of its Annual report together with the annual consolidated and separate financial statements, following which the Supervisory Board is required to approve the annual financial statements for submission to the General Assembly of Shareholders for adoption.

The consolidated and separate financial statements were authorised by the Management Board on March 23, 2026 for issue to the Supervisory Board and are signed below to signify this:



Hvoje Čević
President of the Management Board



Tihomir Hedeber
Member of the Management Board



Nenad Pavletić
Member of the Management Board

BELUPO
lijekovi i kozmetika, d.d.
KOPRIVNICA 27

Belupo Inc.

Ulica Danica 5
48000 Koprivnica
Republic of Croatia
March 23, 2026





**Shape the future
with confidence**

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INDEPENDENT AUDITOR'S REPORT

To the owner of Belupo Pharmaceuticals & Cosmetics and Belupo Group

Report on the audit of the separate and consolidated financial statements

Opinion

We have audited the separate financial statements of Belupo Pharmaceuticals & Cosmetics (the Company) and consolidated financial statements of Belupo Pharmaceuticals & Cosmetics and its subsidiaries (together - the Group), which comprise the separated and consolidated statement of financial position as at 31 December 2025, the separate and consolidated statement of comprehensive income, the separate and consolidated statement of cash flows and the separate and consolidated statement of changes in equity for the year then ended, and notes to the separate and consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and Group as at 31 December 2025 and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and the consolidated financial statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), 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.

Other information

Management is responsible for the other information. Other information comprises information included in the Annual Report but does not include separate and consolidated financial statements and our auditor's report thereon. Our opinion on the separate and consolidated financial statements does not cover the other information.

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

With respect to the Management 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 Articles 22 and 24 of the Accounting Act.



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Other information (continued)

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 is consistent, in all material respects, with the enclosed separate and consolidated financial statements; and
2. the enclosed Management Report is prepared in accordance with requirements of Articles 22 and 24 of the Accounting Act.

In the light of the knowledge and understanding of the Company and Group and its environment obtained in the course of the audit of separate and consolidated 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 separate and consolidated financial statements

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

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

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 separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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**Auditor's responsibilities for the audit of the separate and the consolidated financial statements
(continued)**

- 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 and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Filip Hitrec
Member of the Management Board and Certified Auditor

23 March 2026

Ernst & Young d.o.o.
Radnička cesta 50
10000 Zagreb
Republic of Croatia

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Group		Company	
		2025	2024	2025	2024
<i>(in thousands of EUR)</i>					
Revenue	7, 7a, 7b	181,241	175,379	129,441	124,545
Cost of goods sold	9a	(86,086)	(85,799)	(58,517)	(56,895)
Gross profit from sales		95,155	89,580	70,924	67,650
Other income	8	2,511	725	4,340	703
General and administrative expenses	9b	(21,189)	(20,753)	(15,377)	(15,735)
Selling and distribution expenses	9c	(11,192)	(10,200)	(5,794)	(5,335)
Marketing expenses	9d	(23,699)	(21,640)	(18,803)	(17,036)
Other expenses	11	(548)	(1,712)	(548)	(1,261)
Operating profit		41,038	36,000	34,742	28,986
Finance income	13	2,252	1,403	6,248	5,608
Finance expenses	14	(2,285)	(1,612)	(2,214)	(1,563)
Profit before tax		41,005	35,791	38,776	33,031
Income tax	15	(7,578)	(5,012)	(6,672)	(3,981)
Profit for the year		33,427	30,779	32,104	29,050
Profit after tax from continued operations		31,861			
Profit after tax from discontinued operations	37	1,566			
Profit after tax from total operations		33,427			
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Actuarial gains/(losses) - net from tax	26	(3)	(2)	(6)	-
Items that may be subsequently reclassified to profit of loss					
Foreign operations – foreign currency translation differences	26	(2)	(1)	-	-
Total comprehensive income for the year		33,422	30,776	32,098	29,050
Profit attributable to:					
The equity holders of the parent		31,796	29,304		
Non-controlling interests		1,631	1,475		
		33,427	30,779		
Total comprehensive income attributable to:					
The equity holders of the parent		31,791	29,301		
Non-controlling interests	28	1,631	1,475		
		33,422	30,776		

The accompanying accounting policies and notes form an integral part of these financial statements.



STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Group		Company	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
<i>(in thousands of EUR)</i>					
ASSETS					
Non-current assets					
Intangible assets	17	17,091	14,809	10,302	9,711
Property, plant and equipment	18	94,146	94,441	82,724	82,604
Right-of-use assets	19	4,390	3,928	2,835	2,125
Non-current financial assets	23	50,615	109	50,604	98
Investments in subsidiaries	20	-	-	17,349	13,764
Deferred tax assets	16	1,677	2,166	1,500	2,282
		167,919	115,453	165,314	110,584
Current assets					
Inventories	21	49,881	47,198	37,920	36,345
Trade and other receivables	22	58,833	47,561	45,289	33,229
Loan receivables	23	-	46,272	-	46,272
Financial assets at fair value		-	35	-	35
Income tax receivable		86	-	-	-
Cash and cash equivalents	24	8,464	5,845	2,865	3,121
		117,264	146,911	86,074	119,002
Total assets		285,183	262,364	251,388	229,586
Continuing operations assets		275,184			
Discontinued operations assets	37	9,999			
Total		285,183			
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	25	75,281	75,281	75,281	75,281
Capital reserves		1,577	1,577	1,577	1,577
Reserves	26	22,760	20,535	22,525	20,301
Retained earnings	27	137,166	116,600	123,503	102,629
Attributable to the equity holders of the parent		236,784	213,993	222,886	199,788
Non-controlling interests	28	11,243	10,864	-	-
		248,027	224,857	222,886	199,788
Non-current liabilities					
Loans and borrowings	29	58	29	-	-
Liability for right-of-use assets	19	2,875	2,621	1,991	1,396
Provisions	30	1,405	1,619	1,041	1,412
Deferred tax liability	16	247	262	-	-
		4,585	4,531	3,032	2,808
Current liabilities					
Trade and other payables	31	26,604	23,219	21,312	18,473
Loans and borrowings	29	274	493	-	600
Liability for right-of-use assets	19	1,705	1,374	986	761
Income tax payable		2,384	5,542	2,268	5,306
Provisions	30	1,604	2,348	904	1,850
		32,571	32,976	25,470	26,990
Total liabilities		37,156	37,507	28,502	29,798
Total shareholders' equity and liabilities		285,183	262,364	251,388	229,586
Continuing operations liabilities		35,918			
Discontinued operations liabilities	37	1,238			
Total		37,156			

The accompanying accounting policies and notes form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

<i>Group (in thousands of EUR)</i>	Notes	Share capital	Capital reserves	Other reserves	Retained earnings	Attributable to the equity holders of the parent	Non-controlling interests	Total
Balance at 1 January 2024		75,281	1,577	19,523	89,311	185,692	10,642	196,334
Profit for the year		-	-	-	29,304	29,304	1,475	30,779
Other comprehensive income	26	-	-	(3)	-	(3)	-	(3)
Total comprehensive income		-	-	(3)	29,304	29,301	1,475	30,776
<i>Transactions with owners recognized directly in capital</i>								
Transfer to other reserves	26	-	-	1,015	(1,015)	-	-	-
Dividend declared and paid	27, 28	-	-	-	(1,000)	(1,000)	(1,253)	(2,253)
Total Transactions with owners recognized directly in capital		-	-	1,015	(2,015)	(1,000)	(1,253)	(2,253)
Balance at 31 December 2024		75,281	1,577	20,535	116,600	213,993	10,864	224,857
Balance at 1 January 2025		75,281	1,577	20,535	116,60	213,993	10,864	224,857
Profit for the year		-	-	-	31,796	31,796	1,631	33,427
Other comprehensive income	26	-	-	(5)	-	(5)	-	(5)
Total comprehensive income		-	-	(5)	31,796	31,791	1,631	33,422
<i>Transactions with owners recognized directly in capital</i>								
Transfer to other reserves	26	-	-	2,230	(2,230)	-	-	-
Dividend declared	27, 28	-	-	-	(9,000)	(9,000)	(1,252)	(10,252)
Total Transactions with owners recognized directly in capital		-	-	2,230	(11,230)	(9,000)	(1,252)	(10,252)
Balance at 31 December 2025		75,281	1,577	22,760	137,166	236,784	11,243	248,027

The accompanying accounting policies and notes form an integral part of these financial statements.



SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

<i>Company (in thousands of EUR)</i>	Notes	Share capital	Capital reserves	Other reserves	Retained earnings	Total
Balance at 1 January 2024		75,281	1,577	19,286	75,594	171,738
Profit for the year		-	-	-	29,050	29,050
Total comprehensive income		-	-	-	29,050	29,050
<i>Transactions with owners recognized directly in capital</i>						
Transfer to other reserves	26	-	-	1,015	(1,015)	-
Dividend declared and paid	27	-	-	-	(1,000)	(1,000)
Total Transactions with owners recognized directly in capital		-	-	1,015	(2,015)	(1,000)
Balance at 31 December 2024		75,281	1,577	20,301	102,629	199,788
Balance at 1 January 2025		75,281	1,577	20,301	102,629	199,788
Profit for the year		-	-	-	32,104	32,104
Other comprehensive income	26	-	-	(6)	-	(6)
Total comprehensive income		-	-	(6)	32,104	32,098
<i>Transactions with owners recognized directly in capital</i>						
Transfer to other reserves	26	-	-	2,230	(2,230)	-
Dividend declared and paid	27	-	-	-	(9,000)	(9,000)
Total Transactions with owners recognized directly in capital		-	-	2,230	(11,230)	(9,000)
Balance at 31 December 2025		75,281	1,577	22,525	123,503	222,886

The accompanying accounting policies and notes form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

<i>(in thousands of EUR)</i>	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
Profit for the year	33,427	30,779	32,104	29,050
Depreciation of property, plant and equipment	6,358	6,331	5,227	5,268
Depreciation of intangible assets	1,136	1,188	1,024	1,053
Depreciation of right-of-use assets	1,594	1,465	964	886
Impairment/(reversal of impairment) of intangible assets	(1,175)	771	548	320
Impairment loss on property, plant and equipment	-	135	-	135
Impairment/(reversal of impairment) of investments in subsidiaries	-	-	(3,585)	-
Loss/(gain) from sale and disposal of non-current assets	(42)	(18)	(10)	(1)
Loss/(gain) from sale of assets held for sale	-	(5)	-	-
Interest and other financial income	(2,252)	(1,381)	(6,248)	(5,585)
Interest expense and other financial expenses	2,225	1,612	2,154	1,561
Effect of changes in foreign exchange rates	56	(22)	59	(22)
Income tax	7,578	5,012	6,672	3,981
	48,905	45,867	38,909	36,646
Increase/(decrease) of provisions	(643)	516	(1,006)	476
Change in inventories	(2,683)	(7,716)	(1,575)	(7,752)
Change in trade and other receivables	(11,975)	(6,505)	(11,245)	(2,333)
Change in trade and other payables	3,191	2,103	3,004	1,950
Cash generated from operations	36,795	34,265	28,087	28,987
Interest paid	(2,383)	(1,509)	(2,315)	(1,458)
Income tax paid	(10,347)	(1,334)	(8,927)	(130)
Net cash generated from Operations	24,065	31,422	16,845	27,399
Cash flow from investing activities				
Purchases of property, plant and equipment	(5,977)	(5,464)	(5,347)	(4,307)
Proceeds from the sale of property, plant and equipment	42	53	11	12
Purchase of intangible assets	(2,243)	(2,875)	(2,164)	(2,806)
Proceeds from sales of assets held for sale	-	118	-	-
Acquisition of financial assets	(278)	(81)	(278)	(81)
Loans and deposits given	(19,034)	(29,088)	(19,034)	(29,088)
Proceeds from loans given	9,800	-	9,800	-
Interest received	2,194	1,285	2,132	1,256
Dividend received	-	-	2,790	4,113
Net cash from investing activities	(15,496)	(36,052)	(12,090)	(30,901)
Cash flow from financing activities				
Proceeds from borrowings	511	-	-	1,200
Repayment of borrowings	(37)	(2,687)	(100)	(3,255)
Repayment of liabilities for right-of-use assets	(1,529)	(1,390)	(911)	(831)
Dividend paid	(4,000)	-	(4,000)	-
Profit paid to minority interest	(895)	(1,253)	-	-
Net cash from financing activities	(5,950)	(5,330)	(5,011)	(2,886)
Net increase/(decrease) in cash and cash equivalents	2,619	(9,960)	(256)	(6,388)
Cash and cash equivalents at beginning of the year	5,845	15,805	3,121	9,509
Cash and cash equivalents at end of the year	8,464	5,845	2,865	3,121

The accompanying accounting policies and notes form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 1 – GENERAL INFORMATION

Belupo Pharmaceuticals and Cosmetics Inc., Koprivnica (the Company) is a joint stock company incorporated in Croatia. The principal activity of the Company and its subsidiaries (the Group) is manufacture and distribution of drugs, pharmaceutical products, cosmetics, auxiliary medical preparations and other chemicals.

The Group is headquartered in Koprivnica, at the address Ulica Danica 5, Republic of Croatia.

