

## 2026 1<sup>st</sup> Quarter Report

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No. 99 Logofătul Tăutu Street, 3<sup>rd</sup> District, Bucharest, Romania, 031212  
T: +40 21 301 0600; F: +40 21 301 0605; Email: [office@biofarm.ro](mailto:office@biofarm.ro); [biofarm.ro](http://biofarm.ro)

Share capital of lei 98.537,535, fully subscribed and paid-up, RO341563, J1991000199407  
Account RO26 BRDE 441 SV 28095 174410 BRD Unirii Branch



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**DIRECTORS' REPORT**  
**BIOFARM SA for the 1<sup>st</sup> Quarter of 2026**  
**Report pursuant to: F.S.A. Regulation No. 5/2018 - Annex 15**

For the fiscal year: **2026**

Date of the report: **31.03.2026**

Name of the commercial company: **Biofarm S.A.**

Registered office: **Bucharest, No. 99 Logofatul Tautu Street, 3<sup>rd</sup> District**

Telephone/fax number: **021.301.06.00 / 021.301.06.24**

Unique registration code at the Trade Register Office: **RO 341563**

Order number with the Trade Register: **J1991000199407**

Regulated market on which the issued securities are traded: **BSE**

Subscribed and paid-up share capital: **lei 98,537,535**

The main characteristics of the securities issued by the commercial company: **dematerialized registered shares**

## **1. Analysis of the Commercial Company Activity**

### **Description of the basic activity of the commercial company:**

BIOFARM S.A. has its registered office in No. 99 Logofătul Tăutu street, Bucharest 3 and has as a main activity object the production and marketing of medicines for human use, NACE code 2120 "Manufacture of pharmaceutical preparations".

Biofarm S.A. holds the Certificate on compliance with good manufacturing practice issued by the National Agency for Medicines and Medical Devices of Romania for the manufacturing site located in Bucharest, No. 99 Logofătul Tăutu street, 3<sup>rd</sup> district:

- ✓ non-sterile products – soft capsules, liquids for external use, liquids for internal use, tablets, other solid dosage forms: sugar-coated tablets, film-coated tablets;
- ✓ herbal products;
- ✓ tests for physical and chemical quality control.

Biofarm SA holds the Certificate on compliance with good manufacturing practice issued by the National Agency for Medicines and Medical Devices of Romania for the manufacturing site located in Bucharest, No. 202-232 Drumul Gura Bădicului street:

- ✓ non-sterile products – soft capsules, tablets, other solid dosage forms: sugar-coated tablets, film-coated tablets, liquids for external use and liquids for internal use;
- ✓ herbal products;
- ✓ tests for quality control (microbiological – without sterility and physicochemical tests);
- ✓ manufacturing operations of drugs for clinical investigation - non-sterile products (soft capsules, film-coated tablets, tablets).



In January 2026, the audit was carried out for the transfer of certification, pursuant to the requirements of ISO 13485 standard, for the distribution of medical devices, by the notified body TUV Rheiland Italy.

At the end of March 2026, the documentation was prepared and sent to the National Agency for Medicines and Medical Devices of Romania, in order to plan the inspection for the manufacturing authorization/the issuance of good manufacturing practice certificates for the manufacturing activity:

1. work point Gura Badicului No. 202-232:

- ✓ non-sterile products manufacturing flow: soft capsules, liquids for external and internal use, film-coated tablets, sugar-coated tablets, biological drugs;
- ✓ human use drugs manufacturing flow for clinical investigation.

2. work point of Logofat Tautu No. 99:

- ✓ manufacturing flow of non-sterile products: liquids for external and internal use, film-coated tablets, sugar-coated tablets and biological medicines.

The subscribed share capital of the company as at 31 March 2026 was of lei 98,537,535, the nominal value of a share being of lei 0.1.

The shareholding's structure as at 31.03.2026 was the following:

Shareholder	Shares	Percentage (%)
LONGSHIELD INVESTMENT GROUP S.A., BUCHAREST	509,229,185	51.6787
LION CAPITAL S.A., ARAD	362,096,587	36.7470
Natural persons	103,390,647	10.4926
Legal persons	10,658,931	1.0817
<b>Total</b>	<b>985,375,350</b>	<b>100</b>

**Specifying the date of establishment of the company;**

BIOFARM S.A. was established by Government Decision No. 1224 of 23.11.1990.

**Description of any significant merger or reorganization of the company, its subsidiaries or controlled companies, during the financial year;**

Prior to the date of 13.03.2026, the company had the following work points:

- ✓ Bucharest, No. 99 Logofatul Tautu Street, 3<sup>rd</sup> District, registered office;
- ✓ Bucharest, No. 42-44 Bd-ul Iancu de Hunedoara, 1<sup>st</sup> District, tax identification number 14008268;
- ✓ Bucharest, str. Drumul Gura Badicului, nr. 202-232, sector 3, tax identification number 30037915.



The deregistration of the work point of Bucharest, Bd. Iancu de Hunedoara No. 42-44, 1<sup>st</sup> District, tax identification number 14008268, was registered with the Trade Register on 13.03.2026, based on the conclusion No. 208872 of 12.03.2026. Consequently, starting with 13.03.2026, this work point is no longer listed as a secondary registered office, the company having the following work points:

- ✓ Bucharest, No. 99 Logofatul Tautu Street, 3<sup>rd</sup> District, registered office;
- ✓ Bucharest, No. 202-232 Drumul Gura Badicului Street, 3<sup>rd</sup> District, tax identification number 30037915.

### **1.1. General Assessment Elements:**

#### **Market share held:**

BIOFARM S.A. is one of the first manufacturers of drugs and food supplements.

By an uninterrupted activity of over 100 years, with experience in research and development, Biofarm S.A. enables itself to innovate and launch new and improved products at a rapid pace to meet the needs of its customers and stay at the top of the market.

Currently, BIOFARM S.A. is among the top 10 active companies on the Romanian pharmaceutical market, in terms of units sold, a dynamic and highly competitive market. Thus, the company is dedicated to constantly improving the quality of its products and complying with international quality and safety standards, which provides safety, health and comfort to patients in Romania and in the countries in which we operate.

Biofarm S.A. owns two drug factories in Bucharest and one product testing and development unit, and its portfolio of over 100 products covers the most important therapeutic areas in the Consumer Healthcare division (digestive & metabolic, respiratory & ENT, cardiovascular & circulatory, nervous system, vitamins).

In the first quarter of 2026, Biofarm S.A. ranked 3<sup>rd</sup><sup>1</sup> in the Consumer Healthcare (CHC) segment, in terms of the number of units sold and 7<sup>th</sup> in value, as compared to the purchase price of pharmacies.

Biofarm is the market leader by volume in the reference categories of 6 of its brands: Bixtonim, Colebil, Triferment, Extravalerianic, Carmol and Carbocit.

The continuous development of new products, constantly adapted to the continuous diversifying needs of consumers, is one of the growth pillars of Biofarm company.

In the first 3 months of 2026, five new products were launched for consumers: Bioflu Tuss, Bioflu Tuss Junior, BioTuxyl Syrup and BioTuxyl Junior Syrup in the antitussive category, as well as Septosol spray in the sore throat category.

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<sup>1</sup> Data source: IQVIA - Market Reporter (end-consumer pharmacy sales)



Biofarm's strategy will focus on three main directions. First, there will be an emphasis on optimizing production capacities, in order to more efficiently use existing infrastructure and increase production volume.

Expansion into international markets remains a strategic priority for Biofarm, by diversifying its geographical presence and developing new strategic collaborations.

In parallel, Biofarm will continue to invest in innovation and research and development, with the purpose of launching new products that meet the ever-changing needs of consumers.

The continuous development of innovative products is a strategic pillar of growth for Biofarm S.A., supporting the consolidation of its leading position by accelerating innovation and responding to consumer needs, while maintaining quality and safety standards.

Net sales revenues achieved in the first three months of 2026 were lei 92,490,740, down 3% compared to the same period of 2025.

**Analysed in their structure, the main operating expenses are presented as follows:**

<b>Operating expenses</b>	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
Raw materials, consumables and goods	15,476,225	12,897,140
Personnel expenses	15,595,214	13,856,550
Depreciation	5,574,502	4,274,987
Other operating expenses	23,273,768	23,660,278
<b>Total</b>	<b>59,919,709</b>	<b>54,688,955</b>

The net operating result for the first three months of 2026 is down by approximately 2% as compared to the same period last year, while the company's net profit recorded an increase of approximately 1%.

The current profit tax expense in the first three months of 2026 was of lei 9,651,058 as compared to lei 6,934,247 recorded during the similar period of 2025.

**Liquidity and money available in the account**

As of 31 March 2026, the general liquidity ratio was 4.93, remaining approximately the same level as in the previous year. Cash availability as of 31 March 2026, according to the balance sheet, represents money deposited in current bank accounts and in deposit accounts with banks in Romania.



## **1.2. Assessment of the Technical Level of the Commercial Company**

### **Description of the main products realized and/or services provided:**

#### **a) main markets for each product or service and distribution methods**

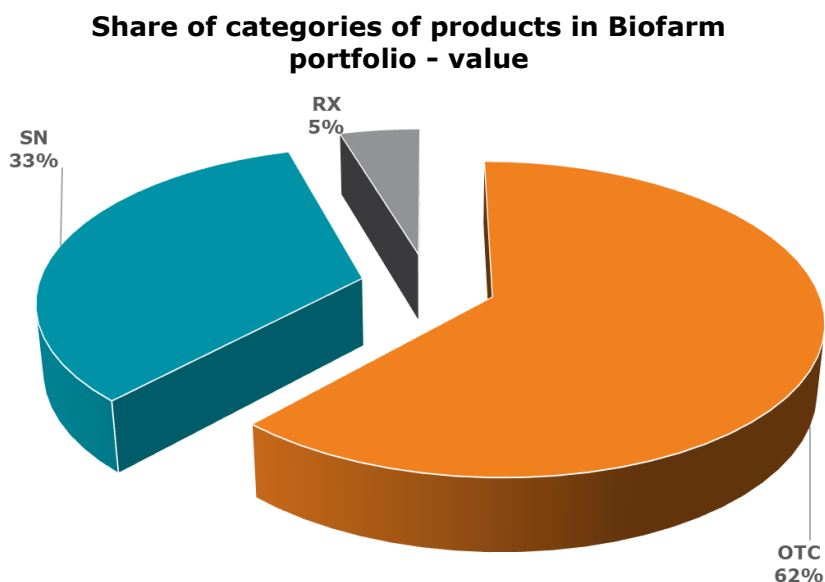
The sales of Biofarm S.A. products are mostly made to 6 distributors operating nationally, this segment representing approximately 98% of the total sales of Biofarm, both in volume and in value.

The extremely varied products portfolio held by BIOFARM company requires a complex approach from the point of view of media strategy, promotion and distribution.

Thus, Biofarm S.A. has a team specialized in the promotion of own products in the most important pharmaceutical chains and a promotion team specialized in supporting visits to medical doctors through integrated marketing, media and commercial campaigns for the purpose of increasing the degree of recognition of Biofarm products portfolio among healthcare professionals.

#### **a) share of each category of products or services in the revenues and in the total turnover of the commercial company**

The share, in (RON) value, of the three categories of products manufactured by Biofarm S.A. over-the-counter drugs ("OTC"), food supplements ("SN") and prescription drugs ("RX") is the following: over-the-counter drugs (OTC) have a share of 62%, food supplements (SN) have a share of 33% from the company portfolio, and the share of prescription drugs (RX) is of 5%.



**b) new products envisaged for which a substantial volume of assets will be allocated in the next fiscal year, as well as the stage of development of these products.**

Biofarm focuses on supporting strategic brands and developing a diversified product portfolio, tailored to the complex health needs of consumers. Investments will be strategically directed, taking into account the growth stage and potential of each brand and product category in which it operates.

Innovation remains the central element of Biofarm's development, aiming at the continuous development of the product portfolio, either through line extensions adapted to the increasingly sophisticated needs of the modern consumer, or through new products in categories with high business potential. The new product development centre is considered the main growth engine of the company, as a result, for the next 5-7 years, there is a consistent innovation plan covering a diversified spectrum of therapeutic areas.



### **1.3. Evaluation of the Technical-Material Supply Activity (Indigenous Sources, Import Sources)**

The main objectives of the supply activity were:

- keeping acquisition costs under control;
- due to global price increases, it was decided to create safety stocks for raw materials and primary packaging materials;
- identification of new potential partners;
- reanalysis and renegotiation of contracts/commercial conditions offered by suppliers to reduce prices in some raw materials and materials;
- increasing the payment terms of internal and external suppliers to obtain longer credit periods.

The main suppliers of raw materials and packaging were re-evaluated to ensure the best possible added value for the company, a quality-price ratio being thus obtained, but also the optimal payment conditions for the company. Additionally, Biofarm identified a series of new alternative manufacturers with whom we will start the collaboration after the necessary approvals from relevant authorities.

### **1.4. Evaluation of the Sales Activity**

#### ***a) Description of the evolution of sales on the internal market and/or external market and of medium- and long-term sales prospects***

The turnover achieved by Biofarm S.A. in the first three months of 2026 from the sale of finished products and goods was worth lei 92,490,740. This turnover is generated mainly from sales of end products directly to the main pharmaceutical distributors (for internal market) by the outlet of Bucharest, str. Drumul Gura Bădicului nr. 202-232, sector 3, Bucharest or from the MSL Logistic Services Distribution SRL warehouse, No. 93 Rudeni Street, C3 module, Chitila, Ilfov.