The owner of the Company is Podravka Inc. whose headquarter is at Ante Starčevića 32, Koprivnica, Croatia, Podravka Inc. prepares annual consolidated financial statements of Podravka Group in which the Company participates as a controlled member which is also included in the Group. Annual consolidated financial statements of the Podravka Group as published can be found on the website of Podravka Group., <https://www.podravka.com/>, and on the website of the Zagreb Stock Exchange, <https://zse.hr/>. Annual financial statements of Belupo Group and Belupa Inc. are available upon publication on the pages of FINA within the public Register of Annual Financial Statements or on the web pages of the Court Register.

Corporate governance and management

General Assembly

The General Assembly of the Company consists of the Management Board of Podravka Inc.

Supervisory Board

President	Martina Dalić (from 26.4.2021.)
Deputy President	Davor Doko (from 9.5.2017.)
Member	Ines Ignjatović (from 18.5.2023.)
Member	Željko Dragec (from 1.5.2025.)
Member	Ante Jelčić (from 4.11.2025.)
Member	Dubravko Barić (from 1.5.2021. till 30.4.2025.)
Member	Petar Miladin (from 9.5.2017. till 3.11.2025.)

Management Board

President	Hrvoje Čeović (from 1.10.2022.)
Member	Tihomir Heđever (from 4.5.2020.)
Member	Nenad Pavletić (from 15.9.2025.)
Member	Marko Đerek (from 24.2.2022. till 3.5.2025.)

Audit Committee

President	Davor Doko (from 23.10.2017.)
Member	Martina Dalić (from 28.4.2021.)



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 2 – BASIS OF PREPARATION

(i) Statement of compliance

The consolidated financial statements and separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRS). The Group and the Company consistently apply the accounting policies set out below.

The financial statements were approved by the Management Board on March 23, 2026.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values.

(iii) Functional and presentation currency

The Group maintains its accounting records in the Croatian language, in euro and in accordance with Croatian law and the accounting principles and practices observed by enterprises in Croatia. The accounting records of the Croatian and foreign subsidiaries are maintained in accordance with regulations effective in those jurisdictions.

These financial statements are prepared in euro (EUR), which is also the functional currency, rounded to the nearest thousand. Due to rounding to the nearest thousand, minor errors in the presented subtotals are possible.

The items included in the Company's financial statement are expressed in the currency of the primary economic environment in which the Company operates (functional currency EUR).

(iv) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires from Management Board to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by Management Board in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 5.



NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Belupo Inc. (the Company) and entities controlled by the Company (its subsidiaries) as at and for the year ended 31 December 2025. Control is achieved where the Company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

(i) Subsidiaries

Investments in subsidiaries are initially recognized at cost, and subsequently at cost less impairment. Impairment testing of investments in subsidiaries is carried out on an annual basis for investments in subsidiaries for which indicators of impairment have been identified.

(ii) Non-controlling interests

Non-controlling interests are initially measured by their proportionate share of recognised net assets of the acquiree at the acquisition date. Changes in the Group's share in the subsidiary that do not result in loss of control are accounted for as transactions with owners.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Company's interest in the enterprise. Unrealised gains arising from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, rebates and discounts, returns, costs of listing and various promotional and marketing activities that form an integral part of purchase contracts.

Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2. Revenue recognition (continued)

(i) *Revenue from products and trade goods – wholesale*

Group manufactures and sells its own products and trade goods (where the Group acts as a distributor) in the wholesale market. Sales of goods are recognised when Group has delivered the products to the wholesaler, the wholesaler has full control over the goods, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

Delivery does not occur until the products have been shipped to the specified location, the control has been transferred to the wholesaler and either of the following has occurred: the wholesaler has accepted the products in accordance with the contract, the acceptance provisions have lapsed or Group has objective evidence that all criteria for acceptance has been satisfied. The most common parities are CIP (Carriage and Insurance Paid to), where control passes to the customer at the time of delivery of the goods and the receipt of the delivery note when the goods are delivered and EXW (Ex Works), where the Group places the goods at the disposal of the customer at their premises or in another designated place and then the cost and risk are transferred to the customer.

Products are sold with discounts and customers with whom is contracted have a right to return faulty products in the wholesale market. Sales are recorded based on the price specific in the sales contracts, net of estimated discounts at the time of sale. The discounts are assessed based on anticipated annual purchases. The sale does not have elements of financing.

(ii) *Revenue from products and goods – retail*

Sales of goods sold in retail stores are recognised when the Group sells a product to the customer. Retail sales are usually in cash or by credit card or by collection from Croatian Health Insurance Fund (CHIF). The Group does not operate any customer loyalty programmes.

(iii) *Revenue from services*

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iv) *Finance income*

Finance income consists of interest income on funds invested, income from guarantee fees, changes in the fair value of financial assets carried at fair value through profit and loss, and exchange rate gains on loans and financial assets. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised when the right to receive payment is established.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3. Leases

The Group leases certain property and equipment.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value in the amount up to EUR 5 thousand (low-value assets). Assessment of asset of a low value starts from the assessment of new assets, regardless of the age of that asset at the time of assessment. If a lessee subleases an asset, the head lease does not qualify as a lease of a low value asset. In short-term leases and leases of a low value asset, lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term. At the commencement date, the Group also recognizes lease liabilities at the present value of the minimum future lease payments (discounted value). Interest rate implicit in the lease contract is used for discounting or if that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate at the commencement date.

Lease liabilities are measured at the effective interest rate method and re-measured to include changes due to reassessments (changes in fixed payments, lease terms, discount rates and other similar changes).

In the statement of financial position, right-of-use assets are reported as a separate line under long term assets, lease liabilities are disclosed as a separate item within long-term and short-term liabilities. The statement of comprehensive income includes the cost of amortization of the right-of-use assets and interest expenses on lease liabilities (see Note 19).

3.4. Foreign currencies

(i) Transactions and balances in foreign currency

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate valid at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and items that are measured based on historical cost in a foreign currency are not translated using new exchange rates. Non-monetary assets and liabilities that are measured based on a historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

As at 31 December 2025 the official exchange rate for EUR was 92.0938 RUB for 1 EUR and 1.1757 USD for 1 EUR.

(ii) Companies within the Group

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro (EUR), which is also the Company's functional currency, and are rounded to the nearest thousand.

Income and expenses and cash flows of foreign operations are translated into the functional currency of the Company and the Group using the exchange rate at the date of the transaction, and their assets and liabilities are translated at the exchange rate in effect at the end of the reporting period. Any exchange differences arising from such translation are presented in a separate line item within equity.

Exchange differences arising on the translation of net investments in foreign operations are recognized within equity.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5. Share-based payments

Share-based payments refer to equity instruments of the owner, Podravka Inc., provided by the Group to its employees. In the case of transactions in which liabilities are measured based on the entity's equity instruments, the Group measures acquired goods and services and incurred liabilities at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the statement of comprehensive income for the period.

3.6. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.7. Dividends

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's General Assembly.

3.8. Taxation

(i) Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax assets and liabilities

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws in effect at the reporting date. Deferred tax assets are recognized for unused tax losses, unused tax credits and temporary tax differences in the extent that it is probable that future taxable profits will be available to neutralize them. Deferred tax assets are reduced to the extent that it is no longer likely to be available as tax relief.

(iii) Investment tax credits

Investment tax credits are incentives arising from government incentive schemes which enable the Group to reduce its income tax liability or liabilities arising from other specified taxes in future periods, and are linked to the construction or acquisition of certain assets and/or performance of certain activities and/or fulfilment of certain specific conditions prescribed in the relevant regulation for investment incentives by the relevant authorities. Tax investment credits are initially recognized as a deferred tax asset and an income tax benefit in the amount equal to the lower of the maximum authorized credit and the estimated amount of credit that the Group expected it will be able to utilize until the incentive expires. Deferred tax assets recognized as a result of investment tax credits is utilized during the period of the incentive, i.e. until the expiration of the credits (if so specified) in accordance with and subject to the availability of tax obligations in future years against which the credits can be offset.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.9. Property, plant and equipment

Land and assets under construction are not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10 to 50 years
Equipment	2 to 40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined as the difference between the income from the disposal and the asset's carrying amount, and are recognized within other income/expenses, net in the statement of comprehensive income.

3.10. Intangible assets

(i) Registration files and registrations

Use of registration files and registrations have a definite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of rights to use registration files and registrations over their estimated useful lives.

(ii) Pharma rights

Pharma rights are carried at cost and have an indefinite useful life, since based on an analysis of all of the relevant factors at the reporting date, there is no foreseeable limit to the period of time over which identified rights are expected to generate net cash inflows. Intangible assets with indefinite useful lives are tested annually for impairment and are stated at cost less accumulated impairment losses.

(iii) Software and licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Software and licences	2 to 15 years
Rights of registration files use and registrations	5 to 15 years
Development costs	10 years

3.11. Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (apart from inventories and deferred taxes) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Intangible assets with indefinite useful lives are tested for impairment annually, as well as other intangible assets whenever there is an indication that the asset may be impaired.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.11. Impairment of property, plant and equipment and intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is expensed immediately.

3.12. Trade receivables

Trade receivables are recognised initially at cost which is equal to the fair value at the moment of recognition and subsequently measured at amortised cost using the effective interest method, if significant; if not, at nominal amount less an allowance for impairment.

3.13. Inventories

Inventories of raw materials, packaging, spare parts and technical materials are stated at the lower of cost, determined using the weighted average method, and net realisable value. The cost is determined by the weighted average price method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The cost of work-in-process and finished goods comprise raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Merchandise is carried at the weighted average price less applicable taxes and margins.

Low valued inventories are expensed when put into use.

3.14. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less. Bank overdrafts are included within current liabilities on the statement of financial position.

3.15. Share capital

Share capital consists of ordinary shares.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16. Employee benefits

(i) Pension obligations and post-employment benefits

In the normal course of business through salary payment, the Group makes payments to mandatory pension funds on behalf of its employees as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. In addition, the Group is not obliged to provide any other post-employment benefits.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iii) Regular retirement benefits

Benefits falling due more than 12 months after the reporting date are discounted to their present value based on the calculation performed at each reporting date by an independent actuary, using assumptions regarding the number of staff likely to earn regular retirement benefits, estimated benefit cost and the discount rate which is determined as the average expected rate of return on investment in government and corporate bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

(iv) Long-term employee benefits

The Group recognises a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability is determined annually by an independent actuary, using assumptions regarding the likely number of staff to whom the benefits will be payable, estimated benefit cost and the discount rate which is determined as the average expected rate of return on investment in government and corporate bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss.

(v) Short-term employee benefits

The Group recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Share-based compensation

The Group and the Company manage the remuneration plan in the form of shares. Certain members of management receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for equity instruments of the owner, Podravka Inc..

Share-based payments to employees for services rendered that were settled by equity instruments are measured at fair value of the equity instruments at the grant date. The fair value of share-based payments settled by equity is recognized as expenditure over the period of acquiring the conditions, based on estimates relating to equity instruments for which conditions will eventually be vested.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.17. Financial instruments

A. Financial assets

Trade receivables are initially recognised at the time when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The structure of the Group's financial assets is simple and primarily relates to trade receivables without a significant financial component, loans given and short-term deposits in banks at fixed interest rates. This significantly reduces the complexity of the assessment whether the financial assets meet the criterion of 'solely payments of principal and interest'.

B. Financial liabilities

Financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

C. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

During 2025 and 2024, the Group had no transactions related to hedge accounting.

D. Impairment of non-derivative financial assets

(i) *Recognition of impairment losses*

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- debt investments measured at fair value through other comprehensive income; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if early warning indicators have been activated in accordance with the Group's policy or contractual terms of the instrument.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.17. Financial instruments (continued)

D. Impairment of non-derivative financial assets (continued)

(i) *Recognition of impairment losses (continued)*

The Group considers a financial asset to be fully or partially in default if:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

(ii) *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. Regular external trade receivables that are not past due and uncollected receivables past due up to 360 days from the maturity date are impaired using the percentage that reflects the expectations of the non-collection of trade receivables (ECL). The percentage of impairment is determined on the basis of the average of the previous three-year period (historical rate) separately for each of the Group's companies. The calculation of the historical rate is adjusted for extraordinary and specific circumstances, if required.

(iii) *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a significant delay of payment by the borrower;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

(iv) *Write-off of financial assets*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount of a financial asset upon the legal statute of limitation and it generally expects no recovery of the amount written off.

NOTE 4 – NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

4.1. Standards and Interpretations effective in the current period

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

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, issued on 15 August 2023 (effective date for annual periods beginning on or after 1 January 2025).

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

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

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

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

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

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

The Company and the Group does not anticipate that the adoption of these Standards and Interpretations will have a significant impact on the financial statements of the Company and the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 5 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with International financial reporting standards as adopted by the European Union (EU IFRS) requires Management Board to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by Management Board in the application of EU IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed more detail below.

(i) Recognition of deferred tax assets

Deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. In determining future taxable profits and the amount of tax benefits that are probable in the future, Management Board makes judgments and applies estimation based on previous years taxable profits and expectations of future income that are believed to be reasonable under the existing circumstances.

(ii) Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

During 2025, based on a review of the useful life of long-term assets, the Management Board has estimated that there is no need to increase or decrease the useful life time of any property, plant and equipment (in 2024 there was no need to increase or decrease the useful life of property, plant or equipment).

(iii) Impairment test for investments in subsidiaries and pharma rights

The Group and Company tests rights for impairment on an annual basis in accordance with accounting policy. For the purposes of impairment testing rights with indefinite useful lives have been allocated to cash generating units within business segments at their carrying amount at the reporting date is as follows:

	<i>Group</i>	
	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>	
Pharmacy rights	6,400	4,676
	6,400	4,676



NOTE 5 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(iii) Impairment test for investments in subsidiaries and pharma rights (continued)

During 2025, the Group recognized the reversal of a portion of previously recognized impairment losses on pharmacy rights in the amount of EUR 1,724 thousand based on the concluded agreement on the sale and purchase of 100% of the equity shares in the company Ljekarne Deltis Pharm, the sale of which was realized in early 2026 (for more details, see Note 37 Events after the reporting date). The realized purchase price reflects the fair value of the pharmacy rights at the reporting date.

During 2024, the Group had an impairment charge for pharmacy rights for three pharmacy units in the total amount of EUR 450 thousand. After the impairment test, the Group additionally compared similar transactions in the pharmacy market through revenue and operating profit multipliers, which also indicated that the carrying amount was not above fair value. Management considered the cash-generating unit as a single pharmacy unit in a specific geographical area. The recoverable amount of the cash-generating units was determined by value-in-use calculations based on discounted cash flow projections based on financial plans approved by the Management Board and covering a five-year period from the reporting date. The key assumptions underlying the projection of future discounted cash flows as of 31 December 2024 included an average revenue growth rate of 2.5% over the five-year period from 2026 onwards, with some deviations expected for 2025 due to changes in the business organisation of individual pharmacy units through optimisation of the number of shifts. A terminal growth rate of 2% was used in the cash flows beyond the five-year period, and the present value of the net future cash flows was calculated using discount rates based on a weighted average cost of capital of 8.00% after tax (for assets generating the majority of their revenue on the Croatian market).

In 2025, the Company recognized the reversal of a portion of the previously recognized impairment of the share in the related company Ljekarne Deltis Pharm in the amount of EUR 3,585 thousand (disclosed in Note 8 Other income and Note 20 Investments in subsidiaries) based on the concluded purchase agreement for 100% of the equity shares in Ljekarne Deltis Pharm, the sale of which was realized in early 2026 (for more details, see Note 37 Events after the reporting date). The realized purchase price reflects the fair value of the investment at the reporting date (2024: the Company did not recognize or reverse the impairment of investments in subsidiaries).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 6 – DETERMINATION OF FAIR VALUES

The Group has an established control framework with respect to fair value measurement which assumes the overall responsibility of the Management Board and Finance department in relation to the monitoring of all significant fair value measurements, consultation with external experts and the responsibility to report, with respect the above, to those charged with corporate governance.

Fair values are measured using information collected from third parties in which case the Management Board and the Finance department assess whether the evidence collected from third parties support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

All significant issues related to fair values estimates are reported to the Supervisory Board and the Audit Committee.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1* – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2* – inputs other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3* – input variables for assets or liabilities that are not based on observable market data (unobservable inputs).

The Company has made the following significant estimates of fair value in the context of preparing the financial statements, which are further explained in the notes:

(i) Share-based payments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is considered active if quoted prices are known from an exchange, broker, industry group or regulatory agency, and those prices represent actual and regular market transactions under normal commercial conditions.

(ii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows discounted at the market interest rate at the measurement date. Short-term receivables without the stated interest rate are measured according to the amount of the original invoice if the effect of discounting is not significant. Fair value is determined at initial recognition and for disclosure purposes at each reporting date.

(iii) Non-derivative financial liabilities

Fair value, at initial recognition and for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 7 – REVENUE FROM SALES

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Revenue from sales of products - domestic	58,044	63,710	50,486	55,526
Revenue from sales of products - abroad	121,103	109,229	78,291	68,442
Revenue from sales of services - domestic	1,250	1,721	582	571
Revenue from sales of services - abroad	844	719	82	6
	181,241	175,379	129,441	124,545

NOTE 7a – REVENUE FROM SALES BY TERRITORIAL REGION

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Adria	107,739	111,250	61,081	65,030
Southeastern Europe	12,709	10,813	11,227	9,821
Western Europe and Overseas	3,511	2,428	2,872	1,834
Central Europe	11,964	11,277	8,942	8,249
Eastern Europe	45,318	39,611	45,319	39,611
	181,241	175,379	129,441	124,545

The Adria region includes the territory of Croatia, Slovenia and Bosnia and Herzegovina. The region of Southeast Europe includes the territory of Albania, Kosovo, Montenegro, North Macedonia, Serbia, Greece and Bulgaria. The region of Western Europe and overseas countries includes Denmark, Italy, Germany, Switzerland, France, Austria, Great Britain, Cyprus, Botswana, Iraq, Libya, Turkey, Israel, Belgium, Spain, Portugal and Australia. The Central Europe region includes the territory of the Czech Republic, Poland, Slovakia and Hungary. The Eastern Europe region includes the markets of Kazakhstan, the Russian Federation and Ukraine.

NOTE 7b – REVENUES FROM SALES BY PROGRAM

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Ethical drugs	123,504	118,192	105,406	101,170
Non-prescription drugs	25,714	24,486	23,068	22,250
Enteral nutrition	326	574	303	548
Services	2,094	2,440	664	577
Merchandise	29,603	29,687	-	-
	181,241	175,379	129,441	124,545

NOTE 8 – OTHER INCOME

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Gains on sale of assets held for sale - net	-	5	-	-
Government grants	70	35	70	35
Gains from the sale and expense of right-of-use assets - net	3	1	2	1
Gains from the sale and disposal of fixed assets - net	40	17	9	-
Foreign exchange gains on receivables and payables	71	-	71	-
Reversal of impairment of pharmacy rights	1,724	-	-	-
Reversal of impairment of investments in subsidiaries	-	-	3,585	-
Other income	603	667	603	667
	2,511	725	4,340	703



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 8 – OTHER INCOME (continued)

During 2025, the Group recognized the reversal of a portion of previously recognized impairment of pharmacy rights in the amount of EUR 1,724 thousand based on the concluded agreement on the sale and purchase of 100% of the equity share in the company Ljekarne Deltis Pharm, the sale of which was realized in early 2026 (for more details see Note 37 Events after the reporting date). The realized purchase price reflects the fair value of the pharmacy rights at the reporting date. At the same time, in 2025, the Company recognized the reversal of a portion of previously recognized impairment of the share in the related company Ljekarne Deltis Pharm in the amount of EUR 3,585 thousand (Note 20 Investments in subsidiaries and Note 37 Events after the reporting date). The realized purchase price reflects the fair value of the investment at the reporting date.

Other revenue of the Group in the amount of EUR 603 thousand in 2025 includes revenue from royalties, revenue from the sales of dossiers and rights to use (2024: EUR 667 thousand revenue from royalties and revenue from the sales of dossiers and rights to use and interest income).

Other revenue of the Company in the amount of EUR 603 thousand in 2025 includes revenue from royalties, revenue from the sales of dossiers and rights to use (2024: EUR 667 thousand revenue from royalties and revenue from the sales of dossiers and rights to use and interest income).

NOTE 9a – COST OF GOODS SOLD

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Material and cost of goods sold	58,684	59,793	35,496	35,075
Staff costs	14,484	13,147	13,041	11,830
Depreciation and amortisation	5,012	4,970	4,522	4,499
Energy	3,597	3,871	3,390	3,680
Other	4,309	4,018	2,068	1,811
	86,086	85,799	58,517	56,895

NOTE 9b – GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Staff costs	12,151	12,233	9,357	9,753
Services	5,319	4,516	4,272	3,687
Depreciation and amortisation	2,006	2,001	1,471	1,495
Other	1,713	2,003	277	800
	21,189	20,753	15,377	15,735

Within the general and administrative expenses of the Group in 2025, EUR 6,522 thousand was recognized as research and development expenses (2024: EUR 6,850 thousand).

Within the general and administrative expenses of the Company in 2025, EUR 5,973 thousand was recognized as research and development expenses (2024: EUR 6,507 thousand).

The position of Services under General and administrative expenses also includes audit costs for the legally prescribed audit of the annual financial statements for the Group in 2025 in the amount of EUR 91 thousand (2024: EUR 81 thousand); while the same audit costs for the Company in 2025 amount to EUR 75 thousand (2024: EUR 68 thousand).



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 9c – SELLING AND DISTRIBUTION EXPENSES

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Staff costs	6,225	5,768	2,859	2,657
Depreciation and amortisation	908	850	288	252
Provision for trade receivables, net	(81)	(164)	(4)	(67)
Energy	447	448	307	313
Services	1,635	967	769	355
Transportation	1,432	1,450	1,397	1,425
Other	626	881	178	400
	11,192	10,200	5,794	5,335

NOTE 9d – MARKETING EXPENSES

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Staff costs	9,251	8,237	7,582	6,724
Depreciation and amortisation	1,162	1,163	934	961
Marketing and promotion	9,400	8,787	7,352	6,904
Services	2,352	2,033	1,818	1,437
Other	1,534	1,420	1,117	1,010
	23,699	21,640	18,803	17,036

NOTE 10 – EXPENSES BY NATURE

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Raw materials and supplies and cost of goods sold	65,820	67,286	39,711	39,802
Staff costs	41,511	39,189	32,239	30,768
Advertising and promotion	6,758	6,422	5,675	5,398
Depreciation and amortisation	9,021	8,928	7,148	7,151
Services	10,938	9,166	8,360	6,947
Entertainment	3,260	3,260	1,834	1,908
Rental costs	274	219	223	171
Transport	1,463	1,489	1,416	1,453
Telecommunication	289	263	189	173
Other taxes independent of operating results	735	600	432	394
Provisions for trade receivables, net	(81)	(164)	(4)	(67)
Insurance premiums	614	603	471	428
Per diems and travelling expenses	972	899	691	635
Other expenses	592	232	106	(160)
	142,166	138,392	98,491	95,001

The item Other costs includes the costs of education and professional literature, bank fees, membership fees, environmental protection costs, other income and expenses. Changes in the value of inventories is reported in the position Raw materials and supplies and the cost of goods sold..

NOTE 11 – OTHER EXPENSES

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Interest expense on trade payables	-	1	-	1
Impairment loss on non-current asstes	548	904	548	454
Foreign exchange losses on receivables and payables	-	807	-	806
	548	1,712	548	1,261



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 12 – STAFF COSTS

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Salaries	38,900	35,505	30,969	27,875
Transportation	555	570	484	504
Unused vacation and jubilee awards	103	186	(201)	170
Termination benefits	100	101	26	86
Other	2,453	3,023	1,561	2,329
	42,111	39,385	32,839	30,964

The position of salaries at the Group includes EUR 14,706 thousand of contributions and taxes and surcharges (2024: EUR 13,215 thousand), while the position of salaries at the Company includes EUR 11,582 thousand of contributions and taxes and surcharges (2024: EUR 10,085 thousand).

In 2025, the Group and the Company capitalized EUR 600 thousand of staff costs (2024: EUR 196 thousand) out of the total cost of salaries for their own development, of which net salaries in amount of EUR 383 thousand (2024: EUR 128 thousand), contributions from salary in the amount of EUR 105 thousand (2024: EUR 34 thousand), contributions on salaries in amount of EUR 74 thousand (2024: EUR 23 thousand), and taxes in amount of EUR 38 thousand (2024: EUR 11 thousand).

As at 31 December 2025, the Group had 1,345 employees (2024: 1,329 employees). The full time equivalent (FTE) for the Group for 2025 is 1,272 (2024: 1,255). FTE is the full-time equivalent, and is calculated based on the actual hours earned and paid by the employee. The average number of employees during the 2025 business year for the Group is 1,339 (2024: 1,323).

As at 31 December 2025, the Company had 1,051 employees, of which 156 were employed in representative offices (2024: 1,042 employees, of which 151 were employed in representative offices). The full time equivalent (FTE) for the Company for 2025 is 987 (2024: 974). FTE is the full-time equivalent, and is calculated based on the actual hours earned and paid by the employee. The average number of employees during the 2025 business year for the Company is 1,049 (2024: 1,037).

NOTE 13 – FINANCE INCOME

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Interest on related party loans	2,093	988	2,093	988
Interest on deposits, receivables and other finance income	159	393	104	357
Dividends	-	-	4,051	4,242
Exchange rate differences on loans and financial assets	-	22	-	21
	2,252	1,403	6,248	5,608

NOTE 14 – FINANCE EXPENSES

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Interest expense on borrowings and finance leases	215	179	145	132
Other financial expenses	13	13	12	11
Factoring expenses and fees	1,997	1,420	1,997	1,420
Exchange rate differences on loans and financial assets	60	-	60	-
	2,285	1,612	2,214	1,563

In 2025 and 2024 the Group and the Company did not have any investments that would capitalize interest costs on property, plant and equipment.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 15 – INCOME TAX EXPENSE

Income tax expense comprises the following:

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Current tax	7,103	5,496	5,888	4,283
Deferred tax	475	(484)	784	(302)
Tax expense	7,578	5,012	6,672	3,981
	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Profit before taxation	41,005	35,791	38,776	33,031
Income tax 18%	7,381	6,442	6,980	5,946
Effects of non-deductible expenses	531	498	320	295
Tax incentive adjustment for capital investment	-	(1,600)	-	(1,600)
Effects of non-taxable income and other incentives	(63)	(27)	(757)	(791)
Tax paid abroad	129	131	129	131
Effect of different tax rates	(400)	(432)	-	-
Tax expense	7,578	5,012	6,672	3,981
<i>Effective tax rate</i>	<i>18%</i>	<i>14%</i>	<i>17%</i>	<i>12%</i>

NOTE 16 – DEFERRED TAX ASSETS AND LIABILITIES

Tax incentives for capital investment

Tax breaks for investment are considered incentives resulting from government incentives that the Company and the Group provide tax relief income tax or other taxes specified in future periods, and are linked to the construction or acquisition of certain assets and/or implementation of certain activities and/or satisfaction certain specific conditions stipulated by relevant regulations for investment incentives by the competent authorities. Tax incentives for investments are initially recognized as deferred tax assets and income tax in the amount lower than the maximum authorized height exemptions and deductions for the amount that it is estimated that it will be able to achieve the Group during the term of the incentive measures. Deferred tax assets recognized as a result of tax credits for investments reversed during the period of the incentive measures, that is, until the expiration of benefits (if the same is specified) subject to the availability of tax obligations in the coming years as a result of the use of incentives may reduce.