In the first quarter of 2026, the share of export sales represented approximately 2% of Biofarm SA's total net sales. The company's products were exported to 6 countries: Albania, Ghana, Mauritius, Nigeria, the Republic of Moldova and Serbia.

#### ***b) Description of the competitive situation in the activity field of the commercial company, of the share on the market of products or services of the commercial company and of the main competitors;***

In the first quarter of 2026, the Romanian pharmaceutical market continued to operate in a volatile context, marked by multiple and persistent challenges. The industry continued to face the effects of economic instability through rising inflation and legislative changes, which led to an increase in the shelf price of OTCs and, especially, of food supplements.

At operational level, inflationary pressures from previous years continued to be felt, manifested in still high costs for energy, raw materials and packaging. These factors were compounded by recurring supply chain difficulties and the fiscal impact of the VAT increase.

Increasing competition and the entry of international players into the market is also a challenge. To cope, Biofarm S.A. has invested over 44 million euros, to date, in one of the most modern



pharmaceutical factories in Romania, which covers an impressive area of over 10,000 square meters and has four production streams – tablets / film-coated tablets / sugar-coated tablets, soft capsules, solutions and syrups. This state-of-the-art factory is a key element in achieving the company's strategic goals, which include portfolio development through line extensions, new product launches and expansion into foreign markets.

Biofarm is dedicated to providing high-quality products, and this production facility allows it to strengthen its market position and expand its activity into new territories.

Care and respect for consumers and Biofarm S.A. team are values we believe in and every time we have shown that these principles are confirmed by tangible facts.

**c) Description of any significant dependence of the commercial company on a single customer or on a group of customers whose loss would have a negative impact on company's revenues**

Biofarm S.A. company has sales contracts concluded with the main distributors on the pharmaceutical market, who have a good sales power in pharmacies.

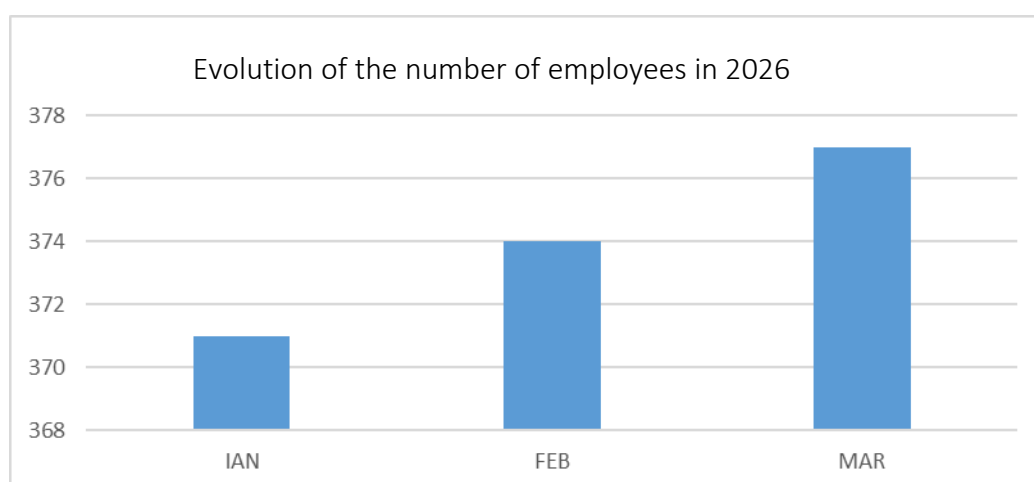
During the first three months of 2026, Biofarm S.A. had contracts concluded with the main distributors on the drugs and food supplements market, which generated a total of 98% from the turnover.

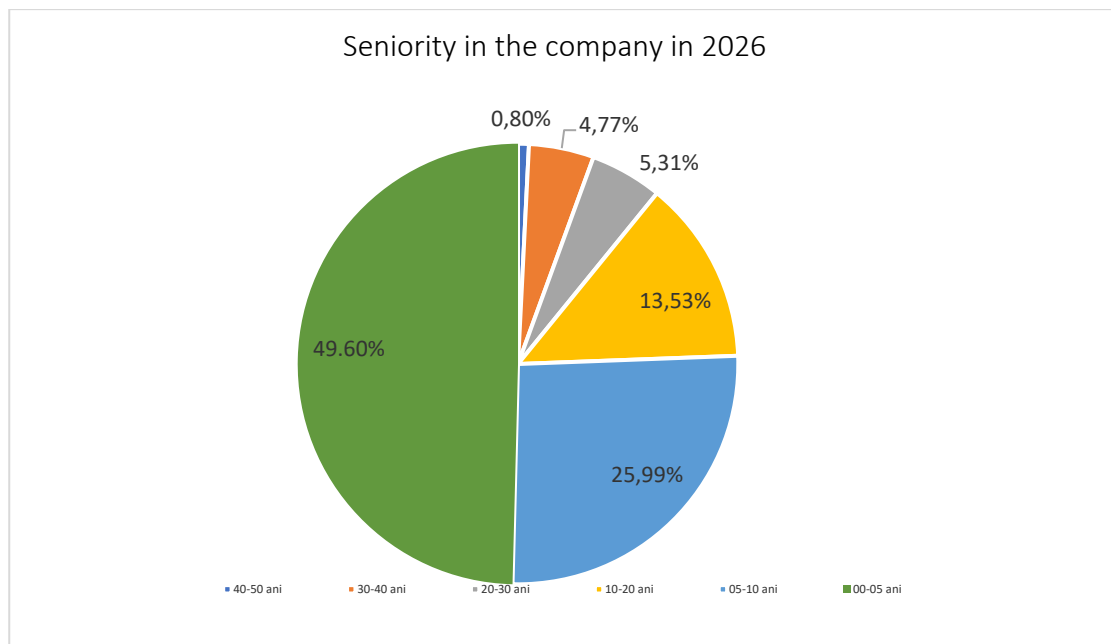
**1.5. Assessing the aspects related to the employees/personnel of the commercial company**

During the first three months of 2026, Biofarm S.A. had an average number of 374 employees.

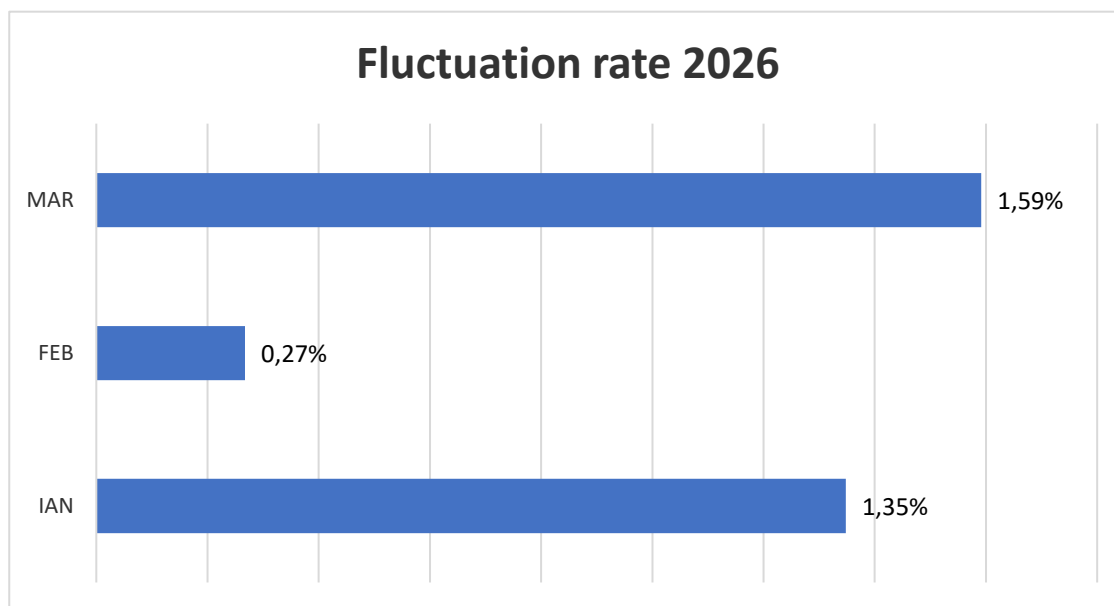
**General Information**

**Personnel Demographic Indicators:**





*ani - years*



## **Main directions of activity:**

### ***1. Recruitment and Selection***

The recruitment and selection process represented, in 2026 as well, a strategic priority for the Human Resources Department. Aligned with the mission, vision and values of the organization, this process aims to attract and integrate professionals who will strengthen the organizational structure and contribute to achieving business objectives. The major challenge continues to be the identification of candidates with relevant experience in the pharmaceutical industry, able to align themselves with the specific requirements of the available roles. To meet these challenges, the department used in 2026 as well different recruitment channels and tools, meant to ensure access to the largest possible number of candidates and to facilitate the selection process of the most suitable people for each position.

### ***2. Training and Development***

The training programs planned for 2026 were designed to support the continuous professional development of employees and to contribute to increasing individual and organizational performance.

The integration process of new employees aims both at rapid adaptation within the team and the company, and at increasing the retention rate in the medium and long term. In parallel, training and development programs complement the knowledge, skills and abilities of employees, ensuring the premises of sustainable performance and results.

Annual training sessions – GMP, Risk Management, Pharmacovigilance, Capital Market, Data Protection and Competition – remain a priority for all Biofarm S.A. employees. They are delivered both with internal resources and in partnership with suppliers specialized in training and professional development.

### ***3. Future Directions of Action***

The Human Resources Department acts as a strategic partner of the organization, contributing to the achievement of corporate objectives and increasing employee performance through the continuous optimization of human resources processes, policies and initiatives.

The priority remains to maintain key employees and attract new talents who can integrate quickly and contribute to the development of a safe, balanced and high-performing work environment.

In a market context characterized by high competitiveness and increased workforce mobility, building and strengthening a strong employer brand is an essential factor in attracting and retaining the best specialists.

To support this objective, the company will continue to invest in the development of organizational culture, in internship programs for pupils and students in relevant fields, as well as in projects with strategic impact that add value to the business and strengthen the company's position as a top employer in the pharmaceutical industry.



#### **4. Aspects regarding Occupational Safety and Health**

The management at the highest level of the Company, in compliance with the provisions of Law 319/2006 on occupational safety and health, of the Methodological norms of application, allowed the continuous monitoring of performances of the occupational health and safety system and the performance of the necessary corrections, PPE quality, improvement of work conditions and the Occupational Safety and Health instructions.

##### **Information and training of workers:**

- ✓ Permanent provision of the OSH and ES training activity, introductory-general employment, on-the-job training and periodic training for all employees, according to the legal provisions (OSH - Law 319/2006 on occupational health and safety, Methodological norms for the application of law).
- ✓ The introductory-general training and testing of the new employees were carried out, according to the legal provisions.
- ✓ Regular training is continued for both employees and collaborators.
- ✓ The training of the persons assigned with granting first aid at the workplace and of those that are part of the intervention team in case of fire was carried out.

##### **Microclimate:**

- ✓ There was a constant concern for ensuring the legal conditions of microclimate, the speed of air currents, the noise level generated by the air conditioning system.
- ✓ We maintain control of the microclimate through information measures.

##### **Internal Inspections:**

- ✓ Internal inspections were carried out at the workplaces and the necessary organizational steps were taken to eliminate (reduce) the risks of occupational injury or illness.
- ✓ Periodic checks were performed on the electrical installation.

##### **Occupational medicine coordination:**

- ✓ The collaboration with the specialized medical services was continued for the implementation of the medical supervision program upon employment and periodically, for the entire personnel;
- ✓ The monitoring of health and of the work capacity of employees was maintained, for preventive and corrective purposes, by the performance of periodic analyses;
- ✓ Specialized monitoring was performed for the mentions in the skills assessment reports;
- ✓ All these measures highlight the permanent involvement of management and the Prevention and Protection Service.

##### **Events reported in the first three months of 2026**

- ✓ Work accidents – 0;
- ✓ Minor accidents, which resulted in incapacity for work for a period of less than 3 days – 1;
- ✓ Dangerous incidents – 0;
- ✓ Occupational diseases – 0.



## **5. Aspects related to Emergency Situations**

The aspects related to Emergency Situations are a permanent concern of the Company, meaning that in the first quarter of 2026, steps were taken in accordance with the legal provisions, as follows:

- The authority and specific fire protection documents have been updated, according to the provisions of art. 19 of Law 307/2006 and art. 17-18 of OMAI No. 163/2007 regarding:
  - ✓ provisions for the appointment of personnel with attributions in the field;
  - ✓ organizing the training of the employed staff;
  - ✓ planning the execution of own controls in the field of fire protection;
  - ✓ planning exercises and alarm, evacuation and intervention applications.
- Verification and maintenance works were carried out on the detection and alarm systems in the company's workplaces, through the authorized company with which the company has a contract.
- The periodic checks of the means of first intervention (fire extinguishers) and of the internal/external hydrates were carried out.

During the first three months of 2026, the organization's continued interest and concern for environmental protection activities was maintained to minimize the impact on environmental factors, which allows management to identify and control the impact of all activities, products or services provided.

Within the development of new manufacturing capacities, only those responsible development measures were promoted, which allow monitoring and control of the impact of the activity on environmental factors. For the emission reduction equipment from the head office (the wet/dry filtration elements for atmospheric emissions, dispersion chimneys, wastewater treatment equipment - treatment plant), the use, their operation within the designed parameters was provided. For the mentioned equipment, maintenance was carried out according to the applicable technical procedures. No environmental incidents/accidents, accidental pollution of environmental factors was recorded on this equipment or on other related equipment.

The steps to control the impact on environmental factors also continued by the payment to the Environmental Fund Administration (established according to European principles "polluter pays" and "producer's responsibility", in order to implement the environmental protection legislation, harmonized with the provisions of the Acquis Communautaire), of the legal obligations regarding emissions, packaging placed on the market and the purchase of hazardous chemicals for the environment.

During the first three months of 2026 the steps taken to reduce and comply with legal requirements for all environmental factors (waste, emissions, wastewater, noise) continued, which made it possible to avoid any sanctions, penalties, environmental surcharges, as well as to maintain the company's positive image as a company actively involved in environmental protection.



### **A. Renewal, Updating and Maintenance of Related Documents:**

Biofarm S.A. obtained the renewal/endorsement of licenses/related authorizations to be able to carry its activity according to the legal requirements during the first quarter of 2026 as well.

In 2025, the contract of transfer of responsibility for the recovery from the market of packaging (packaging waste), minimizing the environmental impact by the recovery from the market of packaging waste, according to the requirements of the legislation in force. The packaging placed on the market were declared with the Environmental Fund Administration and a fee of 2% was paid to the Environmental Fund Administration from the value of the substances classified by normative acts as being dangerous for the environment, purchased from imports.

### **B. Meeting the Imposed Monitoring:**

In 2025, the monitoring of environmental factors continued, in compliance with the legal obligations, both at the working point on 99 Logofătul Tăutu street, in Bucharest, and at the working point on 202-232 Drumul Gura Bădicului street, Bucharest 3 (wastewater, emissions, noise), generated waste, hazardous chemicals (owned, purchased and used). The obtained results demonstrated the compliance of the level of all environmental factors (wastewater, emissions) within the maximum allowed limits established by the legal requirements in force. Monitoring of environmental factors was performed by RENAR authorized/accredited laboratories.

### **C. Environmental Protection Measures, Endowments and Arrangements:**

In both working points, the evacuation of powders is done only by their retention installations, so as to ensure that the maximum permissible concentrations provided by the regulations in force are observed, and the waste gas is discharged only through dispersion chimneys, monitoring the contents of residual gas, so as not to exceed the limit values allowed by the regulations in force.

The discharge of technological wastewater was carried out through the treatment plants in both working points, so that their content falls within the required limits.

Control and preventive maintenance works were carried out in all installations with a role in mitigating pollutant emissions to air and water (dry and wet filtration elements, but also at treatment plants in both work points from 99 Logofătul Tăutu Street and 202-232 Drumul Gura Bădicului Street.

For both work points, from 99 Logofătul Tăutu Street and 202-232 Drumul Gura Bădicului Street, the organizational and technological measures for a good functioning continued, with the maintenance of low energy and water consumption values (control monitoring and preventive maintenance, at the chiller installation, treatment with water conditioning solutions introduced in steam boilers and cooling installations, technical inspection of drilling and proposals for the application of technical measures to adjust operating costs).

Interest was maintained in reducing the use of hazardous chemicals in specific processes and in promoting and developing the use of raw materials, materials, preparations from renewable (biological) or biodegradable resources.

During the first three months of 2026 the implementation of the provisions of GEO 92/2021 on the waste regime continued, as further amended and supplemented, implicitly the "Waste Management" internal procedure".



All waste generated by the company's activity in both working points were classified and coded according to the: Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives, as further amended and supplemented and selectively collected on categories and of the Commission Decision 2014/955/EU.

To be compliant with the legal requirement for the separate collection of paper, plastic waste, bins were placed in offices for the separate collection of paper, plastic waste, apart from those existing in the interior yard of the company (containers on dedicated colours: blue-paper, yellow-plastic, green-glass) and those existing on each production flow, auxiliary activity, respectively administrative.

The entire waste generated at company level in both working points were temporarily stored in a warehouse with separate spaces for all the categories of waste (recyclable, hazardous, non-hazardous waste, WEEE)/ containers for hazardous, non-hazardous and recyclable waste and prepared from the point of view of final packaging for their delivery for recovery or final disposal, to authorized economic operators, based on the contracts concluded with them.

During the first three months of 2026 we continued to selectively collect the main types of recyclable waste (paper, plastic, glass, metals).

The handling, storage and use of raw materials, solvents and fuels has been carried out in such a way as to avoid any danger of environmental pollution, in accordance with the provisions of the safety data sheets.

The vegetation on the area with the destination of green space was maintained, both from the head office and from the platform in Bucharest, No. 202-232 Drumul Gura Bădicului Street. To this latter emplacement, pre-treatment plants contributed with a significant flow of water to the need for watering green spaces.

The part intended for internal traffic was maintained, including paving with ecological tiles. Maintenance works were carried out for the sewerage network, for the connections by sanitizing them according to the Regulation for the Maintenance and Operation of water-sewerage networks.

Both at the working point on Logofătul Tăutu Street, and at the one of Drumul Gura Bădicului Street, monthly rodent control and disinsection operations were carried out, on a monthly basis, under a contract with an economic operator approved for this activity.

All the steps, the organizational and technological measures carried out, led to the maintenance of the authorizations and related documents, to the avoidance of fines and penalties.



### **1.6. Evaluation of the Research and Development Activity**

The portfolio of Biofarm S.A. comprises products from the following categories: drugs, food supplements, cosmetics and medical devices.

During the first quarter of 2026, for the export activity, 2 MAs were registered.

Currently, Biofarm company has a portfolio of 61 drugs, 5 medical devices (3 internal + 2 external) and 236 food supplements (total notified until now).

### **1.7. Evaluation of the Activity of the Commercial Company regarding Risk Management**

The company is exposed by its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Liquidity risk

The overall management objective is to establish policies that try to reduce the risk as much as possible without unjustifiably affecting the competitiveness and flexibility of the Company. Additional details regarding these policies are established below:

#### ***Credit Risk***

Credit risk is the risk that Biofarm SA may suffer a financial loss as a result of the non-fulfilment of contractual obligations by a client or a counterparty to a financial instrument, and this risk results mainly from the Company's trade receivables.

The company applies specific policies to ensure that the sale of products is carried out in such a way that the commercial credit granted is appropriate and continuously monitors the age of receivables. In this sense, measures were taken to verify the creditworthiness of clients and the Company's exposure to credit risk, as well as to insure claims with specialized companies. At the company level, there is a Commercial Policy, approved by the Board of Directors. In the latter, the commercial conditions of sale are clearly presented and there are conditions imposed in the selection of clients.

Biofarm SA does business only with distributors with national coverage in the pharmaceutical market. When selling for export, in all situations where it is possible, the sale is contracted with advance payment.

The collection period of net receivables is, on average 122 days. Biofarm S.A. managed to permanently provide the necessary liquidity and solvency at high rates and will try to maintain the positive trend of the debt collection periods.



The company allows for a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor was put into liquidation or became insolvent. Allowed financial assets may still be subject to enforcement activities according to the Company's recovery procedures, considering legal advice, where appropriate. Any recoveries made are recognized in profit or loss.

Cash and cash equivalents are placed only in first-rate banking institutions, considered to have high solvency.

### **Liquidity Risk**

Liquidity risk is the risk that Biofarm S.A. may encounter difficulties in meeting the obligations associated with financial debts that are settled in cash. The Company's approach to liquidity risk is to ensure, to the extent possible, that at all times it holds sufficient liquidity to meet its debts when they become due, both under normal and difficult conditions, without incurring significant losses or endanger the Company's reputation.

In general, the Company ensures that it owns sufficient cash at hand to cover expected operational expenses, including the payment of financial obligations.

In order to manage liquidity risk, cash flows are monitored and analysed quarterly and annually in order to establish the estimated level of net changes in liquidity.

At the end of the first quarter of 2026, the company has enough liquid resources to honour its obligations in all the reasonable circumstances envisaged. A significant amount of the company's cash availability is kept in banks in the form of term bank deposits. The banks where the company owns bank accounts and term deposits are periodically analysed by the company's management.

The company has no outstanding obligations to the state budget.

### **Market Risk**

Romanian economy is in continuous development, and there is a lot of uncertainty regarding the possible directions of politics and economic development in the future. The Company's management cannot foresee the changes that will take place in Romania and their effects on the financial statements, on the operating results and the treasury flows of the company.

### **Foreign Exchange Risk**

Biofarm S.A. is exposed to currency exchange risk through its sales, purchases and availability which are denominated in currencies other than the Company's functional currency, however the currency in which most transactions are carried out is RON.

The currencies that expose the Company to this risk are, mainly, EUR and USD. The different results are included in the Statement of the overall result and do not affect the cash flow until the time of liquidation of the debt.



### **1.8. Elements of Perspective regarding the Activity of the Commercial Company**

**a) Presentation and analysis of trends, elements, events or uncertainty factors that affect or could affect the liquidity of the commercial company compared to the same period of the previous year.**

Economic-financial indicators:

#### **CAPITAL PROFITABILITY AND RETURN**

	<b>31 March 26</b>	<b>31 March 25</b>
<b>Efficiency of available capital</b>		
Profit before interest and tax (A)	35,463,185	36,241,551
Available capital (B)	582,519,675	512,156,928
<b>A/B</b>	<b>6.09%</b>	<b>7.08%</b>
<b>Equity efficiency</b>		
Net profit (A)	32,531,666	32,325,304
Equity (B)	580,879,696	510,586,761
<b>A/B</b>	<b>5.60%</b>	<b>6.33%</b>
<b>Operational profit rate</b>		
Profit before interest and tax (A)	35,463,185	36,241,551
Operating income (B)	95,382,894	90,930,506
<b>A/B</b>	<b>37.18%</b>	<b>39.86%</b>
<b>Net profit rate</b>		
Net profit (A)	32,531,666	32,325,304
Total income (B)	98,354,065	92,599,691
<b>A/B</b>	<b>33.08%</b>	<b>34.91%</b>
<b>Total assets rate</b>		
Profit before interest and tax (A)	35,463,185	36,241,551
Total assets (B)	676,740,916	589,375,469
<b>A/B</b>	<b>5.24%</b>	<b>6.15%</b>

#### **SOLVABILITY**

	<b>31 March 26</b>	<b>31 December 25</b>
<b>Debt rate</b>		
Total obligations (A)	95,861,220	88.524.806
Total assets (B)	676,740,916	636.872.837
<b>A/B</b>	<b>14.17%</b>	<b>13,90%</b>
<b>Rate of financial autonomy</b>		
Equity (A)	580,879,696	548,348,031
Total assets less net current debt (B)	582,519,675	550,000,978
<b>A/B</b>	<b>99.72%</b>	<b>99.70%</b>



**LIQUIDITY AND WORKING CAPITAL**

	<b>31 March 26</b>	<b>31 March 25</b>
<b>General liquidity rate</b>		
Current assets	464,167,818	360,650,997
Current obligations	94,221,241	77,218,542
<b>(A/B)</b>	<b>4.93</b>	<b>4.67</b>
<b>Rapid liquidity rate</b>		
Current assets	464,167,818	360,650,997
Inventories	62,917,708	42,768,715
Current obligations	94,221,241	77,218,542
<b>(A-B)/C</b>	<b>4.26</b>	<b>4.12</b>
<b>Client collection period</b>		
Net trade receivables without VAT (A)	125,197,084	137,692,383
Net turnover (B)	92,490,740	95,079,883
<b>(A/B)*90 days</b>	<b>122</b>	<b>130</b>
<b>Period of inventory immobilization</b>		
Inventories of end products and merchandise (A)	97,387,187	54,980,149
Net turnover (B)	92,490,740	95,079,883
<b>(A/B)*90 days</b>	<b>95</b>	<b>52</b>
<b>Period for suppliers' payment</b>		
Suppliers (A)	55,469,486	43,877,822
Material and external expenses (B)	46,613,184	42,878,169
<b>(A/B)*90 days</b>	<b>107</b>	<b>92</b>

**b) Presentation and analysis of the effects of capital, current or anticipated expenditures on the financial situation of the commercial company, as compared to the same period last year**

On 31 March 2026, the situation of fixed assets held by Biofarm S.A. is presented as follows:

<b>TANGIBLE ASSETS</b>	<b>31 March 26</b>	<b>31 December 25</b>
Lands and constructions	70,668,714	71,653,507
Technical installations and machines	111,082,608	111,629,909
Other installations, machinery and furniture	1,420,968	1,489,019
Tangible assets under execution	12,603,708	9,371,156
<b>TOTAL</b>	<b>195,775,998</b>	<b>194,143,591</b>

During the first three months of 2026, the value of acquisitions of tangible assets was of lei 7,260,156.



## 2. Tangible Assets of the Commercial Company

### **2.1. Specifying the location and characteristics of the main production capacities in the property of the commercial company. Description and analysis of the degree of wear of the properties of the commercial company.**

The policy of Biofarm S.A. is to reassess the patrimony so that the market value does not differ significantly from the accounting value. The re-evaluation of lands being in the company patrimony was carried out by an authorized valuer, member of the National Association of Authorized Romanian Valuers (ANEVAR) on 31 December 2023.