Based on the Act to the encouraging investment and improving the investment environment, in March 2015, the Company obtained the status of the incentive measure. By confirming the Ministry of Economy, the Company approved the use of tax incentives in support of the eligible costs of new employment linked to investment projects and incentives for capital investment costs of the project within the permitted amount of tax relief for investments of 21,729 thousand EUR for which the Company had the ability to reduce future tax obligations arising from income tax and / or receiving cash amount as a stimulus for employment in the framework of the investment project. The Company stated tax relief for investments has the right to use in the next 10 years from the date of approval by the relevant authorities. For investments in the amount of HRK equivalent of over 3 million EUR, the recipient of incentive measures tax liability is reduced as a whole, provided that a minimum of 15 new jobs linked to the investment. The investments are subject to the supervision of the competent institutions and the Company may not reduce the number of new jobs (related to the conditions of incentives) in addition to other conditions, in the period of using the incentive measures, with a minimum period of 5 years.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 16 – DEFERRED TAX ASSETS AND LIABILITIES (continued)

Deferred tax assets – Group

31 December 2025 <i>(in thousands of EUR)</i>	Opening balance	Recognized in statement of comprehensive income	Recognised in equity	Closing balance
Property, plant and equipment	3	(1)	-	2
Intangible assets	679	(326)	-	353
Deferred income	48	(13)	-	35
Receivables	52	(21)	-	31
Provisions	775	(268)	1	508
Inventories	597	117	-	714
Right-of-use assets and lease liabilities	12	22	-	34
	2,166	(490)	1	1,677

31 December 2024 <i>(in thousands of EUR)</i>	Opening balance	Recognized in statement of comprehensive income	Recognised in equity	Closing balance
Property, plant and equipment	15	(12)	-	3
Intangible assets	552	127	-	679
Deferred income	63	(15)	-	48
Receivables	48	4	-	52
Provisions	454	322	(1)	775
Inventories	564	33	-	597
Right-of-use assets and lease liabilities	-	12	-	12
Trade and other payables	3	(3)	-	-
	1,699	468	(1)	2,166



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 16 – DEFERRED TAX ASSETS AND LIABILITIES (continued)

Deferred tax liability – Group

31 December 2025 <i>(in thousands of EUR)</i>	Opening balance	Recognized in statement of comprehensive income	Closing balance
Property, plant and equipment	262	(15)	247
	262	(15)	247

31 December 2024 <i>(in thousands of EUR)</i>	Opening balance	Recognized in statement of comprehensive income	Closing balance
Property, plant and equipment	278	(16)	262
	278	(16)	262

Deferred tax assets – Company

31 December 2025 <i>(in thousands of EUR)</i>	Opening balance	Recognized in statement of comprehensive income	Recognised in equity	Closing balance
Financial assets	1,189	(646)	-	543
Property, plant and equipment	3	(1)	-	2
Intangible assets	109	(15)	-	94
Deferred income	48	(13)	-	35
Provisions	539	(272)	2	269
Inventories	388	144	-	532
Right-of-use assets and lease liabilities	6	19	-	25
	2,282	(784)	2	1,500

31 December 2024 <i>(in thousands of EUR)</i>	Opening balance	Recognized in statement of comprehensive income	Recognised in equity	Closing balance
Financial assets	1,189	-	-	1,189
Property, plant and equipment	4	(1)	-	3
Intangible assets	64	45	-	109
Deferred income	63	(15)	-	48
Provisions	279	260	-	539
Inventories	380	8	-	388
Right-of-use assets and lease liabilities	-	6	-	6
Trade and other payables	1	(1)	-	-
	1,980	302	-	2,282

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 17 – INTANGIBLE ASSETS

Group

<i>(in thousands of EUR)</i>	Software and licences	Distribution rights, right of registration file use and registrations	Pharmacy rights	Development costs	Goodwill	Assets under construction	Total
Cost							
At 1 January 2024	5,017	18,704	7,839	4,931	2,867	3,601	42,959
Additions	-	-	-	-	-	2,875	2,875
Transfers	427	395	-	348	-	(1,170)	-
Transfer from/to tangible assets	-	-	-	-	-	(6)	(6)
Disposals and write off's	(126)	(289)	-	(255)	-	-	(670)
Impairment losses	-	(1)	-	-	-	(223)	(224)
At 31 December 2024	5,318	18,809	7,839	5,024	2,867	5,077	44,934
Accumulated amortisation							
At 1 January 2024	(3,462)	(17,151)	(2,713)	(2,866)	(2,867)	-	(29,059)
Charge for the year	(279)	(600)	-	(309)	-	-	(1,188)
Disposals and write off's	125	289	-	255	-	-	669
Impairment losses	-	(69)	(450)	(28)	-	-	(547)
At 31 December 2024	(3,616)	(17,531)	(3,163)	(2,948)	(2,867)	-	(30,125)
Carrying amount at 31 December 2024	1,702	1,278	4,676	2,076	-	5,077	14,809
Cost							
At 1 January 2025	5,318	18,809	7,839	5,024	2,867	5,077	44,934
Additions	-	-	-	-	-	2,243	2,243
Transfers	1,089	358	-	343	-	(1,790)	-
Transfer from/to tangible assets	-	-	-	-	-	(1)	(1)
Disposals and write offs	(38)	(59)	-	(51)	-	-	(148)
Impairment loss	-	-	-	-	-	(546)	(546)
At 31 December 2025	6,369	19,108	7,839	5,316	2,867	4,983	46,482
Accumulated amortisation							
At 1 January 2025	(3,616)	(17,531)	(3,163)	(2,948)	(2,867)	-	(30,125)
Charge for the year	(349)	(478)	-	(309)	-	-	(1,136)
Disposals and write offs	38	59	-	51	-	-	148
Impairment losses	-	(2)	1,724	-	-	-	1,722
At 31 December 2025	(3,927)	(17,952)	(1,439)	(3,206)	(2,867)	-	(29,391)
Carrying amount at 31 December 2025	2,442	1,156	6,400	2,110	-	4,983	17,091

Intangible assets under construction refer to capitalized drug development costs, clinical studies in progress, registration solutions and acquired registration files for which approval from Agency for Health Care is pending.

During 2025, the Group reversed a portion of previously recognized impairment losses on pharmacy rights in the amount of EUR 1,724 thousand, more details in Note 5 Key accounting judgments and estimates (2024: Group had impairment costs of pharmacy rights in the amount of EUR 450 thousand).



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 17 – INTANGIBLE ASSETS (continued)

Company

(in thousands of EUR)

	Software and licences	Rights of registration file use and registrations	Development costs	Assets under construction	Total
Cost					
At 1 January 2024	4,416	10,837	4,931	3,505	23,689
Additions	-	-	-	2,806	2,806
Transfers	395	331	348	(1,074)	-
Transfer from/to tangible assets	-	-	-	(6)	(6)
Disposals and write offs	(126)	(289)	(255)	-	(670)
Impairment losses	-	(1)	-	(223)	(224)
At 31 December 2024	4,685	10,878	5,024	5,008	25,595
Accumulated amortisation					
At 1 January 2024	(2,964)	(9,575)	(2,866)	-	(15,405)
Charge for the year	(241)	(503)	(309)	-	(1,053)
Disposals and write offs	126	289	255	-	670
Impairment losses	-	(68)	(28)	-	(96)
At 31 December 2024	(3,079)	(9,857)	(2,948)	-	(15,884)
Carrying amount at 31 December 2024	1,606	1,021	2,076	5,008	9,711
Cost					
At 1 January 2025	4,685	10,878	5,024	5,008	25,595
Additions	-	-	-	2,164	2,164
Transfers	1,074	318	343	(1,735)	-
Transfer from/to tangible assets	-	-	-	(1)	(1)
Disposals and write offs	(38)	(59)	(51)	-	(148)
Impairment loss	-	-	-	(546)	(546)
At 31 December 2025	5,721	11,137	5,316	4,890	27,064
Accumulated amortisation					
At 1 January 2025	(3,079)	(9,857)	(2,948)	-	(15,884)
Charge for the year	(318)	(397)	(309)	-	(1,024)
Disposals and write offs	38	59	51	-	148
Impairment losses	-	(2)	-	-	(2)
At 31 December 2025	(3,359)	(10,197)	(3,206)	-	(16,762)
Carrying amount at 31 December 2025	2,362	940	2,110	4,890	10,302

Intangible assets under construction refer to capitalized drug development costs, clinical studies in progress, registration solutions and acquired registration files for which approval from Agency for Health Care is pending.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 18 – PROPERTY, PLANT AND EQUIPMENT

Group

<i>(in thousands of EUR)</i>	Land and buildings	Equipment	Assets under construction	Total
Cost				
At 1 January 2024	83,729	136,517	2,001	222,247
Additions	-	87	5,405	5,492
Transfers	1,493	2,887	(4,380)	-
Transfer from/to intangible assets	-	-	6	6
Disposals and write off's	(102)	(1,364)	-	(1,466)
Impairment losses	-	(83)	-	(83)
At 31 December 2024	85,120	138,044	3,032	226,196
Accumulated amortisation				
At 1 January 2024	(47,304)	(79,499)	-	(126,803)
Charge for the year	(1,852)	(4,479)	-	(6,331)
Disposals and write off's	102	1,329	-	1,431
Impairment losses	-	(52)	-	(52)
At 31 December 2024	(49,054)	(82,701)	-	(131,755)
Carrying amount at 31 December 2024	36,066	55,343	3,032	94,441
Cost				
At 1 January 2025	85,120	138,044	3,032	226,196
Additions	-	26	6,037	6,063
Transfers	362	2,893	(3,255)	-
Transfer from/to intangible assets	-	-	1	1
Disposals and write off's	-	(746)	-	(746)
At 31 December 2025	85,482	140,217	5,815	231,514
Accumulated amortisation				
At 1 January 2025	(49,054)	(82,701)	-	(131,755)
Charge for the year	(1,885)	(4,473)	-	(6,358)
Disposals and write off's	-	745	-	745
At 31 December 2025	(50,939)	(86,429)	-	(137,368)
Carrying amount at 31 December 2025	34,543	53,788	5,815	94,146

Buildings and equipment of the Group in the amount of EUR 1,386 thousand (2024: Land, buildings and equipment of the Group in the amount of EUR 40,750 thousand) have been pledged as collateral for loan liabilities of Belupo Group.

As of 31 December 2025, the assets under construction mostly refers to production equipment and tools in production.

In 2025, the total increase of EUR 6,063 thousand includes EUR 86 thousand of equipment acquired through a financial lease contract (2024: the total increase of EUR 5,492 thousand includes EUR 28 thousand of equipment acquired through a financial lease contract).



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 18 – PROPERTY, PLANT AND EQUIPMENT (continued)

Company

(in thousands of EUR)

	Land and buildings	Equipment	Assets under construction	Total
Cost				
At 1 January 2024	69,973	128,623	1,398	199,994
Additions	-	-	4,307	4,307
Transfers	1,493	1,339	(2,832)	-
Transfer from/to intangible assets	-	-	6	6
Disposals and write off's	-	(1,167)	-	(1,167)
Impairment losses	-	(83)	-	(83)
At 31 December 2024	71,466	128,712	2,879	203,057
Accumulated amortisation				
At 1 January 2024	(41,365)	(74,925)	-	(116,290)
Charge for the year	(1,443)	(3,825)	-	(5,268)
Disposals and write off's	-	1,157	-	1,157
Impairment losses	-	(52)	-	(52)
At 31 December 2024	(42,808)	(77,645)	-	(120,453)
Carrying amount at 31 December 2024	28,658	51,067	2,879	82,604
Cost				
At 1 January 2025	71,466	128,712	2,879	203,057
Additions	-	-	5,347	5,347
Transfers	362	2,203	(2,565)	-
Transfer from/to intangible assets	-	-	1	1
Disposals and write off's	-	(522)	-	(522)
At 31 December 2025	71,828	130,393	5,662	207,883
Accumulated amortisation				
At 1 January 2025	(42,808)	(77,645)	-	(120,453)
Charge for the year	(1,475)	(3,752)	-	(5,227)
Disposals and write off's	-	521	-	521
At 31 December 2025	(44,283)	(80,876)	-	(125,159)
Carrying amount at 31 December 2025	27,545	49,517	5,662	82,724

As of 31 December 2025, the assets under construction mostly refers to production equipment and tools in production.

As of December 31, 2025, the Company has no pledged assets as collateral for the Company's credit obligations (on December 31, 2024, the Company's buildings and land with a net book value of EUR 38,790 thousand were pledged as a guarantee for the Company's credit obligations, which were paid in full on December 31, 2024, and the decision on deletion from the land register was issued on January 30, 2025).