The production activity of the company continued to be realized on the manufacturing flows, GMP (Good Manufacturing Practice) certificates, structured depending on the pharmaceutical forms that are produced and namely:

- flows of solid forms–film-coated tablets and sugar-coated tablets;
- flows of soft capsules;
- liquid flows;
- flows of chewable tablets.

Also, the flows located in No. 202-232 Drumul Gura Bădicului street, 3<sup>rd</sup> District, Bucharest, were authorized:

- flows of solid forms – film-coated tablets and sugar-coated tablets;
- flows of soft capsules;
- manufacture of drugs for human use for clinical investigation;
- liquid manufacturing flow.

Product quality is ensured by manufacturing in accordance with GMP requirements for all the company's drugs.

Quantifiable production objectives are oriented towards streamlining the activity and optimizing costs through:

- ✓ Realization of the production plan;
- ✓ Staying within the allocated budget;
- ✓ Classification into specific utility consumption per unit for each manufacturing flow.

Also, in order to achieve production, specific consumptions of raw materials, primary and secondary packaging materials were established and monitored on each manufacturing flow and on each series of manufactured products. Consumption reduction is achieved by working in campaigns and using manufacturing equipment at maximum capacity.

In addition, the consumption of utilities (electricity, drinking water, methane gas) is monitored by rationalizing the consumption in relation to the hours worked, following the repair works and isolation of the utility.



During the first quarter of 2026, the packaging of all drugs that are subject to EU Regulation 2016/161 of the Commission of 02.10.2016 supplementing Directive 2001/83/EC of the European Parliament (released with prescription) on the three packaging lines continued:

- Tablets/Soft capsules;
- Solutions;
- Syrups.

### **Investment in the New Factory**

During the first quarter of 2026, the validation of manufacturing processes continues.

### **2.2. Specifying the potential issues related to the property right over the tangible assets of the commercial company**

On 31 March 2026, the company did not hold an ownership title over the land in use of Bucharest, No. 99 Logofatul Tautu Street, 3<sup>rd</sup> District.

The land being in use from No. 99 Logofătul Tăutu street, Bucharest, 3<sup>rd</sup> District is not included in the financial statements of Biofarm S.A. due to the fact that the documents attesting the property were not yet obtained, there being notifications on Law No. 10/2001.

Pursuant to the provisions of Art. 1 of GD No. 834/1991, the company requested to obtain the certificate attesting the ownership right over the land for all the lands necessary to carry out the activity according to the activity object.

The value of the land for which a certificate attesting the ownership right will be obtained, will be established based on the legal provisions. With the value of the lands, the share capital of the Company will be increased, and the shares will become the state property.

### **3. Market of securities issued by the commercial company**

#### **Specifying the markets in Romania and other countries on which the securities issued by the company are traded.**

The securities issued by Biofarm S.A. are traded exclusively on the main market, at the Bucharest Stock Exchange, Premium category, BIO symbol.

#### **Description of the activity of the commercial company regarding the dividends. Specifying the dividends due/paid/accumulated in the last 2 years.**

#### **Profit distribution for 2024**

On 31.12.2024, Biofarm S.A. registered a net profit in the amount of lei 74,396,397, which was distributed as follows:

Dividends	30,546,636	41%
Retained earnings	43,850,331	59%
<b>Net profit 2024</b>	<b>74,396,967</b>	<b>100%</b>



### **Profit distribution for 2025**

On 31.12.2025, Biofarm S.A. recorded a net profit in the amount of lei 100,633,210, which was distributed as follows:

Dividends	41,385,765	41%
Retained earnings	59,247,445	59%
<b>Net profit 2025</b>	<b>100,633,210</b>	<b>100%</b>

### **Description of any activities of the commercial company for the purchase of own shares.**

Following the increase of the share capital by incorporating the profit related to 2006, a number of 8,126 shares remained, which could not be distributed according to the allocation rate. These shares were allocated by the Depozitarul Central to the company.

On 31 March 2026, Biofarm S.A. held 8,126 own shares.

### **If the commercial company has branches, specifying the number and the nominal value of shares issued by the parent company held by the branches.**

The company has no branches in the country or abroad.

### **If the commercial company issued bonds and/or other debt securities, presentation of the manner in which the company pays its obligations to the holders of such securities.**

Biofarm S.A. did not issue bonds or other debt securities in the first quarter of 2026.

## **4. Management of the Commercial Company**

### **The composition of the Board of Directors was the following:**

- The Board of Directors of BIOFARM S.A. during the period 01.01.2026 – 31.03.2026 was composed of:
  - Andrei HREBENCIUC – B.D. Chairman
  - Bogdan Alexandru DRĂGOI – B.D. Member
  - Ștefan DUMITRU – B.D. Member
  - Cătălin Constantin VICOL – B.D. Member
  - Sari EL LAKIS – B.D. Member



<b>Surname/First Name</b>	<b>ANDREI HREBENCIUC</b>
<b>Date of birth</b>	27.06.1984
<b>Professional qualification</b>	2003 - 2007- Bucharest Academy of Economic Studies, "Faculty of General Economics" 2007 - 2011 - Doctor of Economy, Bucharest Academy of Economic Studies Oversight Training Program (2009) - CNVM & US Securities and Exchange Commission
<b>Professional experience</b>	26 scientific articles in international databases as author and co-author 2008 - 2011 - Graduate Assistant - Bucharest Academy of Economic Studies 2010 - 3 published books - the prize of the General Association of Economists from Romania for the book "Iluzia. Erou si Antierou in crizele economice" 2012 - guest professor at the Stanford University - Hoover Institute 2012 - 2013 - Assistant Professor - Bucharest Academy of Economic Studies 2009 - present - Managing Partner - Private Future Consulting S.R.L. March 2013 - January 2023 - University Lecturer - Bucharest University of Economic Studies February 2023 - present - Associate Professor - Bucharest University of Economic Studies

<b>Surname/First Name</b>	<b>BOGDAN ALEXANDRU DRĂGOI</b>
<b>Date of birth</b>	27.05.1980
<b>Professional qualification</b>	University of Tufts, Fletcher, Boston, Massachusetts Specialisation in International Relations - graduated Magna cum Laudae Specialisation in Economics - graduated Magna cum Laudae Member of the Golden Key Honour Society
<b>Distinctions</b>	National Order of the Star of Romania - Knight grade Sovereign Military Order of Malta - Order pro Merito Melitensi
<b>Professional experience</b>	2002 - 2003 - Business analyst - Inquam Limited UK 2003 - 2004 - Associate - Inquam Limited UK 2004 - 2006 - Vice-president/Shareholder - FocusSat SA Romania April - September 2006 - Counsellor of the Minister - Ministry of European Integration 2006 - 2007 - State Secretary - Ministry of Public Finance 2007 - 2008 - General Manager, Economic Department - City Hall of Bucharest Municipality 2009 - 2012 - State Secretary - Ministry of Public Finance February 2012 - May 2012 - Minister - Ministry of Public Finance 2012 - 2014 - Presidential Counsellor - Presidential administration March 2015 - Present - Chairman of the Board of Directors of LION CAPITAL SA, General Manager



<b>Surname/First Name</b>	<b>ȘTEFAN DUMITRU</b>
<b>Date of birth</b>	26.09.1980
<b>Professional qualification</b>	1999 - 2003 - University of Bucharest, Bachelor's Degree, Faculty of Law
	2004 - 2005 - National Institute for Training and Further Education of Lawyers
	2004 - 2006 - Collaborating lawyer at SCA Călin Andrei Zamfirescu
<b>Professional experience</b>	November 2025 - present - Member of the Board of Directors, Biofarm SA
	February 2025 - present - General Manager at SAI Muntenia Invest SA
	March 2006 - February 2025 - Founding Partner at SCA Stănescu, Milos, Dumitru and Associates
	2009 - 2015 - Official Receiver, RVA Insolvency Specialists SPRL
	March 2011 - April 2017 - Non-executive Member within the Board of Directors of Banat - Crișana Financial Investment Company
	April 2013 - July 2015 - Vice-Chairman of the Board of Directors of the Banat - Crișana Financial Investment Company
	December 2015 - April 2017 - Member of the Audit Committee of the Banat - Crișana Financial Investment Company
	December 2015 - April 2017 - Member of the Audit Committee of the Banat - Crișana Financial Investment Company

<b>Surname/First Name</b>	<b>VICOL CATALIN CONSTANTIN</b>
<b>Date of birth</b>	16.11.1974
<b>Professional qualification</b>	1997 - a graduate of the "AL. I. CUZA" University of Iași, Faculty of Economic Sciences, specialisation Company Management (Bachelor's Degree)
	2000 - a graduate of the "AL. I. CUZA" University of Iași, Faculty of Economics and Business Management, specialisation Planning and Marketing Strategy (Master's Degree)
<b>Professional experience</b>	1999 - 2003 - Brand Manager - Royal Brinkers Romania
	2003 - 2008 - Marketing Manager- Walmark Romania
	2008 - 2010 - General Manager- Walmark Romania
	2010 - 2016 - Regional Director (RO, BG, HU, MD) & GM Romania- Walmark Romania
	*2011 - 2016 - Chairman of P.R.I.S.A. - "Patronatul Roman al Industriei Suplimentelor Alimentare din Romania"
	2017-2018 - General Manager- Air Liquide VitalAire Romania
2018 - present - General Manager- Biofarm S.A.	



<b>Surname/First Name</b>	<b>SARI EL LAKIS</b>
<b>Date of birth</b>	10.11.1997
<b>Professional qualification</b>	March 2023 – CFA Institute, Chartered Financial Analyst: Level 1
	January 2022 – March 2022 – Harvard University, Executive Leadership Programme
	October 2021 – December 2021 – Oxford University, Fintech Programme
	September 2020 – September 2021 – Lancaster University, MSc Finance (Distinction)
	October 2015 – June 2019 – University of East, Anglia, BSc Finance and Business Management (2:1)
<b>Professional experience</b>	November 2025 - present – Member of the Board of Directors, BIOFARM S.A.
	October 2024 - present - Member of the Board of Directors, ADMINISTRARE IMOBILIARE S.A.
	March 2024 – present – Member in the Board of Directors IAMU BLAJ S.A.
	October 2023 – present – Investment Analyst, Lion Capital S.A.
	February 2022 – September 2023 – Investment Analyst, Bucharest - INFINITY CAPITAL INVESTMENTS S.A.
	September 2019 – August 2020 - Financial Analyst at SAI Muntenia Invest S.A.

\* the data in the submitted CVs are in accordance with the latest Information made available to the company by the members of the Board of Directors

**Any agreement, understanding or family relationship between that director and another person by virtue of which that person was appointed a director:**

N/A.

**Participation of key persons in the company's capital (figures in RON):**

Andrei Hrebenciuc – B.D. Chairman	5,000
Mirel Florica – Industrial Operations Department Manager	5,000

The related parties with which the company carried out its activity during the first three months of 2026 are presented in Note 29 to the Financial Statements.



## 5. Financial-Accounting Statement

### 5.1. Assets, Liabilities and Equity Statement

- Lei -

Description	<u>31 March 26</u>	<u>31 December 25</u>
Fixed assets	212,573,098	207,152,437
Current assets	464,167,818	429,720,399
<b>TOTAL ACTIVE</b>	<b><u>676,740,916</u></b>	<b><u>636,872,836</u></b>
Current debts	94,221,241	86,871,858
Long-term debts	1,639,979	1,652,948
<b>TOTAL DEBTS</b>	<b><u>95,861,220</u></b>	<b><u>88,524,806</u></b>
<b>NET ASSETS</b>	<b><u>580,879,696</u></b>	<b><u>548,348,030</u></b>
Share capital and reserves	<u>31 March 26</u>	<u>31 December 25</u>
Share capital	98,537,535	98,537,535
Equities	(813)	(813)
Premiums related to the issue/redemption of own shares	(173,154)	(173,154)
Revaluation reserves	10,622,423	10,622,423
Reserves	23,350,438	23,350,438
Retained earnings	416,011,601	315,378,391
Current result	32,531,666	100,633,210
Profit distribution	-	-
<b>TOTAL CAPITALS</b>	<b><u>580,879,696</u></b>	<b><u>548,348,030</u></b>



## 5.2. Income and Expenses Statement

- Lei -

Description	For the 3-month period ending on	
	31 March 26	31 March 25
<b>Income from sales</b>	<b>92,490,740</b>	<b>95,079,883</b>
Other operating income	1,364,000	22,259
Changes in inventories	1,528,154	(4,171,636)
<b>Total operating expenses</b>	<b>(59,919,709)</b>	<b>(54,688,955)</b>
<b>Operating Profit / (Loss)</b>	<b>35,463,185</b>	<b>36,241,551</b>
Net financial income / (costs)	2,971,171	1,669,185
<b>Profit before tax</b>	<b>38,434,356</b>	<b>37,910,736</b>
Expenses with taxes	(5,902,690)	(5,585,432)
<b>Net profit</b>	<b>32,531,666</b>	<b>32,325,304</b>

## 5.3. Cash flow:

- Lei -

Description	For the 3-month period ending on	
	31 March 26	31 March 25
<b>Initial balance</b>	<b>115,246,135</b>	<b>61,843,963</b>
Cash within the basic activity	40,160,363	28,150,590
Cash within the investments activity	51,128,565	59,030,675
Cash within the financing activity	(27,375)	(21,853)
<b>Final balance</b>	<b>206,507,688</b>	<b>149,003,375</b>



## **6. Quarterly Report on Corporate Governance**

The Corporate Governance Chapter of the Directors' Report was prepared taking into account the applicable legislation such as: Regulation No. 5/2018 on issuers of financial instruments and market operations, as further amended and supplemented, Law No. 297/2004 on capital market, as further amended and supplemented, Law No. 24/2017 on issuers of financial instruments and market operations, Republished, as further amended and supplemented, Companies Law No. 31/1990, Republished, as further amended and supplemented etc.