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 19 – ASSETS AND LIABILITIES WITH THE RIGHT-OF-USE ASSETS

Movements in right-of-use assets

Group

(in thousands of EUR)

	Buildings	Plant and equipment	Total
Cost			
At 1 January 2024	3,982	3,031	7,013
Additions	2,222	706	2,928
Disposals and write offs	(1,196)	(155)	(1,351)
At 31 December 2024	5,008	3,582	8,590
Accumulated amortisation			
At 1 January 2024	(2,799)	(1,689)	(4,488)
Charge for the year	(727)	(738)	(1,465)
Disposals and write offs	1,138	153	1,291
At 31 December 2024	(2,388)	(2,274)	(4,662)
Carrying amount at 31 December 2024	2,620	1,308	3,928
Cost			
At 1 January 2025	5,008	3,582	8,590
Additions	271	1,971	2,242
Disposals and write offs	(301)	(1,463)	(1,764)
At 31 December 2025	4,978	4,090	9,068
Accumulated amortisation			
At 1 January 2025	(2,388)	(2,274)	(4,662)
Charge for the year	(765)	(829)	(1,594)
Disposals and write offs	251	1,327	1,578
At 31 December 2025	(2,902)	(1,776)	(4,678)
Carrying amount at 31 December 2025	2,076	2,314	4,390

Company

(in thousands of EUR)

	Buildings	Plant and equipment	Total
Cost			
At 1 January 2024	2,291	1,637	3,928
Additions	1,657	300	1,957
Disposals and write offs	(1,195)	(86)	(1,281)
At 31 December 2024	2,753	1,851	4,604
Accumulated amortisation			
At 1 January 2024	(1,811)	(1,004)	(2,815)
Charge for the year	(475)	(411)	(886)
Disposals and write offs	1,138	84	1,222
At 31 December 2024	(1,148)	(1,331)	(2,479)
Carrying amount at 31 December 2024	1,605	520	2,125
Cost			
At 1 January 2025	2,753	1,851	4,604
Additions	138	1,694	1,832
Disposals and write offs	(167)	(1,382)	(1,549)
At 31 December 2025	2,724	2,163	4,887
Accumulated amortisation			
At 1 January 2025	(1,148)	(1,331)	(2,479)
Charge for the year	(488)	(476)	(964)
Disposals and write offs	118	1,273	1,391
At 31 December 2025	(1,518)	(534)	(2,052)
Carrying amount at 31 December 2025	1,206	1,629	2,835



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 19 – ASSETS AND LIABILITIES WITH THE RIGHT-OF-USE ASSETS (continued)

Movements in lease liabilities for right-of-use assets

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
At 1 January	3,995	2,539	2,157	1,111
Interest expense	209	164	133	96
Increase of lease liabilities during the year	2,242	2,928	1,832	1,957
Lease liabilities payments	(1,738)	(1,554)	(1,044)	(926)
Write-off's	(189)	(61)	(161)	(60)
Exchange rate effect	61	(21)	60	(21)
At 31 December	4,580	3,995	2,977	2,157
Current portion of long term liability for right-of-use assets	1,705	1,374	986	761
Long term liability for right-of-use assets	2,875	2,621	1,991	1,396

Amounts recognised in the statement of comprehensive income

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Depreciation expense of right-of-use asset	1,594	1,465	964	886
Interest expense of lease liabilities	209	164	133	96
Expenses related to short-term leases and leases of low-value assets etc.	274	219	223	171
Exchange rate difference	61	(21)	60	(21)
Total amount recognised in the statement of comprehensive income	2,138	1,827	1,380	1,132

NOTE 20 – INVESTMENTS IN SUBSIDIARIES

Name and headquarters of the subsidiary	Country	Ownership interest in %		Principal activity
		31 December 2025	31 December 2024	
Farmavita d.o.o., Sarajevo, Igmanska broj 5a, Vogošća	Bosnia and Herzegovina	65	65	Production and distribution of pharmaceuticals
Ljekarne Deltis Pharm, Koprivnica, Ulica Josipa Vargovića 4/IV	Croatia	100	100	Drugstore
Belupo d.o.o., Ljubljana, Dvoržakova 6	Slovenia	100	100	Distribution of pharmaceuticals
Belupo s.r.o., Bratislava, Cukrová 14	Slovakia	100	100	Distribution of pharmaceuticals
Belupo d.o.o.el, Skopje, Ulica 3-ta Makedonska brigada 68	North Macedonia	100	100	Distribution of pharmaceuticals
Carryng amount of the investment in thousands of EUR		17,349	13,764	

In 2025, the Company recognized the reversal of a portion of the previously recognized impairment loss on the share in the related company Ljekarne Deltis Pharm in the amount of EUR 3,585 thousand (disclosed in Note 8 Other income) based on the concluded purchase agreement for 100% of the equity shares in Ljekarne Deltis Pharm, the sale of which was realized in early 2026 (for more details, see Note 37 Events after the reporting date). The realized purchase price reflects the fair value of the investment at the reporting date (2024: the Company did not recognize or reverse the impairment of investments in the subsidiaries).



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 21 – INVENTORIES

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Finished goods and merchandise	34,658	30,746	24,007	21,487
Raw materials and supplies	14,352	15,773	13,077	14,180
Work in progress	871	679	836	678
	49,881	47,198	37,920	36,345

NOTE 22 – TRADE AND OTHER RECEIVABLES

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Trade receivables	60,419	46,997	38,973	27,587
Less: Provisions for impairment	(3,551)	(3,632)	(767)	(771)
Net trade receivables	56,868	43,365	38,206	26,816
Advances to suppliers	306	164	293	161
Trade receivables from related parties	101	163	4,795	5,017
Prepaid expenses and other receivables from related parties	185	128	189	132
Other receivables	1,373	3,741	1,806	1,103
Total current receivables	58,833	47,561	45,289	33,229

Other receivables in the Group and the Company are elaborated in the following of Note 22.

Movements in the provision for impairment of trade receivables are as follows:

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
At 1 January	3,632	4,146	771	1,188
Collected	(4)	(50)	(4)	(49)
Increase/(decrease)	(76)	(114)	-	(18)
Written off as uncollectable/Exchange rate differences	(1)	(350)	-	(350)
At 31 December	3,551	3,632	767	771

Impairment loss on trade receivables and reversal of impairment loss on trade receivables is included within 'Selling and distribution expenses'.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 22 – TRADE AND OTHER RECEIVABLES (continued)

Age analysis of trade receivables for which no impairment was made:

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Non due	34,608	24,568	29,104	19,804
1-90 days	18,127	16,075	13,847	12,022
91-180 days	1,699	970	50	7
181-360 days	2,535	1,915	-	-
	56,969	43,528	43,001	31,833

Other receivables consist of the following:

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Net VAT receivable	681	569	678	567
Prepaid expenses	434	463	333	355
Receivables from employees	64	64	60	60
Deposits with a maturity of more than 3 months	-	2,045	-	-
Receivables for declared retained earnings from related parties	-	-	631	-
Other receivables	194	600	104	121
	1,373	3,741	1,806	1,103

Movement of prepaid expenses and accrued income:

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
At 1 January	463	431	359	289
Additions	5,014	3,854	4,833	3,690
Decrease	(5,043)	(3,822)	(4,855)	(3,620)
At 31 December	434	463	337	359

NOTE 23 – RECEIVABLES ON LOANS GRANTED

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Non-current borrowings				
Loans to related parties	50,500	-	50,500	-
Total non-current borrowings	50,500	-	50,500	-
Current borrowings				
Loans to related parties	-	46,272	-	46,272
Total current borrowings	-	46,272	-	46,272
Total loans	50,500	46,272	50,500	46,272

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 24 – CASH AND CASH EQUIVALENTS

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Cash with banks	5,523	3,652	819	1,285
Cash in hand	16	18	1	1
Deposits	2,925	2,175	2,045	1,835
	8,464	5,845	2,865	3,121

Cash on bank accounts refers to transaction accounts at commercial banks with an average interest rate of 0.0722% for the Group and 0.0003% for the Company. Deposits refer to short-term funds of up to 3 months, which carry an average interest rate of 1.5419% for the Group and 1.7160% for the Company.

Cash assets by currency were as follows:

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
BAM	4,134	2,117	2	1
EUR	3,259	2,240	2,079	1,656
USD	14	206	14	206
RUB	712	1,178	712	1,178
Other currencies	345	104	58	80
	8,464	5,845	2,865	3,121

NOTE 25 – SHARE CAPITAL

The share capital of the Company as at 31 December 2025 amounts to EUR 75,281,388.00 and is divided into 5,790,876 ordinary shares (31 December 2024: EUR 75,281,388.00 divided into 5,790,876 shares) with a nominal value of EUR 13.00 which are wholly owned by Podravka Inc., Koprivnica.

Profit distribution

On 25 June 2025, the General Assembly decided that of the total profit of the Company in 2024 in the amount of 29,050 thousand euros, a part of it was allocated to statutory reserves in the amount of 1,453 thousand euros, a part in the amount of 778 thousand euros was allocated to other reserves to cover unwritten development costs reported in assets, while the remaining part in the amount of 26,819 thousand euros was allocated to retained earnings.

The Company as at 31 December 2025 reported development costs in the total amount of EUR 5,632 thousand (2024: EUR 4,956 thousand).



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 26 – RESERVES

Group

(in thousands of EUR)

	Legal reserves	Other reserves	Translation reserves	Total
At 1 January 2024	3,871	15,446	206	19,523
Exchange differences	-	-	(1)	(1)
Transfer to reserves	-	1,015	-	1,015
Actuarial gains/(losses) net of tax	-	(2)	-	(2)
At 31 December 2024	3,871	16,459	205	20,535
At 1 January 2025	3,871	16,459	205	20,535
Exchange differences	-	-	(1)	(1)
Transfer to reserves	-	2,229	-	2,229
Actuarial gains/(losses) net of tax	-	(3)	-	(3)
At 31 December 2025	3,871	18,685	204	22,760

Company

(in thousands of EUR)

	Legal reserves	Other reserves	Total
At 1 January 2024	3,843	15,443	19,286
Transfer to reserves	-	1,015	1,015
At 31 December 2024	3,843	16,458	20,301
At 1 January 2025	3,843	16,458	20,301
Transfer to reserves	-	2,230	2,230
Actuarial gains/(losses) net of tax	-	(6)	(6)
At 31 December 2025	3,843	18,682	22,525

The legal reserve is required under Croatian Law according to which the Company is committed to build up legal reserves to a minimum of twentieth part (5%) of the profit for the year until the total reserve reaches five percent (5%) of the share capital. Reserves are non-distributable.

Other reserves mainly comprise statutory reserves recorded in accordance with the Company's Articles of Association. Company Statute does not define distributivity of these reserves (Companies Act - Statutory reserves may be used only for the purposes prescribed by the Articles of Association). However, these reserves can be distributed based on the General Assembly's decision for the purposes prescribed by the law.

Translation reserve relates to foreign exchange differences on foreign operations.

NOTE 27 – RETAINED EARNINGS

	Group		Company	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
At 1 January	116,600	89,311	102,629	75,594
Transfer to other reserves	(2,230)	(1,015)	(2,230)	(1,015)
Profit for the year	31,796	29,304	32,104	29,050
Dividend declared	(9,000)	(1,000)	(9,000)	(1,000)
At 31 December	137,166	116,600	123,503	102,629

On 25 June 2025, the General Assembly of the Company decided to pay a portion of retained earnings in the amount of EUR 9,000 thousand to the owner as a dividend. As of 31 December 2025, the dividend obligation was fully closed (2024: paid dividend to the owner in the amount of EUR 1,000 thousand).



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 28 – NON-CONTROLLING INTEREST

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
At 1 January	10,864	10,642
Share in profit/(loss) for the year	1,631	1,475
Declared retained earnings not paid out on the reporting date	(358)	-
Dividend paid to minority shareholder	(894)	(1,253)
At 31 December	11,243	10,864

Non-controlling interest arose on the acquisition of a 65% equity share in Farmavita d.o.o. Sarajevo in 2008.

Short financial statements for Farmavita d.o.o. Sarajevo are presented below (in thousand of EUR).

	<u>31 December</u>	<u>31 December</u>
	<u>2025</u>	<u>2024</u>
<i>Statement of financial position</i>		
Non-current assets	9,971	10,364
Current assets	30,107	27,466
Current liabilities	(9,319)	(8,275)
Non-current liabilities	(500)	(520)
Net assets	30,259	29,035
<i>Statement of comprehensive income for the year</i>		
Sales revenue	43,186	41,516
Profit or loss after tax	4,802	4,355
Other comprehensive income or loss	1	-
Total comprehensive income or loss for the year	4,803	4,355
<i>Statement of cash flows</i>		
Net increase/(decrease) in cash and cash equivalents	(27)	(1,914)



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 29 – LOANS AND BORROWINGS

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Non-current borrowings				
Finance lease	58	29	-	-
	58	29	-	-
Current borrowings				
Related party borrowings	-	-	-	600
Foreign and domestic banks	231	470	-	-
Finance lease	43	23	-	-
	274	493	-	600
Total borrowings	332	522	-	600

Group:

Bank borrowings of EUR 101 thousand (2024: EUR 52 thousand) are secured by mortgages over the equipment of the Group.

During 2025, the Group recorded financial activities upon receipt of loans in the amount of EUR 511 thousand (2024: the Group did not record financial activities upon receipt of loans) while the total cash repayment of loans amounted to EUR 37 thousand (2024: EUR 2,687 thousand). Non-cash transactions (excluding exchange rate differences) upon repayment in 2025 amounted to EUR 750 thousand, while non-cash transactions upon receipt amounted to EUR 86 thousand (2024: non-cash transactions (excluding exchange rate differences) upon repayment amounted to EUR 541 thousand, while non-cash transactions upon receipt amounted to EUR 28 thousand). The aforementioned non-cash transactions are excluded from the cash flow statement.

Company:

The Company does not have received loans that would be secured by mortgages over the land and buildings of the Company (2024: the Company does not have received loans that would be secured by mortgages over the land and buildings of the Company).

During 2025, the Company did not record financial activities or cash transactions under loans received (2024: the Company recorded financial activities or cash transactions under loans received in the amount of EUR 1,200 thousand) while cash repayment of loans amounted to EUR 100 thousand (2024: EUR 3,255 thousand). The Company did not have any non-cash transactions upon receipt while non-cash repayment of loans amounted to EUR 500 thousand in 2025 (2024: the Company did not have any cash transactions upon receipt or repayment of liabilities under loans received).



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 29 – LOANS AND BORROWINGS (continued)

The Group's financial lease obligations are as follows :

	Minimum lease payments		Finance costs		Present value of minimum lease payments	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>					
Up to one year	48	26	5	3	43	23
From one to five years	62	30	4	1	58	29
Less: future finance charges	(9)	(4)	9	4	-	-
Present value of minimum lease payments	101	52			101	52
<i>Included in financial statements in:</i>						
Current borrowings					43	23
Non-current borrowings					58	29
					101	52

The dynamics of loan repayment is as follows:

	31 December 2025		31 December 2024	
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Up to 6 months	195	291	-	500
Between 6 – 12 months	79	202	-	100
Between 1 – 5 years	58	29	-	-
	332	522	-	600

The repayment schedule of non-current borrowings is as follows:

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Between 1 and 2 years	31	22	-	-
Between 2 and 5 years	27	7	-	-
	58	29	-	-

The effective interest rates of the Group at the reporting date were as follows:

	31 December 2025	31 December 2024
		EUR
	%	
Non-current borrowings		
Finance lease obligations	5,73	5,82

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 29 – LOANS AND BORROWINGS (continued)

The carrying amounts of short-term borrowings approximate their fair values, and the discounting effect is not significant because of the short-term nature of the borrowings.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
BAM	231	470	-	-
EUR	101	52	-	600
	332	522	-	600

Of the total EUR 332 thousand of the Group's loans, EUR 231 thousand was contracted at a fixed interest rate and EUR 101 thousand with a variable interest rate.

The Group has the following unused loan facilities:

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
- within one year	700	83,425	1,500	84,325
- more than one year	199,168	-	197,634	-
	199,868	83,425	199,134	84,325

Group:

Total unused credit facilities of EUR 199,868 thousand refer to joint framework borrowings with banks and allowed overdrafts per transaction account.

Company:

Total unused credit facilities of EUR 199,134 thousand refer to joint framework borrowings with banks, allowed overdrafts per transaction account and contracted short-term revolving loan with a related company.

Reconciliation of changes in liabilities and cash flows from financial activities:

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
At 1 January	522	3,721	600	2,655
Proceeds from borrowings	511	-	-	1,200
Repayment of loans	(37)	(2,687)	(100)	(3,255)
Total change in financial activity	474	(2,687)	(100)	(2,055)
Changes related to liability	(664)	(512)	(500)	-
At 31 December	332	522	-	600



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 30 – PROVISIONS

Group

(in thousands of EUR)

	Jubilee awards	Unused holidays accruals	Retirement benefits	Termination benefits and bonuses	Legal cases	Share based payments	Total
Non-current	335	-	886	-	-	398	1,619
Current	55	611	-	1,413	162	107	2,348
At 31 December 2024	390	611	886	1,413	162	505	3,967
Increase/decrease of provision	37	548	177	589	164	13	1,528
Utilised/cancelled during the year	(58)	(611)	(57)	(1,349)	-	(411)	(2,486)
At 31 December 2025	369	548	1,006	653	326	107	3,009
Non-current	318	-	1,006	-	-	81	1,405
Current	51	548	-	653	326	26	1,604
	369	548	1,006	653	326	107	3,009

Company

(in thousands of EUR)

	Jubilee awards	Unused holidays accruals	Retirement benefits	Termination benefits and bonuses	Share based payments	Total
Non-current	319	-	695	-	398	1,412
Current	54	504	-	1,185	107	1,850
At 31 December 2024	373	504	695	1,185	505	3,262
Increase/decrease of provision	37	312	2	398	13	762
Utilised/cancelled during the year	(56)	(504)	(40)	(1,068)	(411)	(2,079)
At 31 December 2025	354	312	657	515	107	1,945
Non-current	303	-	657	-	81	1,041
Current	51	312	-	515	26	904
	354	312	657	515	107	1,945



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 31 – TRADE AND OTHER PAYABLES

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Trade payables	11,615	12,130	8,702	8,993
Trade payables to related parties	899	1,159	861	1,134
Other payables	14,090	9,930	11,749	8,346
	26,604	23,219	21,312	18,473

At 31 December 2025, the carrying amounts of trade and other payables approximate their fair values due to the short-term nature of those liabilities.

Other payables include the following:

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Salaries and other benefits to employees	3,472	3,395	2,539	2,585
Interest payable on related party loans	-	-	-	2
Liabilities to minority interest for declared retained earnings	358	-	-	-
Deferred income	3,690	1,999	3,690	1,999
Deferred income for related parties	1	-	1	-
Contributions and other duties payable	577	426	14	-
Value Added Tax payables	120	170	-	-
Other payables	5,872	3,940	5,505	3,760
	14,090	9,930	11,749	8,346

Movement of deferred income:

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
At 1 January	1,999	1,424	1,999	1,306
Additions	2,007	924	2,007	921
Decrease	(316)	(349)	(316)	(228)
At 31 December	3,690	1,999	3,690	1,999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 32 – RETIREMENT BENEFIT PLANS

Benefit plan

According to the Collective Agreement, the Group and the Company have an obligation to pay jubilee awards, retirement and other benefits to employees. The Group and the Company operates defined benefit schemes for qualifying employees.

The Group and the Company pays pension contributions on behalf of its employees in accordance with applicable legal regulations. These contributions form the basis of social benefits payable out of the pension insurance institute to employees upon their retirement.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected credit unit method.

The actuarial estimates have been derived on the basis of the following key assumptions:

	<i>Group</i>		<i>Company</i>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Discount rate	2.90%-3.77%	2.75%-3.75%	3.10%	2.75%
Fluctuation rate	4.00%-11.00%	2.80%-8.50%	5.50%	4.50%
Average expected remaining working life (in years)	21	20	20	20

The amounts recognised in the statement of comprehensive income in respect of the defined benefit plan:

	<i>Group</i>		<i>Company</i>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Current service cost	80	68	52	56
Past service cost	96	5	(51)	4
Interest expense	32	38	26	36
Other actuarial adjustments	7	23	12	21
Benefits paid	(116)	(90)	(96)	(78)
	<u>99</u>	<u>44</u>	<u>(57)</u>	<u>39</u>

Changes in the present value of the defined benefit obligation during the period:

	<i>Group</i>		<i>Company</i>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
At 1 January	1,276	1,232	1,068	1,029
Current service cost	80	68	52	56
Past service cost	96	5	(51)	4
Interest expense	32	38	26	36
Benefits paid	(116)	(90)	(96)	(78)
Other actuarial adjustments	7	23	12	21
At 31 December	1,375	1,276	1,011	1,068



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 33 – FINANCIAL INSTRUMENTS

33.1. Capital risk management

Net debt to equity ratio (Gearing ratio)

Belupo Group reviews the capital structure on an semi-annual basis.

As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the reporting date was as follows:

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Debt (non-current and current borrowings)	332	522	-	600
Cash and cash equivalents	(8,464)	(5,845)	(2,865)	(3,121)
Net debt	(8,132)	(5,323)	(2,865)	(2,521)
Equity	248,027	224,857	222,886	199,788
<i>Net debt to equity ratio</i>	<i>-3.28%</i>	<i>-2.37%</i>	<i>-1.29%</i>	<i>-1.26%</i>

Debt is defined as long and short-term borrowings. Equity includes all capital and reserves.

33.2. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed within the notes to the financial statements.

33.3. Categories of financial instruments

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Financial assets at amortized cost				
Trade and other receivables	57,717	44,484	44,274	32,303
Cash and cash equivalents	8,464	5,845	2,865	3,121
Other financial assets	50,604	48,415	50,604	46,370
	116,785	98,744	97,743	81,794
Financial liabilities at amortized cost				
Borrowings and right-of-use assets liabilities	4,811	4,465	2,977	2,757
Trade and other payables	22,794	21,050	17,621	16,473
Finance lease liabilities	101	52	-	-
	27,706	25,567	20,598	19,230



NOTE 33 – FINANCIAL INSTRUMENTS (continued)

33.4. Financial risk management objectives

The Group operates internationally. As a result, the Group is exposed to the effect of changes in market prices of bulk raw pharmaceuticals and of exchange differences and changes in interest rates. In addition, due to credit terms extensions to its customers, the Group is exposed to the risk of uncollectibility of receivables.

The Finance department at the Company provides financial services and coordinates the financial operations of the Group on the domestic and international markets, and monitors and manages the financial risks relating to the operations of the Company. The principal risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The significant risks, together with the methods used to manage these risks, are described below. In 2025 the Group did not use derivatives in order to potentially manage exchange rate fluctuations of the Russian ruble. The Group does not use any derivatives for speculative purposes.

33.5. Market risk

Commodity risk management (price risk)

The volatility of the prices of pharmaceutical raw materials and energy sources is the prevailing element in the Group's business environment.

The Purchase function is partially centralized, which in itself provides the Group the status of a reputable customer on the market, with a fine starting position to negotiate prices. Fixed rate, long-term framework agreements are entered into, with the terms and conditions defined in line with the market trends.

Market risk exists due to the fact that the sales prices are regulated by the State, and Belupo is not able to exercise any influence in forming the prices.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 33 – FINANCIAL INSTRUMENTS (continued)

33.6. Foreign exchange risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. During the year 2025 the Group did not use a forward contract with commercial banks in order to potentially manage exchange rate fluctuation in foreign exchange rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows.

	<i>Group</i>				<i>Company</i>			
	Liabilities		Assets		Liabilities		Assets	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>				<i>(in thousands of EUR)</i>			
BAM	3,397	2,536	19,199	17,469	17	19	634	1
USD	105	272	36	279	105	272	36	279
RUB	2,270	1,997	14,889	2,308	2,270	1,997	14,889	2,308
Other currencies	514	445	469	185	313	291	114	142

Foreign currency sensitivity analysis

The Group is mainly exposed to the fluctuations in the exchange rate of euro against USD and RUB, since the most of the trading of pharmaceutical products on the international market is done in USD and RUB. As of the date of the statement of financial position, the Company and the Group have more assets in rubles than liabilities, and net assets amount to EUR 12,619 thousand as of the reporting date (2024: EUR 311 thousand).

The following table analyzes the sensitivity of the Group to a decrease/increase in the USD exchange rate of 1.0% in 2025 in relation to the euro currency, while the sensitivity of the RUB to a decrease/increase in the RUB exchange rate of 10% in relation to the euro currency is analyzed (2024: a decrease in the eur exchange rate of 1.0% against the relevant foreign currencies, except for the RUB for which a 10% decrease in the euro exchange rate was analyzed). Previous sensitivity rates are rates that represent management's assessment of realistically possible changes in exchange rates. The sensitivity analysis includes only open monetary items denominated in foreign currencies and their translation at the end of the period based on the percentage change in exchange rates. The sensitivity analysis includes monetary assets and monetary liabilities in foreign currencies. A negative number indicates a decrease in profit if the currency in question has changed by the above percentages in relation to euro.

The exposure to the fluctuations in exchange rates is mainly attributable to the money balance, trade payables and receivables denominated in and Russian rubles (RUB) and US Dollars (USD).