The company elaborated a Corporate Governance Regulation which is posted in updated form on the company website [www.biofarm.ro](http://www.biofarm.ro) in the Corporate Governance/Relationship with Investors section – Regulations and Regulations of advisory committees sub-section. The purpose of adopting the Corporate Governance Regulation is to ensure transparency, the rights of shareholders and third parties, as well as the company credibility.

Biofarm S.A. will permanently improve the activity of Corporate Governance and will seek to fulfil all the applicable legal provisions in the future as well.

### **6.1. Corporate Governance Structures**

#### **6.1.1. General Meetings of Shareholders**

The General Meeting of Shareholders is the supreme decision-making body of the Company. General Meetings are: Ordinary and Extraordinary.

According to the Decision of the General Meeting of Shareholders No. 68/24.04.2012, the procedure to carry out the General Meetings of Shareholders was approved. The procedure to carry out the G.M.S. shall be modified or supplemented, as appropriate, with the legislative provisions in force on the date of each General Meeting of Shareholders individually. If there are differences between the provisions of the procedure and the applicable legislation, the legislation in force shall be applied.

The procedure regarding the exercise of the voting right by the shareholders of Biofarm S.A. company within the General Meetings of Shareholders, in an updated form (on 10.11.2022), is posted on the Company website in the Corporate Governance/Relationship with Investors section – Policies sub-section.

#### **6.1.2. Board of Directors**

The company is managed by a Board of Directors consisting of 5 members. From among the B.D. members, the B.D. Chairman is chosen. Directors shall be chosen by the Ordinary General Meeting of Shareholders for a period of 4 years and their mandate can be renewed for a period decided by the Ordinary General Meeting of Shareholders.

Directors can be revoked anytime by the decision of the Ordinary General Meeting of Shareholders.

The majority of members of the Board of Directors shall be formed of nonexecutive directors.



**The Board of Directors has the following duties:**

- a. to establish the main directions of activity and company's development;
- b. to establish the accounting and financial control system and to approve the financial planning;
- c. to appoint and revoke directors and to establish their remuneration and any other advantages; to establish the additional remuneration of the members of the Board of Directors charged with specific functions established by the General Meeting of Shareholders
- d. to prepare the annual report, to organize the general meeting of shareholders and to implement its decisions;
- e. to introduce the request for opening the company's insolvency procedure, according to Law on insolvency prevention procedures and insolvency proceedings;
- f. to relocate the company's office;
- g. to change the company activity object, except for the field and the main object of the company;
- h. to establish or dissolve secondary offices: branches, agencies, offices or other such units with no legal personality;
- i. to increase the share capital and establishing the procedure to be followed in compliance with the laws in force, under the limits established by the extraordinary general meeting of shareholders;
- j. documents for acquisition, transfer, exchange or constitution in guarantee of assets from the category of fixed assets of the company, the value of which exceeds, individually or together, during a financial year, 20% from the total of fixed assets, less receivables, shall be concluded by the administrators or directors of the company only after prior approval by the extraordinary general meeting of shareholders;
- k. to choose the Chairman of the Board of Directors
- l. to organize its control on the company
- m. to approve the contracting of banking loans with a value higher than EUR 750,000, but less than or equal to 20% from the total of fixed assets less receivables;
- n. to approve the organizational chart.

**The members of the Board of Directors of BIOFARM S.A. are:**

- During the period **01.01.2026 – 31.03.2026**, the Board of Directors of BIOFARM S.A. was composed of:
- Andrei HREBENCIUC – B.D. Chairman, non-executive, non-independent
  - Bogdan Alexandru DRĂGOI – B.D. Member, non-executive, non-independent
  - Stefan DUMITRU – B.D. Member, non-executive, non-independent
  - Cătălin Constantin VICOL – B.D. Member, executive, non-independent
  - Sari EL LAKIS – B.D. Member, non-executive, non-independent

During the abovementioned period, the Board of Directors was composed of 5 members, of which 4 non-executive members and one executive member:

- Andrei HREBENCIUC – elected for the first time in 2013 (by the GMS Decision No. 70/06.11.2013), re-elected for consecutive mandates of 4 years in 2017 (by the



O.G.M.S. Decision No. 77/07.11.2017) and in 2021 (by the O.G.M.S. Decision No. 84/04.11.2021) and in 2025 (by the OGMS Decision No. 93/03.11.2025);

- Bogdan Alexandru DRĂGOI – provisionally appointed by the Board of Directors in 2015 (by the BD Decision No. 167/10.12.2015) and confirmed in position in 2016 (by the GMS Decision No. 75/29.04.2016), re-elected for consecutive mandates of 4 years in 2017 (by the O.G.M.S. Decision No. 77/07.11.2017) and in 2021 (by the O.G.M.S. Decision No. 84/04.11.2021 (by OGMS Decision No. 84/04.11.2021) and in 2025 (by OGMS Decision No. 93/03.11.2025);
- Stefan DUMITRU – elected in 2025 for a mandate of 4 years (by OGMS Decision No. 93/03.11.2025);
- Cătălin Constantin VICOL – provisionally appointed by the Board of Directors in 2018 (by the B.D. Decision No. 209/06.12.2018) and confirmed in the position in 2019 by the G.M.S. Decision No. 79/23.04.2019) for a period equal to the difference of mandate that remained to be executed by the Board of Directors in operation. He was elected for a mandate of 4 years in 2021 (by the O.G.M.S. Decision No. 84/04.11.2021) and in 2025 (by OGMS Decision No. 93/03.11.2025);
- Sari EL LAKIS – elected in 2025 for a mandate of 4 years (by OGMS Decision No. 93/03.11.2025);

During the 1<sup>st</sup> Quarter of 2026, the Chairman of the Board of Directors of Biofarm S.A. **convened 6 times the members of the Board of Directors**. The Members of the Board of Directors attended the meeting in person, by telephone or through e-mail, pursuant to the provisions of the Articles of Incorporation, as follows:

<b>Director</b>	<b>Number of meetings attended</b>	<b>Number of meetings missed</b>	<b>Total number of meetings 1<sup>st</sup> quarter*</b>
Andrei Hrebenciuc	6	-	6
Bogdan Alexandru Drăgoi	6	-	6
Stefan DUMITRU	6	-	6
Cătălin Constantin Vicol	6	-	6
Sari El Lakis	6	-	6

\* meetings to which they were convened during the term of office, in the 1<sup>st</sup> Quarter of 2026.

The following were presented, discussed, and approved as appropriate: approval of the 2026 financial calendar, to be transmitted to the BSE, identification of strategic medium and long-term development opportunities for the Company, as well as the ways to support and capitalize on them, approval of a monthly budget for the commitment of investments in fixed assets (CAPEX), preliminary financial statements for 2025, approval of closure of the office located in Bucharest, 1<sup>st</sup> district, No. 40-42 B-dul Iancu de Hunedoara Street, signing of the financing contract corresponding to the STEP project, approval of the additional remuneration limits, convening of the O.G.M.S. balance sheet, approval of the Remuneration Report for 2025, approval of the recording of very old, unpaid debts as income, due by 2020, appointment of the Committee for centralizing votes by correspondence and proxies sent by shareholders for the



General Meeting of Shareholders, making the decisions necessary for the Company's current activity.

The company elaborated in 2021 the *Remuneration Policy* of managers, approved by the General Meeting of Shareholders by Decision No. 83/26.04.2021. On the occasion of the Ordinary General Meeting of Shareholders of 2025 the Company elaborated the new *Remuneration Policy* of managers – approved by the O.G.M.S. Decision No. 91/28.04.2025.

Thus, pursuant to the approved Policy and the regulations in force, the GMS - by Decision No. 91/28.04.2026, approved the Remuneration Report for 2025 prepared by the Board of Directors (the vote having an advisory nature). The Remuneration Report for 2025 can be consulted on the Company's website in the Corporate Governance / Investor Relations section, subsection GMS – GMS 2026.

As at 31.03.2026, there is no Committee (Audit, Nomination, Remuneration) established at the level of the Board of Directors of Biofarm S.A.

Following the meetings of the Board of Directors since 2026, **2** decisions communicated to the people who were to carry them out were issued.

The **Chairman of the Board of Directors** has the following attributions:

- a. convenes the General Meeting of Shareholders upon the proposal of the Board of Directors or upon the request of shareholders who individually or cumulatively hold at least 5% of the share capital;
- b. leads the meetings of the Board of Directors and the General Meetings;
- c. coordinates the board's activity and reports regarding this to the General Meeting of Shareholders;
- d. oversees the proper functioning of the company's bodies.

**The General Manager** has the following attributions:

- a. represents the Company in relations with shareholders, third parties, the union and in court under the terms of the law and the Articles of Incorporation;
- b. hires and dismisses the company's personnel;
- c. establishes the job descriptions and salaries of all company employees;
- d. proposes the company's organizational chart;
- e. approves sanctions for the company's personnel;
- f. approves the allocation of bonuses for the company's personnel;
- g. is entitled to sign at the bank, will designate and revoke the persons who will have this right, as well as the limits of this right;
- h. in the absence of a decision of the General Meeting of Shareholders, the General Manager may commit the company within the limit of an amount representing the maximum equivalent in lei of 750,000 EUR, but not more than 20% of the total fixed assets, less receivables for financial operations taken individually or cumulatively during a financial year;



- i. performs any other duties delegated by the Board of Directors;
- j. is entitled to delegate the authority to represent the company in relations with third parties, the union etc. to the Chief Executive Officer, the Deputy General Manager and other persons from the company's management, by decision.

The General Manager of the Company reports to the Board of Directors.

The General Manager is liable for exceeding his/her duties.

The General Manager can also be the Chairman of the Board of Directors.

The General Manager is responsible for meeting the decisions of the Board of Directors and the business plan.

On 31 March 2026, **the management team of the company** was provided by the following people:

**Cătălin Constantin VICOL - General Manager**

Date from which he holds the position within Biofarm S.A.: 15.11.2018

Catalin Vicol took over the management of Biofarm S.A. as the General Manager starting with 15.11.2018.

Cătălin Vicol has been active in the pharma market for over 20 years. He managed the local branch of a multinational company active in CHC, between 2008 and 2016, and since 2010, he occupied the position of Regional Manager as well, being responsible for Romania, Bulgaria, Hungary and Moldova. For two years, he was the General Manager of one of the greatest companies in the respiratory medical services and home medical devices market.

Catalin Vicol contributes to the development of Biofarm S.A. and to achievement of the company's objectives through proven skills throughout his career in the area of business strategy, process optimization and people management.

**Rachid EL LAKIS – Deputy General Manager**

Date from which he holds the position within Biofarm S.A.: 28.04.2025

Rachid Lakis has significant experience in the field of investments, operational management and corporate governance, gained within listed companies and financial institutions. He held management positions at Lion Capital S.A., where he coordinated the activities of the operations department and managed complex investment portfolios. He is a member of the boards of directors of several companies in the industrial and pharmaceutical sectors, actively contributing to the definition of long-term development strategies. He has specialized studies in finance and accounting, complemented by international leadership and corporate governance programs.

Through his expertise in strategic analysis, operational restructuring and streamlining financial performance, Rachid will contribute to the consolidation and sustainable growth of the company, including by identifying development opportunities, optimizing internal processes and supporting management decisions at the executive level of Biofarm S.A..



**Mihai ZOESCU - Chief Financial Officer**

Date from which he holds the position within Biofarm S.A.: 18.01.2021

Mihai Zoescu has under his subordination the Financial-Accounting, Human Resources, Controlling & Reporting, Legal and Relationship with Investors, and IT Departments of Biofarm SA. In his role, Mihai has the responsibility to improve the financial and control environment within the company. Mihai Zoescu is involved in standardizing and improving financial and internal control processes to maximize company performances, to reduce risks and to ensure the compliance with the internal policies and procedures. He brings more than 19 years of work experience in financial audit departments, internal audit, internal control, assistance in transactions – mergers and purchases, investigations, management and financial consultancy in one of the audit and consulting companies that is part of the "Big 4" where he was exposed to various business sectors: food supplement production, pharma distribution and retail, medical services, media and advertising, agriculture or construction materials. He holds a Master's degree in Finance, Insurance, Banking and Stock Exchanges from the Bucharest Academy of Economic Studies, CAFR (*Chamber of Financial Auditors of Romania Registry*) and ACCA (*Body of Expert and Licensed Accountants*) certification.

**Mirel FLORICA – Industrial Operations Director**

Date from which he holds the position within Biofarm S.A: 01.09.2023

Mirel Florica coordinates the Manufacturing Unit and the Quality Unit of Biofarm SA.

With a rich experience in the pharma industry, over 28 years, during which he held several management positions in leading companies, Mirel joined the Biofarm team with bold goals and the necessary motivation to achieve them, as well as the right ability and qualities to induce those around them to contribute to their achievement. The main objectives of Mirel's role are to substantiate the annual manufacturing plan, the implementation of the development and modernization strategy of the two production sites, the optimization of investments in the manufacturing areas, quality, environmental protection and health and safety at work and projects of digitization, in the area of industrial operations.