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 33 – FINANCIAL INSTRUMENTS (continued)

33.6. Foreign exchange risk management (continued)

<i>Exchange rate decrease</i>	<i>Group</i>				<i>Company</i>			
	<i>RUB impact</i>		<i>USD impact</i>		<i>RUB impact</i>		<i>USD impact</i>	
	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>(in thousands of EUR)</i>				<i>(in thousands of EUR)</i>			
Profit/(Loss)	1,402	35	(1)	-	1,402	35	(1)	-
<i>Exchange rate increase</i>	<i>RUB impact</i>		<i>USD impact</i>		<i>RUB impact</i>		<i>USD impact</i>	
	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
	<i>(in thousands of EUR)</i>				<i>(in thousands of EUR)</i>			
Profit/(Loss)	(1,147)	(28)	1	-	(1,147)	(28)	1	-

33.7. Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Part of the Group's borrowings are at variable rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date. For variable interest rates, the analysis was prepared in such a way as to calculate the effect of a reasonably possible increase in interest rates on borrowings with variable interest rates on the expected contractual cash flows of such borrowings in relation to those calculated using the interest rate applicable at the end of the current reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably likely change in interest rates.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 33 – FINANCIAL INSTRUMENTS (continued)

33.7. Interest rate risk management (continued)

Interest rate sensitivity analysis (continued)

The estimated effect of a reasonably possible change in interest rates on the Group's and Company's result before tax for the reporting period is as follows:

<i>Group as at 31 December 2025</i>	Contractual cash flows	up to 1 year	from 1 to 2 years	from 2 to 5 years
		<i>(in thousands of EUR)</i>		
At current interest rates	110	48	34	28
At current interest rates + 50 basis points	111	49	34	28
Effect of increase of interest rate by 50 bp	(1)	(1)	-	-

<i>Group as at 31 December 2024</i>	Contractual cash flows	up to 1 year	from 1 to 2 years	from 2 to 5 years
		<i>(in thousands of EUR)</i>		
At current interest rates	56	25	23	8
At current interest rates + 50 basis points	57	26	23	8
Effect of increase of interest rate by 50 bp	(1)	(1)	-	-

<i>Company as at 31 December 2025</i>	Contractual cash flows	up to 1 year	from 1 to 2 years	from 2 to 5 years
		<i>(in thousands of EUR)</i>		
At current interest rates	-	-	-	-
At current interest rates + 50 basis points	-	-	-	-
Effect of increase of interest rate by 50 bp	-	-	-	-

<i>Company as at 31 December 2024</i>	Contractual cash flows	up to 1 year	from 1 to 2 years	from 2 to 5 years
		<i>(in thousands of EUR)</i>		
At current interest rates	610	610	-	-
At current interest rates + 50 basis points	611	611	-	-
Effect of increase of interest rate by 50 bp	(1)	(1)	-	-



NOTE 33 – FINANCIAL INSTRUMENTS (continued)

33.8. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a „Credit risk management procedure“, which is applied in dealing with customers, and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and credit exposure is controlled by counterparty limits that are reviewed at least annually.

The Group operates with pharmaceutical wholesalers and pharmacies in Croatia and abroad.

The maximum concentration of credit risk is related to wholesalers. The Group has no significant credit exposures that would not be covered by collateral.

During 2022, the Group entered into a non-recourse factoring arrangement for a portion of its receivables in the Eastern European region, from which the Group decided to exit in 2025 due to the continuously increasing fees. The factoring cost is reported within Financial expenses in the statement of comprehensive income. As a result, the Group received bank guarantees from key customers in 2025 to further secure the collection of its receivables. A portion of domestic customer receivables was insured with insurance policies in 2025, and certain foreign receivables were additionally insured at the beginning of 2026.

33.9. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Management Board which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and credit lines, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk analysis tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities presented in the statement of financial position.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities on maturity. The table includes both interest and principal cash flows.

The liquidity risk analysis presented below does not indicate any likelihood of liquidity shortfall of the Group for a shorter period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 33 – FINANCIAL INSTRUMENTS (continued)

33.9. Liquidity risk management (continued)

<i>Group as at 31 December 2025</i>	Net book value	Contracted cashflow	Up to one year (in thousands of EUR)	1 - 5 years	over 5 years
<i>Non-interest bearing liabilities:</i>					
Trade and other payables	22,794	22,806	22,806	-	-
	22,794	22,806	22,806	-	-
<i>Interest bearing liabilities</i>					
Financial lease liabilities	101	110	48	62	-
Liability for right-of-use assets	4,580	4,926	1,753	3,121	52
Borrowings	231	231	231	-	-
	4,912	5,267	2,032	3,183	52
	27,706	28,073	24,838	3,183	52
<i>Non-interest bearing assets:</i>					
Trade receivables and other receivables	57,717	57,717	57,582	135	-
Cash and cash equivalents	8,464	8,465	8,465	-	-
	66,181	66,182	66,047	135	-
<i>Interest bearing assets:</i>					
Long-term loans	50,500	52,502	1,225	51,277	-
Long-term deposits	104	104	-	104	-
	50,604	52,606	1,225	51,381	-
	116,785	118,788	67,272	51,516	-
Net liquidity	89,079	90,715	42,434	48,333	(52)

The Group's non-interest bearing liabilities up to one month comprise mainly of trade payables of EUR 5,952 thousand (2024: EUR 6,762 thousand) and liabilities to employees in amount of EUR 3,472 thousand (2024: EUR 3,395 thousand).

Interest liabilities include liabilities based on short-term and long-term loans and financial leases.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 33 – FINANCIAL INSTRUMENTS (continued)

33.9. Liquidity risk management (continued)

Liquidity risk analysis tables (continued)

<i>Group as at 31 December 2024</i>	Net book value	Contracted cashflow	Up to one year	1 - 5 years	over 5 years
	<i>(in thousands of EUR)</i>				
<i>Non-interest bearing liabilities:</i>					
Trade and other payables	21,050	21,052	21,052	-	-
	21,050	21,052	21,052	-	-
<i>Interest bearing liabilities</i>					
Financial lease liabilities	52	56	26	30	-
Liability for right-of-use assets	3,995	4,302	1,465	2,765	72
Borrowings	470	470	470	-	-
	4,517	4,828	1,961	2,795	72
	25,567	25,880	23,013	2,795	72
<i>Non-interest bearing assets:</i>					
Trade receivables and other receivables	44,552	44,552	44,351	201	-
Cash and cash equivalents	5,845	5,845	5,845	-	-
	50,397	50,397	50,196	201	-
<i>Interest bearing assets:</i>					
Long-term deposits	98	98	-	98	-
Deposits with a maturity of more than 3	2,045	2,087	2,087	-	-
Short-term loans	46,272	48,293	48,126	167	-
	48,415	50,478	50,213	265	-
	98,812	100,875	100,409	466	-
Net liquidity	73,245	74,995	77,396	(2,329)	(72)



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 33 – FINANCIAL INSTRUMENTS (continued)

33.9. Liquidity risk management (continued)

Liquidity risk analysis tables (continued)

<i>Company as at 31 December 2025</i>	Net book value	Contracted cashflow <i>(in thousands of EUR)</i>	Up to one year	1 - 5 years
<i>Non-interest bearing liabilities:</i>				
Trade and other payables	17,621	17,632	17,632	-
	17,621	17,632	17,632	-
<i>Interest bearing liabilities</i>				
Liability for right-of-use assets	2,977	3,214	1,113	2,101
	2,977	3,214	1,113	2,101
	20,598	20,846	18,745	2,101
<i>Non-interest bearing assets:</i>				
Trade receivables and other receivables	44,274	44,274	44,274	-
Cash and cash equivalents	2,865	2,865	2,865	-
	47,139	47,139	47,139	-
Long-term loans	50,500	52,502	1,225	51,277
Long-term deposits	104	104	-	104
	50,604	52,606	1,225	51,381
	97,743	99,745	48,364	51,381
Net liquidity	77,145	78,899	29,619	49,280

The Company's non-interest bearing liabilities up to one month comprise mainly from trade payables of EUR 5,377 thousand (2024: EUR 5,834 thousand) and liabilities to employees in amount of EUR 2,539 thousand (2024: EUR 2,585 thousand).



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 33 – FINANCIAL INSTRUMENTS (continued)

33.9. Liquidity risk management (continued)

Liquidity risk analysis tables (continued)

<i>Company as at 31 December 2024</i>	Net book value	Contracted cashflow	Up to one year	1 - 5 years
		<i>(in thousands of EUR)</i>		
<i>Non-interest bearing liabilities:</i>				
Trade and other payables	16,473	16,476	16,476	-
	16,473	16,476	16,476	-
<i>Interest bearing liabilities</i>				
Liability for right-of-use assets	2,157	2,331	847	1,484
Borrowings	600	610	610	-
	2,757	2,941	1,457	1,484
	19,230	19,417	17,933	1,484
<i>Non-interest bearing assets:</i>				
Trade receivables and other receivables	32,303	32,303	32,303	-
Cash and cash equivalents	3,121	3,121	3,121	-
	35,424	35,424	35,424	-
<i>Interest bearing assets:</i>				
Long-term deposits	98	98	-	98
Short-term loans	46,272	48,293	48,126	167
	46,370	48,391	48,126	265
	81,794	83,815	83,550	265
Net liquidity	62,564	64,398	65,617	(1,219)



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 33 – FINANCIAL INSTRUMENTS (continued)

33.10. Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Financial instruments held to maturity in the normal course of operations are carried at the lower of cost and the net amount less portion repaid.

Fair value is determined as the amount at which a financial instrument can be exchanged between willing and knowledgeable parties in an arm's-length transaction, except in the event of forced sale or liquidation. The fair value of a financial instruments is the one quoted on the securities market or obtained using the discounted cash flow method.

At 31 December 2025 the carrying amounts of cash, short-term deposits, receivables, short-term liabilities, accrued expenses, short-term borrowings and other financial instruments approximate their fair market values due to the short-term nature of those assets and liabilities.

35.10.1 Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into 3 Levels depending on the fair value:

Group and Company

	Level 1	Level 2	Level 3	Total
<i>(in thousands of EUR)</i>				
31 December 2025				
<i>Financial liabilities at fair value through profit or loss</i>				
Liabilities for share based payments	81	-	-	81
	Level 1	Level 2	Level 3	Total
<i>(in thousands of EUR)</i>				
31 December 2024				
<i>Financial assets at fair value through profit or loss</i>				
Shares	35	-	-	35
<i>Financial liabilities at fair value through profit or loss</i>				
Liabilities for share based payments	398	-	-	398



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 34 – SHARE BASED PAYMENTS

Shares for the Company's Management

At the level of the Company, there are long-term plans for the allocation of shares to the Company's key management for the period from 2022 to 2024.

The share allocation program applies to the Company's Management Board, and the right is acquired in the event that a member of the Management Board has exercised the right to the payment of an annual bonus. The total number of shares to which a member of the Management Board is entitled for a particular business year is determined by multiplying a certain number of monthly salaries by the amount of monthly salary expressed in gross amount and subsequently divided by the share price of Podravka Inc., which is calculated as the average price realized on the Zagreb Stock Exchange during the six months preceding the date of the decision of the Supervisory Board. The Supervisory Board determines the number of shares to be allocated to a member of the Management Board in such a way that the total number of shares is reduced by the number of shares whose market value on the day of allocation corresponds to the value of benefits prescribed by law.

During 2025, in accordance with the right for 2023, one member of the Management Board was granted 50% of the shares for 2023 (236 shares after deduction for prescribed contributions). Likewise, in accordance with the right for 2024, 50% of the shares were granted to two members of the Management Board and one former member of the Management Board (704 shares realized after deduction for prescribed contributions), and one member of the Management Board and one former member of the Management Board were granted the remaining 50% of the shares for the period 2022-2024 (a total of 1,206 shares after deduction for prescribed contributions), while for one member of the Management Board, 50% of the remaining shares for 2023 and 2024 were not realized during 2025 (542 shares after deduction for prescribed contributions).

During the year 2024, two members of the Management Board were awarded with 308 shares (prescribed benefits deducted) in accordance with the right for the year 2023, while during the year 2023, two members of the Management Board were awarded with 502 shares (prescribed benefits deducted) in accordance with the right for the year 2022.

In accordance with the plan for allocating shares to key management for 2024, the Company's Management Board has acquired the right to allot shares for 2024 which will be allocated within 30 days of the Supervisory Board's decision in 2025. With the last share price on December 31, 2024 of EUR 148.50, the estimated number of shares before deduction for prescribed contributions is 1,479 shares.

Fair value measurement

Variables in measuring the cost of share-based payment transactions are the gross salary, the number of gross salaries and the share price on the measurement date.

	<u>2025</u>	<u>2024</u>
	<i>(in thousands of EUR)</i>	
Recognized in (profit) or loss		
Movement in the provision for share-based payment transactions	(317)	212



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 35 – RELATED PARTY TRANSACTIONS

Name and headquarters of the subsidiary	Country	Ownership interest in %		Principal activity
		31 December 2025	31 December 2024	
Farmavita d.o.o., Sarajevo, Igmanska broj 5a, Vogošća	Bosnia and Herzegovina	65	65	Production and distribution of pharmaceuticals
Ljekarne Deltis Pharm, Koprivnica, Ulica Josipa Vargovića 4/IV	Croatia	100	100	Drugstore
Belupo d.o.o., Ljubljana, Dvoržakova 6	Slovenia	100	100	Distribution of pharmaceuticals
Belupo s.r.o., Bratislava, Cukrová 14	Slovakia	100	100	Distribution of pharmaceuticals
Belupo d.o.o.el, Skopje, Ulica 3-ta Makedonska brigada 68	North Macedonia	100	100	Distribution of pharmaceuticals
Carrying amount of the investment in thousands of EUR		17,349	13,764	

In 2025, the Company recognized the reversal of a portion of the previously recognized impairment loss on the share in the related company Ljekarne Deltis Pharm in the amount of EUR 3,585 thousand based on the concluded purchase agreement for 100% of the equity shares in Ljekarne Deltis Pharm, the sale of which was realized in early 2026. The realized purchase price reflects the fair value of the investment at the reporting date (2024: the Company did not recognize or reverse the impairment of investments in the subsidiaries).

Related party transactions include business transactions within the Podravka Group companies and items included in the statement of comprehensive income and statement of financial as at 31 December 2025 and 31 December 2024, are as follows:

REVENUE

The Company's revenues from related parties are as follows:

	Group		Company	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Company outside Belupo Group				
<i>Income from sales of goods and merchandise:</i>				
Podravka d.d., Koprivnica	10	3	7	-
	10	3	7	-
<i>Revenue from services:</i>				
Podravka d.d., Koprivnica	496	486	496	486
	496	486	496	486
Company within Belupo Group				
<i>Income from sales of goods and merchandise:</i>				
Farmavita d.o.o, Sarajevo	-	-	6,303	5,716
Belupo s.r.o., Bratislava	-	-	7,143	7,037
Belupo d.o.o.el, Skopje	-	-	3,553	3,065
Belupo d.o.o., Ljubljana	-	-	3,704	3,211
	-	-	20,703	19,029
<i>Revenue from services:</i>				
Farmavita d.o.o, Sarajevo	-	-	6	6
Ljekarne Deltis Pharm, Koprivnica	-	-	52	52
	-	-	58	58
	506	489	21,264	19,573
Other income				
Ljekarne Deltis Pharm, Koprivnica	-	-	3,585	-
	-	-	3,585	-
<i>Finance income</i>				
Podravka d.d., Koprivnica	2,093	988	2,093	988
Farmavita d.o.o, Sarajevo	-	-	2,326	2,326
Belupo d.o.o., Ljubljana	-	-	123	509
Belupo d.o.o.el, Skopje	-	-	260	247
Belupo s.r.o., Bratislava	-	-	1,342	1,160
	2,093	988	6,144	5,230
Total income	2,599	1,477	30,993	24,803



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 35 – RELATED PARTY TRANSACTIONS (continued)

EXPENSES

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
<i>Payments to key directors</i>	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Salaries, bonuses and other benefits paid	2,541	2,078	2,541	2,078
Receipts based on the realization of shares	421	64	421	64
	2,962	2,142	2,962	2,142

These remunerations at the Group and the Company includes EUR 9 14 thousand of salary contributions and taxes and surcharges (2024: EUR 752 thousand).

	<i>Group</i>		<i>Company</i>	
	2025	2024	2025	2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
<i>Operating expenses outside Belupo Group:</i>				
Podravka d.d., Koprivnica	4,711	4,346	4,580	4,286
Podravka d.o.o., Ljubljana	22	24	-	-
Podravka d.o.o.el., Skopje	11	11	-	-
<i>Operating expenses within Belupo Group:</i>				
Ljekarne Deltis Pharm, Koprivnica	-	-	(17)	(11)
Farmavita d.o.o., Sarajevo	-	-	(1,953)	(1,894)
Belupo s.r.o., Bratislava	-	-	(84)	(105)
Belupo d.o.o., Ljubljana	-	-	(26)	(29)
Belupo d.o.o.el., Skopje	-	-	(12)	(3)
	4,744	4,381	2,488	2,244
<i>Finance costs</i>				
<i>Finance expenses outside Belupo Group:</i>				
Podravka d.d., Koprivnica	1	-	1	-
Podravka d.o.o., Ljubljana	1	1	-	-
<i>Finance expenses within Belupo Group:</i>				
Farmavita d.o.o., Sarajevo	-	-	1	1
Ljekarne Deltis Pharm, Koprivnica	-	-	-	16
Belupo s.r.o., Bratislava	-	-	13	10
	2	1	15	27
Total expenses	4,746	4,382	2,503	2,271



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 35 – RELATED PARTY TRANSACTIONS (continued)

Receivables for goods and services with related parties

	<i>Group</i>		<i>Company</i>	
	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
<i>Company within Belupo Group:</i>				
Farmavita d.o.o., Sarajevo	-	-	3,121	3,531
Ljekarne Deltis Pharm, Koprivnica	-	-	7	7
Belupo d.o.o.el., Skopje	-	-	289	251
Belupo s.r.o., Bratislava	-	-	502	712
Belupo d.o.o., Ljubljana	-	-	775	353
<i>Company outside Belupo Group:</i>				
Podravka d.d., Koprivnica	101	163	101	163
Trade receivables with related parties	101	163	4,795	5,017

Payables for goods and services with related parties

	<i>Group</i>		<i>Company</i>	
	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
<i>Company within Belupo Group:</i>				
Ljekarne Deltis Pharm, Koprivnica	-	-	-	1
Belupo s.r.o., Bratislava	-	-	4	3
<i>Company outside Belupo Group:</i>				
Podravka d.d., Koprivnica	898	1,152	857	1,124
Žito d.o.o., Ljubljana	-	6	-	6
Podravka d.o.o.el., Skopje	1	1	-	-
Trade payables with related parties	899	1,159	861	1,134

Liability for right-of-use assets with related parties

	<i>Group</i>		<i>Company</i>	
	<u>31 December 2025</u>	<u>31 December 2024</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
<i>Company within Belupo Group:</i>				
Farmavita d.o.o., Sarajevo	-	-	8	11
Liability for right-of-use assets with related parties	-	-	8	11
<i>Company outside Belupo Group:</i>				
Podravka d.o.o., Ljubljana	53	71	-	-
Liability for right-of-use assets with related parties	53	71	-	-



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 35 – RELATED PARTY TRANSACTIONS (continued)

Right-of-use assets with related parties

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
<i>Company within Belupo Group:</i>				
Farmavita d.o.o., Sarajevo	-	-	8	11
Right-of-use assets with related parties	-	-	8	11
<i>Company outside Belupo Group:</i>				
Podravka d.o.o., Ljubljana	53	71	-	-
Right-of-use assets with related parties	53	71	-	-

Liabilities and receivables for loans with related parties

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Belupo s.r.o., Bratislava	-	-	-	500
Ljekarne Deltis Pharm, Koprivnica	-	-	-	100
Loans liabilities with related parties	-	-	-	600

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Podravka d.d., Koprivnica	50,500	46,272	50,500	46,272
Loan receivables with related parties	50,500	46,272	50,500	46,272

Other receivables and prepaid expenses of the future period with related parties

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
<i>Company within Belupo Group:</i>				
Farmavita d.o.o., Sarajevo	-	-	631	-
<i>Company outside Belupo Group:</i>				
Podravka d.d., Koprivnica	185	128	185	128
Other receivables with related parties	185	128	816	128

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 35 – RELATED PARTY TRANSACTIONS (continued)

Other receivables and prepaid expenses of the future period with related parties (continued)

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
<i>Company within Belupo Group:</i>				
Belupo s.r.o., Bratislava	-	-	4	4
Prepaid expenses of the future period with related parties	-	-	4	4

Other liabilities and deferred payment with related parties

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
<i>Company within Belupo Group:</i>				
Belupo s.r.o., Bratislava	-	-	-	2
<i>Company outside Belupo Group:</i>				
Podravka d.d., Koprivnica	1	-	1	-
Other payables with related parties	1	-	1	2

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
<i>Company outside the Belupo Group:</i>				
Podravka d.d., Koprivnica	3	-	3	-
Accrued expenses with related parties	3	-	3	-

Guarantees and warranties with related parties

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Podravka d.d., Koprivnica	278,250	41,778	278,250	41,778
Podravka Agri d.o.o., Osijek	328	-	328	-
Ljekarne Deltis Pharm, Koprivnica	-	-	26	24
Guarantees and warranties with related parties	278,578	41,778	278,604	41,802

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 36a – CONTINGENT LIABILITIES

For guarantees and warranties contingent liabilities are not reported in the statement of financial position because according to the assessment of the Group's Management as of December 31, 2025 and 2024, there is no significant risk of the occurrence of said liabilities for the Group and the Company.

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
Podravka d.d. – co-debt	243,000	-	243,000	-
Podravka d.d. – guarantee	35,250	41,778	35,250	41,778
Podravka Agri d.o.o. – guarantee	328	-	328	-
Ljekarne Deltis Pharm – bank guarantee	-	-	26	24
Bank guarantee	2,254	2,246	-	-
	280,832	44,024	278,604	41,802

NOTE 36b – CONTRACTUAL COMMITMENTS

Group:

As at 31 December 2025, the Group had contracted and unrealized liabilities in the amount of EUR 5,027 thousand for capital investments (31 December 2024: EUR 3,028 thousand for capital investments).

Company:

As at 31 December 2025, the Company had had contracted and unrealized liabilities in the amount of EUR 5,017 thousand for capital investments (31 December 2024: EUR 3,028 thousand for capital investments).

Contracted payment of operating lease liabilities for the use of business premises, parking spaces, IT equipment, production equipment and vehicles is as follows:

	<i>Group</i>		<i>Company</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	<i>(in thousands of EUR)</i>		<i>(in thousands of EUR)</i>	
One year or less	29	82	29	82
One to five years	43	5	43	5
	72	87	72	87



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 37 – EVENTS AFTER THE REPORTING DATE

The Supervisory Board of Podravka Inc., at its meeting held on 10 December 2025, gave its consent for the sale of the healthcare institution (HI) Ljekarne Deltis Pharm, which is 100% owned by Belupo Inc., which on 29 December 2025, as the seller, signed a contract for the sale of 100% of the ownership shares in the company Ljekarne Deltis Pharm with the pharmacy chain Farmacia Holding d.o.o. as the buyer, owned by Atlantic Grupa, whose offer was assessed as the best after the tender and consideration of binding offers.

The transaction was concluded on January 15, 2026, when the buyer Farmacia Holding d.o.o. paid the remaining part of the purchase price to the company Belupo Inc., a total of EUR 8,761 thousand for the purchase of the HI Ljekarne Deltis Pharm, thus fulfilling all the conditions of the purchase agreement.

The total effect of this transaction on the 2025 financial statements after adjustments of the value to the purchase price, which represents the fair value at the reporting date, amounts to EUR 3,585 thousand before tax for the Company after reversing part of the previously recognized value adjustment of investments in subsidiaries, and EUR 1,724 thousand before tax for the Group after reversing part of the previously recognized value adjustment of pharmacy rights (effects disclosed under Note 8 Other income, Note 5 Key accounting judgments and estimates, Note 17 Intangible assets and Note 20 Investments in subsidiaries).

The decision to sell is the result of Belupo's strategic direction to focus resources and investments in the development of its core business, in line with long-term goals and business sustainability. These are a total of nine pharmacies that make up only a small part of the Belupo Group's business and are not part of its core business, although they have contributed to strengthening Belupo's recognition and the availability of quality pharmaceutical products on the market over the years. The sale of Ljekarne Deltis Pharm opens up space for an even stronger focus on portfolio development and improving business efficiency within the pharmaceutical part of the Belupo Group's business.

The financial position, business performance and cash flows for 2025 in thousands of euros for HI Ljekarne Deltis Pharm with its nine pharmacies in Koprivnica, Zagreb, Velika Gorica, Samobor, Karlovac, Duga Resa, Ogulin, Crikvenica and Duće are presented below in this note.

<i>Statement of Financial Position</i>	31 December 2025
Intangible assets	3,309
Property, plant and equipment	12
Right-of-use assets	655
Deferred tax assets	50
<i>Non-current assets</i>	<i>4,026</i>
Inventories	598
Trade and other receivables	1,714
Loan receivables	-
Cash and cash equivalents	224
<i>Current assets</i>	<i>2,536</i>
Total assets	6,562
Liability for right-of-use assets	(503)
Provisions	(20)
<i>Non-current liabilities</i>	<i>(523)</i>
Trade and other payables	(533)
Liability for right-of-use assets	(182)
<i>Current liabilities</i>	<i>(715)</i>
TOTAL LIABILITIES	(1,238)
Share capital	(5,663)
Reserves	(10)
Retained earnings	501
Profit for the year	(152)
<i>Equity</i>	<i>(5,324)</i>
Total equity and liabilities	(6,562)
Carrying amount of assets related to discontinued operations recognized upon consolidation of the Group	3,437
Assets of discontinued operations on the Group	9,999



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 37 – EVENTS AFTER THE REPORTING DATE (continued)

<i>Statement of Comprehensive Income</i>	2025
Revenue from sales of products	7,560
Revenue from sales of services	646
<i>Revenue from sales</i>	<i>8,206</i>
Raw materials and supplies and cost of goods sold	(6,427)
Staff costs	(1,153)
Advertising and promotion	(1)
Depreciation and amortisation	(190)
Services	(116)
Rental costs	(29)
Telecommunication	(9)
Other taxes independent of operating results	(12)
Provisions for trade receivables, net	(7)
Insurance premiums	(5)
Per diems and travelling expenses	(4)
Other expenses	(44)
<i>Total of expenses by nature</i>	<i>(7,997)</i>
<i>Operating profit</i>	<i>209</i>
Finance expenses	(22)
<i>Profit before tax</i>	<i>187</i>
Income tax	(35)
<i>Profit for the year</i>	<i>152</i>
<i>Other comprehensive income - net from tax</i>	<i>3</i>
Total comprehensive income for the year	155
Reversal of a portion of the previously recognized value adjustment of pharmacy rights of discontinued operations with belonging deferred tax upon consolidation of the Group	1,414
Profit after tax from discontinued operations	1,566

<i>Statement of Cash Flows</i>	2025
Net cash generated from Operations	107
Net cash from investing activities	(28)
Net cash from financing activities	(48)
<i>Net increase/(decrease) in cash and cash equivalents</i>	<i>31</i>



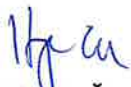
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 38 - APPROVAL OF FINANCIAL STATEMENTS

The consolidated and separate financial statements were adopted by the Management Board and approved for issue on March 23, 2026.

Signed on behalf of the Company and the Group on March 23, 2026:



Hrvoje Čeović
President of the Management Board



Tihomir Heđever
Member of the Management Board



Nenad Pavletić
Member of the Management Board

BELUPO
lijekovi i kozmetika, d.d.
KOPRIVNICA 27