Mirel is a graduate of the Faculty of Industrial Chemistry at the Polytechnic University of Bucharest and holds a graduation diploma from the Executive MBA program at The Institute for Business and Public Administration Bucharest at ASEBUSS.

**Ioana GORĂNESCU - Marketing Manager**

Date from which she holds the position within Biofarm S.A.: 21.01.2019

Ioana leads the Marketing Department within Biofarm S.A., contributing to the development of Marketing and Communications strategies of renowned brands from the company portfolio, as well as to the identification of new market opportunities. The previous experience, of over 16 years helps her, together with the team she leads, achieve the growth objectives of the company. She has a Master's Degree in Marketing and Business Communication from the Bucharest University of Economic Studies and has a Bachelor's Degree in Social Economic Statistics and holds an IMB degree at the City University of Seattle.



**Dragoş MOISE – Trade Manager**

Date from which he holds the position within Biofarm S.A.: 21.01.2019

Dragoş leads the Trade Department (Trade Marketing, Key Account & Distributors) within Biofarm S.A. developing the company Trade and Sales strategies concerning the sales in Distributors and from Distributors to pharmacies of national chain type and independent pharmacies. His previous experience, of over 20 years in large multinational and local companies, with strong brands, market leaders in Pharma and FMCG, help him that, together with the team it coordinates, to reach the growth objectives of the company. Dragoş is licensed in Mechanical Engineering, studies graduated within the Ovidius University of Constanţa.

**Dănuţ Cristinel IORGA – Field Force Manager**

Date from which he holds the position within Biofarm S.A.: 21.01.2019

Dănuţ coordinates the sales and medical promotion teams within Biofarm S.A., teams whose objective is to reach the sales figures in pharmacies - the Sales team, respectively the market share targets for the brands in medical promotion - the Medical Promotion team. Licensed engineer of TCM Iaşi Faculty, Dănuţ has built a career in sales since the first years of activity, accumulating an experience of over 25 years, of which 22 years in management positions, the experience accumulated both in FMCG - 12 years - as well as in Pharma - 13 years - developing their area of expertise both in the sales area and in the medical promotion field.

**Monica Claudia DOBRISAN – Chief Accountant**

Date from which she holds the position within Biofarm S.A.: 09.05.2016

Claudia occupies the position of Chief Accountant within the Financial-Accounting Department since 2016, and together with the team it coordinates, ensures that all the financial-accounting activities of Biofarm S.A. are carried out both in compliance with the internal procedures of the company, and with the applicable tax regulations.

Claudia is a graduate of the of the Bucharest Academy of Economic Studies and a CECCAR member. Her experience, accumulated in the financial accounting field in multinational companies in various fields of activity (food production, pharma distribution) since 2002, allows her to contribute to the company performance.

**Petruţa STOICESCU – Manufacturing Manager**

Date from which she holds the position within Biofarm S.A.: 01.06.1998

Petruţa Stoicescu started her career at Biofarm S.A. in 1990. Since 2008, she has been promoted to the role of Manager of the Production Department, and since 2012 she has also taken over the coordination of the Procurement Department. Starting with 2023 Petruţa's activity is focused on the production flows of the two Biofarm manufacturing sites. Petruţa Stoicescu attended the Faculty of Chemical Technology at the University of Bucharest, Macromolecular Compounds Technology section.



**Cristina DIACONESCU – Quality Manager & Qualified Person**

Date from which she holds the position within Biofarm S.A.: 10.10.2022

Cristina Diaconescu coordinates the Quality Department, respectively the Quality Assurance and Quality Control activities. With over 30 years of experience in the pharma industry, in manufacturing, marketing and sales, research, development and quality, together with the team she coordinates, she is concerned about the development and implementation of quality standards and requirements, in all the company processes. Cristina is a chemical engineer. She graduated from the Faculty of Industrial Chemistry of the "Gh. Asachi" Technical University of Iași and holds an MBA degree at the "Gh. Asachi" Technical University of Iași.

**Mariana BOGDE – Human Resources Manager**

Date from which she holds the position within Biofarm S.A.: 02.04.2018

Mariana leads the HR Department within Biofarm S.A. since April 2018 where, together with her team, contributes to the improvement of HR processes and policies, to the identification of new talents within the teams from the company, development of programs that help retain and motivate employees, but also other HR projects that help performance and development. Licensed in Sociology – Psychology and having a Master's Degree in Human Resources Management, Mariana Bogde began her career in HR since 2006, working in different business fields, the last 7 years before Biofarm being in the Pharma field.

**Valentin Daniel CONSTANTIN – Manager of Legal Department and Relationship with Investors**

Date from which he holds the position within Biofarm S.A.: 19.08.2019

Daniel Constantin coordinates the Legal Department and Relationship with Investors of Biofarm S.A. since August 2019. He has a degree in Law and is a member of the College of Legal Advisers in Bucharest.

He has been active in the legal field since 2004, and since 2013 and until now, in the pharma market, a period in which he was exposed to various situations, specific to this industry (especially in the following areas: legal, compliance, data protection, competition, corporate affairs).

His role within the company is to coordinate the main areas of activity of the department (commercial, personal data protection, corporate governance, intellectual property), thus contributing to the Biofarm S.A. business sustainability.

**Valentina Alina COVACI – Pharmacovigilance & Medical & Regulatory Affairs Manager**

Date from which she holds the position within Biofarm S.A.: 01.12.2020

Alina Covaci coordinates the Regulatory Affairs & Medical & Pharmacovigilance Department since December 2020. She started her collaboration with Biofarm in August 2019 and currently, together with her team, contributes to the improvement of the processes related to her area of expertise, RA, Pharmacovigilance and Medical.

Alina is a senior clinical pharmacist. She graduated from the "Carol Davila" University of Medicine and Pharmacy of Bucharest, Faculty of Pharmacy in 2000 and until now she was permanently concerned about her professional development, taking classes and certifications in her field of activity which contributed to the performance of the activities of Regulatory affairs, Pharmacovigilance, GMP and GDP, in the companies where Biofarm previously worked.



**Diana Maria VIZITIU - Controlling & Reporting Department Manager**

Date from which she holds the position within Biofarm S.A.:15.10.2018

Diana coordinates the Controlling & Reporting department since October 2018, where, together with her team, she builds and manages Biofarm's internal financial reporting with particular attention to accuracy and the interpretation of financial data that is the basis for the company's business decisions. The constant development of the way of use, as well as the automation of data processing are part of the department's daily activity and objectives.

Holding a degree in Accounting and Financial Audit and having graduated a Master in Financial Analysis and Evaluation from ASE Bucharest, Diana started her career in 2006 and previously worked for Biofarm in areas such as: financial consulting and audit services and clinical studies.

**Tatiana PATOI – Export Department Manager**

Date from which she holds the position within Biofarm S.A.:01.09.2007

Tatiana Patoi has been active in the pharmaceutical field since 2004. She started her career at Biofarm S.A. in 2005. Since 2007, she has been in charge of the Export Department, holding the position of Export Manager and coordinating the export activity of Biofarm S.A. products on foreign markets.

Tatiana Patoi attended the courses of the Faculty of International Relations and Political Sciences within the State University of the Republic of Moldova, and, in 2004, she graduated with a Master's degree in Political Sciences at the National University of Political Studies and Public Administration, Bucharest.

**Florin TALOI – IT Department Manager**

Date from which he holds the position within Biofarm S.A.:15.03.2017

Florin Taloi has been coordinating the IT Department since 2017. He started his activity in Biofarm in 2010. Currently, together with his team, he manages the IT infrastructure of Biofarm, solving any situation addressed to the IT department.

Florin Taloi attended the courses of the Faculty of Electronics and Telecommunications of the "Politehnica" University and has 26 years of experience in the IT field.

**Gheorghe PACEA – Technical Manager**

Date from which he holds the position within Biofarm S.A.: 01.10.2023

With over 30 years of experience in industrial maintenance, especially in the pharmaceutical industry, Gheorghe Pacea coordinates the activity of the Technical Unit within Biofarm starting with October 2023. His expertise contributes significantly to ensuring the continuous and compliant operation of critical equipment, optimizing energy consumption and implementing strategic technical projects, thus supporting the company's operational and development objectives. Gheorghe Pacea attended the Faculty of Mechanics and a Master's Degree in Quality Management at the Faculty of Energy, within the Politehnica University of Bucharest.

The members of the executive management have skills and responsibilities according to the job description.

All persons who are part of the company's executive management are employed with continuous contracts of employment, except for the General Manager, Cătălin Constantin Vicol, Deputy



General Manager – Rachid El Lakis, Chief Financial Officer, Mihai Zoescu, and Industrial Operations Director, Mirel Florica who have concluded a mandate contract.

The affiliated parties with which the company carried out its activity are presented in Note 28 to the Financial Statements.

The number of shares held by the members of the executive management and of the Board of Directors of Biofarm S.A. as of 31 March 2026 are presented in the following table:

Andrei Hrebenciuc – B.D. Chairman	5,000
Mirel Florica – Industrial Operations Director	5,000

The persons being part of the executive management, or the Board of Directors of the company were not involved in disputes or administrative procedures in relation with their activity within the issuer.

## 6.2. Rights of Shareholders

Shareholders will participate in the profits and losses of the Company depending on the participation to the share capital. The shareholder has the right to dividends, proportionally with the shares held and calculated based on the net profit achieved.

The distribution of dividends and any other decisions on the allocation of the net profit shall be decided by the Ordinary General Meeting of Shareholders.

Shares are indivisible in relation with the Company which only recognizes one owner for each share.

Shareholders are entitled to participate to the increase of the share capital. The share capital of the Company can be increased by the decision of the General Meeting of Shareholders or of the Board of Directors of the Company within the limits established by the General Meeting of Shareholders.

Increasing the share capital with contribution in cash is realized by the issuance of new shares that are offered for subscription:

- a. the owners of the preference right, belonging to the existent shareholders on the registration date who did not alienate them during their trading period, if necessary or which were acquired during their trading period. In order to cast the preference right, a period of 30 days from the publication of the decision to increase the share capital in the Official Gazette shall be granted.
- b. the investing public, given that the new shares were not fully subscribed during the period of exercising the preference right, if the issuer does not decide in the Extraordinary General Meeting of Shareholders their cancellation.

The Extraordinary General Meeting of Shareholders may decide the trading of preference rights under the law and the F.S.A. (former R.N.S.C. (*National Securities Commission*)) regulations.

The increase of the share capital can be also done by other means provided by the law in compliance with the shareholders' rights.



Shareholders can request the following documents for information and for exercising control:

- a. published periodical and annual financial results;
- b. income and expenditure budget;
- c. current reports made by B.S.E./ F.S.A. (former R.N.S.C.);
- d. decisions of the Ordinary and Extraordinary General Meetings.

For the information of shareholders on the company website there is information posted in the <<Corporate Governance/Relationship with Investors>> section regarding:

- General information
- Contact persons for the relationship with shareholders, and their contact data
- Financial calendar
- Current reports
- Communiqués
- Non-financial reporting/ESG
- Financial statements and Presentations for investors
- General Meetings of Shareholders (convenings, G.M.S. materials, G.M.S. decisions, forms of special powers of attorney, forms of vote by mail, results of expressed votes, draft resolutions etc.)
- Dividends distribution procedures
- Coverage by analysts
- Updated Articles of Incorporation
- Code of Ethics and Organizational Conduct
- Policies
- Regulations and Regulations of advisory committees
- Declaration of conformity
- BD presentation and Executive management
- Transactions of persons with management responsibilities and persons in tight relations
- Shareholders' information note regarding personal data protection
- BSE information
- Price of shares
- Frequently asked Questions

**B.D. CHAIRMAN**  
**Andrei Hrebenciuc**



**INDIVIDUAL FINANCIAL STATEMENTS**  
**For the 3-month period ending on 31 March 2026**

**Prepared in compliance with the Order of the Ministry of Public Finance No. 2844/2016 for the approval of the Accounting Regulations, in accordance with the International Financial Reporting Standards**



**STATEMENT OF THE INDIVIDUAL COMPREHENSIVE INCOME**  
**for the 3-month period concluded as at 31 March 2026**  
(all amounts are expressed in LEI, unless otherwise mentioned)

Statement of Individual Comprehensive Income	NOTE	For the 3-month period ending on	
		31 March 26	31 March 25
<b>Income from sales</b>	<b>4</b>	<b>92,490,740</b>	<b>95,079,883</b>
Other operating income	5	1,364,000	22,259
Changes in inventories		1,528,154	(4,171,636)
Raw materials, consumables and goods	6	(15,476,225)	(12,897,140)
Personnel expenses	7	(15,595,214)	(13,856,550)
Depreciation		(5,574,502)	(4,274,987)
Other operating expenses	8	(23,273,768)	(23,660,278)
<b>Operating profit/(loss)</b>		<b>35,463,185</b>	<b>36,241,551</b>
Financial income	9	2,971,171	1,669,185
Financial costs	9	-	-
<b>Profit/(loss) before tax</b>		<b>38,434,356</b>	<b>37,910,736</b>
Corporate tax expenses	10	(5,902,690)	(5,585,432)
<b>Profit / (Loss)</b>		<b>32,531,666</b>	<b>32,325,304</b>
<b>Other comprehensive income elements</b>			
Reassessment of tangible assets		-	-
Deferred tax related to reassessment		-	-
<b>Total comprehensive income</b>		<b>32,531,666</b>	<b>32,325,304</b>
<b>Earnings per share attributable to ordinary shareholders:</b>			
Basic	11	0.0330	0.0328

The explanatory notes are an integral part of the financial statements.

Approved by the Board of Directors on **4 May 2026**

and signed on its behalf by:  
**B.D. Chairman**  
**Andrei Hrebenciuc**

Drafted by:  
**Chief Accountant**  
**Monica Claudia Dobrisan**



**STATEMENT OF INDIVIDUAL FINANCIAL POSITION**  
**for the 3-month period concluded as at 31 March 2026**  
**(all amounts are expressed in LEI, unless otherwise mentioned)**

**Statement of individual financial position**

	<b>NOTE</b>	<b>31 March 26</b>	<b>31 December 25</b>
Tangible assets	<b>11</b>	195,775,998	194,143,591
Investment property	<b>12</b>	-	-
Intangible assets	<b>13</b>	2,425,580	2,385,694
Other fixed assets		9,095	9,095
Deferred tax	<b>18</b>	14,362,425	10,614,057
<b>Fixed assets</b>		<b>212,573,098</b>	<b>207,152,437</b>
Inventories	<b>14</b>	62,917,708	63,689,563
Assets held for sale	<b>14.1</b>	-	23,598,383
Trade receivables and similar	<b>15</b>	169,742,422	172,186,318
Term bank deposits	<b>16</b>	25,000,000	55,000,000
Cash and cash equivalents	<b>16</b>	206,507,688	115,246,135
<b>Current assets</b>		<b>464,167,818</b>	<b>429,720,399</b>
<b>TOTAL ACTIVE</b>		<b>676,740,916</b>	<b>636,872,836</b>
<b>Debts</b>			
Trade and similar debts	<b>17</b>	83,354,271	81,800,315
Corporate tax debts		6,432,577	-
Subsidies for short term investments	<b>17</b>	51,875	51,875
Other provisions	<b>19</b>	4,382,518	5,019,668
<b>Current debts</b>		<b>94,221,241</b>	<b>86,871,858</b>
Long-term debts	<b>17</b>	1,134,198	1,134,198
Subsidies for long-term investments	<b>17</b>	505,781	518,750
<b>Long-term debts</b>		<b>1,639,979</b>	<b>1,652,948</b>
<b>TOTAL DEBTS</b>		<b>95,861,220</b>	<b>88,524,806</b>
<b>NET ASSETS</b>		<b>580,879,696</b>	<b>548,348,030</b>

*The attached explanatory notes are an integral part of the financial statements.*

Approved by the Board of Directors on **4 May 2026**

and signed on its behalf by:

**B.D. Chairman**  
**Andrei Hrebenciuc**

Drafted by:

**Chief Accountant**  
**Monica Claudia Dobrisan**



**STATEMENT OF THE INDIVIDUAL FINANCIAL POSITION**  
**for the 3-month period concluded as at 31 March 2026**  
**(all amounts are expressed in LEI, unless otherwise mentioned)**

<b>Share capital and reserves</b>	<b>NOTE</b>	<b>31 March 26</b>	<b>31 December 24</b>
Share capital	<b>20</b>	98,537,535	98,537,535
Own shares	<b>21</b>	(813)	(813)
Premiums related to the issuance/redemption of own shares		(173,154)	(173,154)
Revaluation reserves	<b>22</b>	10,622,423	10,622,423
Reserves	<b>22</b>	23,350,438	23,350,438
Retained earnings	<b>23</b>	416,011,601	315,378,390
Current result		32,531,666	100,633,210
Profit distribution	<b>24</b>	-	-
<b>TOTAL CAPITALS</b>		<b>580,879,696</b>	<b>548,348,030</b>

*The attached explanatory notes are an integral part of the financial statements.*

Approved by the Board of Directors on **4 May 2026**

and signed on its behalf by:  
**B.D. Chairman**  
**Andrei Hrebenciuc**

Drafted by:  
**Chief Accountant**  
**Monica Claudia Dobrisan**



**STATEMENT OF INDIVIDUAL CASH FLOWS**  
for the 3-month period concluded as at 31 March 2026  
(all amounts are expressed in LEI, unless otherwise mentioned)

**Individual Cash Flows Statement**

	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
<b>Flows from operating activities</b>		
<b>Profit before tax</b>	<b>38,434,356</b>	<b>37,910,736</b>
<b>Adjustments for:</b>		
Receivables adjustment	-	-
Adjustment of inventories	-	-
Depreciation and provisions	5,574,896	4,274,987
Assets revaluation adjustments	-	-
Modification of the Investment Property value	-	-
Loss/(profit) from the disposal of assets	(1,819,167)	(20,042)
Decrease/(increase) in other provisions	(637,150)	(2,257,868)
Interest income	(2,971,171)	(1,669,185)
<b>Profit before modifying the working capital</b>	<b>38,581,764</b>	<b>38,238,628</b>
Decrease/(increase) of receivables	(774,585)	(19,536,601)
Decrease/(increase) of inventories	771,854	10,402,907
Increase/(decrease) of debts	1,581,330	(954,344)
<b>Cash from operating activities</b>	<b>40,160,363</b>	<b>28,150,590</b>
Paid financial costs	-	-
Paid profit tax	-	-
<b>Net cash from operating activities</b>	<b>40,160,363</b>	<b>28,150,590</b>
<b>Flows from investments activities</b>		
Term deposits	30,000,000	62,000,000
Purchases of fixed assets	(7,260,156)	(4,658,552)
Collections from subsidies	-	-
Proceeds from the sale of fixed assets	25,417,550	20,042
Collected interest	2,971,171	1,669,185
<b>Net flows from investment activities</b>	<b>51,128,565</b>	<b>59,030,675</b>
<b>Flows from financing activities</b>		
Paid dividends	(27,375)	(21,853)
<b>Net flows from financing activities</b>	<b>(27,375)</b>	<b>(21,853)</b>
<b>Cash net increase/(decrease)</b>	<b>91,261,553</b>	<b>87,159,412</b>
<b>Cash and cash equivalents opening balance</b>	<b>115,246,135</b>	<b>61,843,963</b>
<b>Cash and cash equivalents closing balance</b>	<b>206,507,688</b>	<b>149,003,375</b>

The attached explanatory notes are an integral part of the financial statements.

Approved by the Board of Directors on **4 May 2026**

and signed on its behalf by:

**B.D. Chairman**  
**Andrei Hrebenciuc**

Drafted by:

**Chief Accountant**  
**Monica Claudia Dobrisan**



**INDIVIDUAL STATEMENT OF CHANGES IN EQUITIES**  
**for the 3-month period concluded as at 31 March 2026**  
(all amounts are expressed in LEI, unless otherwise mentioned)

**Individual Statement of Changes in Equities**

	Subscribed capital	Own shares	Premiums related to the issuance/repurchase of own shares	Revaluation reserves	Reserves	Retained earnings	Current earnings	TOTAL
<b>31 December 2024</b>	<b>98,537,535</b>	<b>(813)</b>	<b>(173,154)</b>	<b>10,622,423</b>	<b>23,350,438</b>	<b>271,528,060</b>	<b>74,396,967</b>	<b>478,261,457</b>
Retained earnings	-	-	-	-	-	74,396,967	(74,396,967)	-
Current comprehensive result	-	-	-	-	-	-	100,633,210	100,633,210
Allocations of other revaluation reserves	-	-	-	-	-	-	-	-
Deferred tax allocations revaluation	-	-	-	-	-	-	-	-
<b>Total comprehensive result</b>	-	-	-	-	-	<b>74,396,967</b>	<b>26,236,243</b>	<b>100,633,210</b>
Distributed dividends *	-	-	-	-	-	(30,546,636)	-	(30,546,636)
<b>31 December 2025</b>	<b>98,537,535</b>	<b>(813)</b>	<b>(173,154)</b>	<b>10,622,423</b>	<b>23,350,438</b>	<b>315,378,391</b>	<b>100,633,210</b>	<b>548,348,030</b>
Retained earnings	-	-	-	-	-	100,633,210	(100,633,210)	-
Current comprehensive result	-	-	-	-	-	-	32,531,666	32,531,666
Allocations of other revaluation reserves	-	-	-	-	-	-	-	-
Deferred tax allocations revaluation	-	-	-	-	-	-	-	-
<b>Total comprehensive result</b>	-	-	-	-	-	<b>100,633,210</b>	<b>(68,101,544)</b>	<b>32,531,666</b>
Distributed dividends *	-	-	-	-	-	(30,546,636)	-	(30,546,636)
<b>31 March 2026</b>	<b>98,537,535</b>	<b>(813)</b>	<b>(173,154)</b>	<b>10,622,423</b>	<b>23,350,438</b>	<b>416,011,601</b>	<b>32,531,666</b>	<b>580,879,696</b>

\* In 2026, the dividends to be distributed per share will be of lei 0.042 for 2025 and in 2025 the dividends distributed per share were of lei 0.031 for 2024.

*The attached explanatory notes are an integral part of the financial statements.*

Approved by the Board of Directors on **4 May 2026**

and signed on its behalf by:  
**B.D. Chairman**  
**Andrei Hrebenciuc**

Drafted by:  
**Chief Accountant**  
**Monica Claudia Dobrisan**



## **Explanatory notes to the individual financial statements:**

### **1. GENERAL INFORMATION**

#### **1.1. Company presentation**

BIOFARM S.A. has the registered office in Bucharest, No. 99 Logofătul Tăutu Street, 3<sup>rd</sup> District and has as main object of activity the production and marketing of medicines for human use, NACE code 2120 "Manufacture of pharmaceutical preparations".

Prior to 13.03.2026, the company had the following working points:

- ✓ Bucharest, No. 99 Logofatul Tautu Street, 3<sup>rd</sup> District, registered office;
- ✓ Bucharest, No. 42-44 Bd-ul Iancu de Hunedoara Street, 1<sup>st</sup> district, tax identification number 14008268;
- ✓ Bucharest, No. 202-232 Drumul Gura Badicului Street, 3<sup>rd</sup> District, tax identification number 30037915.

The deregistration of the office of Bucharest, No. 42-44 Bd. Iancu de Hunedoara Street, 1<sup>st</sup> district, tax identification number 14008268 was registered with the Trade Register on 13.03.2026, based on the conclusion No. 208872 of 12.03.2026. Consequently, starting with 13.03.2026, this office is no longer listed as a registered secondary office, the company having the following offices:

- ✓ Bucharest, No. 99 Logofatul Tautu Street, 3<sup>rd</sup> district, registered office;
- ✓ Bucharest, No. 202-232 Drumul Gura Badicului Street, 3<sup>rd</sup> District, tax identification number 30037915.

The shareholder structure as of 31.03.2026 was as follows:

<b>Shareholder</b>	<b>Shares</b>	<b>Percentage (%)</b>
LONGSHIELD INVESTMENT GROUP S.A., BUCHAREST	509,229,185	51.6787
LION CAPITAL S.A., ARAD	362,096,587	36.7470
Natural persons	103,390,647	10.4926
Legal persons	10,658,931	1.0817
<b>Total</b>	<b>985,375,350</b>	<b>100</b>

#### **1.2. Corporate Governance Structures**

The Company has developed a Corporate Governance Regulation which is posted on the Company's website [www.biofarm.ro](http://www.biofarm.ro) in the Corporate Governance/Investor Relations section – Regulations subsection and Regulations of the advisory committees. The purpose of adopting the Corporate Governance Regulation is to ensure transparency, the rights of shareholders and third parties as well as Company credibility.



## **1. GENERAL INFORMATION (CONTINUATION)**

### **1.2. Corporate Governance Structures (continuation)**

The members of the Board of Directors of BIOFARM S.A.:

- The Board of Directors of BIOFARM S.A. during the period 01.01.2026 – 31.03.2026 was composed of:
  - Andrei HREBENCIUC – B.D. Chairman
  - Bogdan Alexandru DRĂGOI – B.D. Member
  - Ștefan DUMITRU – B.D. Member
  - Cătălin Constantin VICOL – B.D. Member
  - Sari EL LAKIS – B.D. Member

On 31 March 2026 the management team of the company was provided by the following persons:

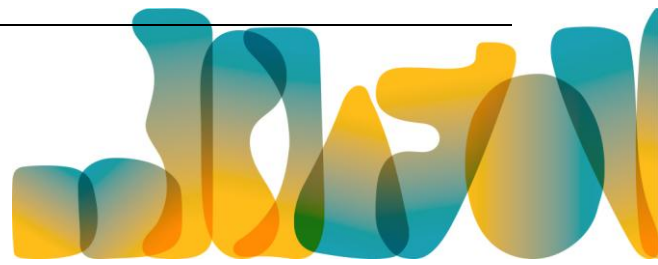
- ✓ Cătălin Constantin VICOL - General Manager
- ✓ Rachid EL LAKIS – Deputy General Manager
- ✓ Mihai ZOESCU – Chief Financial Officer
- ✓ Mirel FLORIȚA – Industrial Operations Director
- ✓ Ioana GORĂNESCU - Manager Marketing
- ✓ Dragoș MOISE – Trade Manager
- ✓ Dănuț Cristinel IORGA – Field Force Manager
- ✓ Monica Claudia DOBRISAN – Chief Accountant
- ✓ Cristina DIACONESCU – Quality Manager & Qualified Person
- ✓ Petruța STOICESCU – Manufacturing Manager
- ✓ Mariana BOGDE – Human Resources Manager
- ✓ Valentin Daniel CONSTANTIN – Manager of Legal Department and Relationship with Investors
- ✓ Alina Valentina COVACI – Regulatory Affairs & Medical & Pharmacovigilance Manager
- ✓ Maria Diana VIZITIU - Controlling & Reporting Department Manager
- ✓ Tatiana PATOI – Export Department Manager
- ✓ Florin TALOI – IT Department Manager
- ✓ Gheorghe PACEA – Technical Manager.

The members of the executive management have powers and responsibilities according to the job description/contract concluded with the Company.

All the persons who are part of the executive management of the company are employed with a contract for an indefinite period, except for the General Manager, Cătălin Constantin Vicol, Deputy General Manager – Rachid El Lakis, the Chief Financial Officer - Mihai Zoescu and the Industrial Operations Manager - Mirel Florica who have concluded mandate contracts.

There are no agreements, deals or family ties between the persons in the executive management of the company and another person due to which the person in the executive management was appointed as a member of the executive management.

The persons that are part of the executive management or of the Board of Directors of the company have not been involved in disputes or administrative procedures in relation to their activity within the issuer.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT**

These financial statements were elaborated in conformity with the International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively referred to as "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRS").

The individual financial statements have been prepared pursuant to the International Financial Reporting Standards ("IFRS Accounting Standards"). The Company has prepared these individual financial statements to meet the requirements of Order No. 2844/2016 on the application of International Financial Reporting Standards by commercial companies whose securities are admitted to trading on a regulated market.

The company does not own subsidiaries and does not issue consolidated financial statements.

The individual financial statements have been approved by the Board of Directors during the meeting of **4 May 2026**.

The main accounting policies applied upon the elaboration of financial statements are established below.

Elaborating the financial statements in compliance with the adopted IFRS require the use of certain significant accounting estimates. Company management approves any modification of the accounting policies. The fields in which decisions were made, and significant accounting estimates were carried out in the elaboration of financial statements and their effect are shown in the following paragraphs.

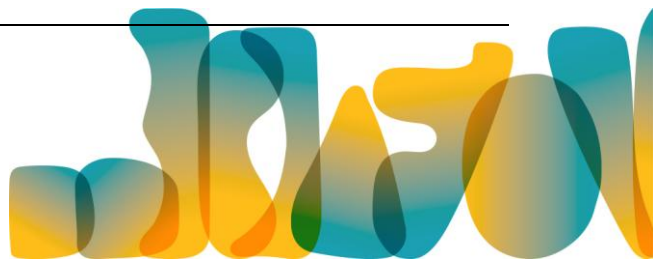
The accounting policies were applied consistently in all presented periods, in the individual financial statements prepared by the Company.

The Company also adopted the document "Presentation of accounting policies (Amendments to IAS 1 and Statement 2 regarding IFRS practice)" starting from 1 January 2023.

Although the amendments did not lead to changes in the accounting policies themselves, they had an impact, in some cases, on the information regarding the accounting policies presented in the financial statements.

The amendments provide for the presentation of accounting policies "with a material impact", rather than "significant" accounting policies. The amendments also provide guidance on the application of the concept of "material" in the presentation of accounting policies.

Management has reviewed the accounting policies and, in some cases, updated the information presented in Note 2 Accounting policies with a material impact in accordance with the amendments.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.1. Bases of Assessment**

The individual financial statements are drafted based on the convention of the historic / amortized cost, except for the lands and buildings presented at a revalued cost by the use of the fair value and of the elements presented at their fair value, respectively the financial assets and debts at the fair value by the profit and loss account and the investment property, except for those for which the fair value cannot be reliably established.

### **2.2. Functional and Presentation Currency**

Company management considers that the functional currency, as defined by IAS 21 "Effects of exchange rate variation", is the Romanian Leu (LEI). Individual financial statements are presented in LEI.

The transactions performed by the Company in a currency other than the functional currency are recorded at the rates in force on the date on which transactions took place. Assets and monetary debts in foreign currency are converted at the rates in force at the reporting date.

### **2.3. Significant Accounting Valuations and Estimates**

As a result of the uncertainties corresponding to business activities, certain elements from the financial statements cannot be accurately assessed, but they can only be estimated. Estimation implies judgments based on the latest available, credible information. Using reasonable estimates is an essential part of the elaboration of financial statements and does not undermine their credibility.

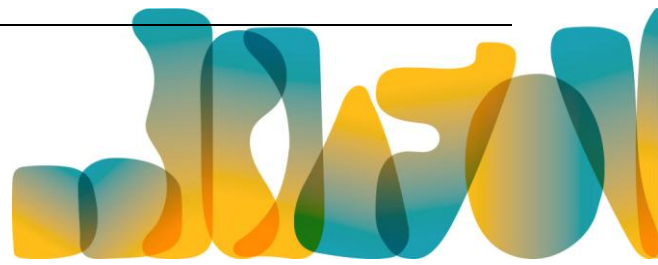
An estimate may require revision if changes take place regarding the circumstances on which this estimate was based or following some new information or subsequent experiences. By its nature, the revision of an estimate is not related to prior periods and does not represent the correction of an error during the current period. If there is, the effect on future periods is recognized as income or expense in those future periods.

The company performs certain estimates and hypotheses regarding the future. Estimates and judgments are continually assessed based on the historical experience and on other factors, including the forecasting of future events considered to be reasonable in the existing situations. In the future, actual experience may differ from these estimates and hypotheses.

Further on, assessment, estimation and presumptions examples applied within the company are presented:

#### **(a) Assessment of Land and Buildings Owned**

The company obtains assessments conducted by external evaluators to determine the fair value of Investment Property and of buildings owned. These assessments are based on hypotheses that include future income from rentals, anticipated maintenance costs, future development costs and the appropriate discount rate. Evaluators also refer to the information on the market related to transaction prices with similar properties.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.3. Significant accounting estimates and assessments (continued)**

#### **(b) Adjustments for Depreciation of Receivables**

The assessment for doubtful debts is performed individually and is based on the best estimation of management on the present value of cash flows that is expected to be received. For the estimation of these cash flows, management makes certain estimations with regard to the financial statement of partners. Considering the reduced number of clients, the evaluation of value adjustments on trade receivables is made individually, on each customer.

#### **(c) Judicial Procedures**

The company reviews the outstanding legal cases following the assessments within the legal proceedings and the existent situation at each reporting date, to assess the provisions and the presentations from its financial statements. Among the factors taken into consideration in the moment of taking the decisions related to provisions are the nature of the litigation or of claims and the potential level of damages in the jurisdiction in which the litigation is disputed, case progress (including the progress after the date of financial statements, but before the respective statements are issued), the views or opinions of legal advisers, the experience in similar cases and any decision of Company management related to the manner in which it will answer to the litigation, claim or assessment.

The Company sets up provisions for unfavourable Court sentences/decisions and, as a result of these decisions, one can estimate a financial impact in a reasonable manner.

#### **(d) Other Accounting Estimates**

There are objective situations in which until the closing date of fiscal periods or until the closing date of a financial year, the exact values of expenditures employed by the company are not known (for ex.: marketing campaigns – products promotion sales and stimulation of sales). For this category of expenditures preliminary expenses shall be done, which will be corrected within the following periods when cash outflows will also be produced. Expenditure estimates, on each category of expense, shall be performed by people with experience in the type of activity generating that expense.

#### **(e) Taxation**

The taxation system in Romania is in a phase of consolidation and harmonization with the European legislation. However, there are still different interpretations of the fiscal legislation. In certain situations, fiscal authorities may treat differently certain aspects, proceeding to the calculation of additional taxes and fees and of afferent delay penalties. The Company Management considers that tax liabilities included in the financial statements are appropriate.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.4. Presentation of Financial Statements**

The Company adopted a presentation based on liquidity for the assets and based on exigible liabilities within the statement of the financial position and a presentation of income and expenses depending on their nature within the comprehensive income statement, considering that these presentation methods offer information that are credible and more relevant than those that would have been presented based on other methods allowed by IAS 1 "Presentation of Financial Statements".

### **2.5. Going Concern Principle**

The period of three months concluded as at 31 March 2026 continued in line with the expectations of Biofarm SA management, so that, on the date of financial statements, the company's management team does not consider that there is any aspect that would affect going concern principle, the volume of sales, cash flows and profitability. On the date of these financial statements, Biofarm SA has sufficient liquidity to meet its obligations at maturity and, therefore, applies the going concern principle as a basis for the preparation of financial statements.

### **2.6. Intangible Assets**

The record of intangible assets is performed according to IAS 38 "Intangible assets" and IAS 36 "Impairment of Assets". Externally acquired intangible assets are initially recognized at cost and subsequently amortized linearly during their useful economic duration.

Expenses related to the acquisition of patents, copyrights, licenses, trademarks or factory marks and other intangible assets recognized for accounting purposes, except for the formation expenses, the goodwill, the intangible assets with indefinite useful life, thus classified according to the accounting regulations, are recovered through straight-line depreciation deduction during the contract period or the duration of use, if appropriate. Expenses related to the purchase or production of computer programs are recovered through straight-line depreciation deductions on a period of 3 years.

### **2.7. Tangible Assets**

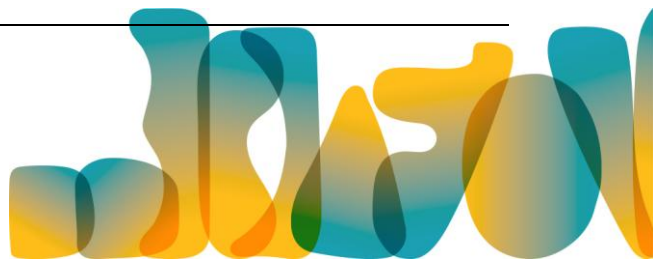
Tangible assets are tangible elements that:

- a) are held for use in the production or supply of goods or services, in order to be rented to the third parties or to be used for administrative purposes; and
- b) are expected to be used during more than one period.

#### **Recognition:**

The cost of an item of tangible assets must be recognized as an asset only if:

- a) generation of future economic benefits afferent to the asset is probable for an entity; and
- b) the cost of the asset can be credibly assessed.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.7. Tangible Fixed Assets (continuation)**

#### **Assessment after Recognition**

After recognition as an asset, an item of non-current tangible assets (other than land and buildings) is accounted for its cost minus any accumulated depreciation and any losses accumulated from depreciation.

After recognition as an asset, buildings whose fair values can be measured reliably are accounted for at a revalued amount.

The fair value of land is generally determined based on the comparative values on the market, through an assessment performed by qualified professional assessors. The fair value of land items is generally their value on the market determined by assessment.

Reassessments are performed with sufficient regularity to make sure that the book value does not significantly differ from what would have been determined by using the fair value at the end of the reporting period.

When an item of tangible assets is reassessed, any accumulated depreciation at the reassessment date is eliminated from the gross book value of the asset, and the net value is recalculated at the asset's reassessed amount.

If an item of tangible assets is reassessed, then the entire class of tangible assets from which that element is part is reassessed.

If the book value of a tangible asset is increased after revaluation, then the increase is recognized in other comprehensive income elements and accumulated in equity as a reassessment surplus. However, the increase shall be recognized in profit or loss to the extent that it compensates with a decrease from the reassessment of the same asset previously recognized in the profit or loss account.

If the book value of an asset is decreased after a reassessment, this decrease shall be recognized in profit or loss. However, the reduction should be recognized in other comprehensive income elements to the extent that the reassessment surplus presents a credit balance for that asset. The reduction recognized in other comprehensive income elements reduces the amount accumulated in equity as a reassessment surplus.

The reassessment surplus included in equities afferent to an item of tangible assets is directly transferred in the result reported when the asset is derecognized. Transfers from reassessment surplus in the comprehensive income are not performed through the profit or loss account.

If there are any, the effects of taxes on the comprehensive income from the reassessment of tangible assets are recognized and presented in accordance with IAS 12 Tax income.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.7. Tangible Fixed Assets (continuation) (continuation)**

#### **Amortisation**

The amortizable value of an asset is systematically allocated to its useful life duration. Amortization of an asset begins when it is available for use, that is, when it is in the location and condition necessary, to operate in the manner intended by the management.

The amortization method used reflects the expected pattern of consumption of future economic benefits of the asset by the entity.

The owned land is not amortized and is presented at the estimated fair value based on the trading values of comparable assets (IFRS 13 - Level 2). The fair value of buildings was determined using the net replacement cost method (IFRS 13 - Level 3).

For amortizable fixed assets, the company uses, in terms of accounting, the straight-line amortization method. Payback periods are determined by a specialty internal commission according to the company's internal procedures. You will find below a short presentation of useful lives of fixed assets on important categories of assets:

<b>Category</b>	<b>Lifespan</b>
Buildings and constructions	8-40 years
Equipment and facilities	7-24 years
Means of transportation	4-6 years
Computer technology	2-15 years
Office furniture and equipment	3-15 years

#### **Depreciation**

In order to determine whether an element of tangible assets is depreciated, the company applies IAS 36 Depreciation of assets. At the end of each reporting period, the entity estimates whether there is evidence of depreciation of assets. In case such evidence is identified, the entity estimates the recoverable amount of the asset.

Only if the recoverable amount of an asset is smaller than its carrying amount, the carrying amount of the asset shall be reduced in order to be equal to the recoverable amount. Such reduction represents a depreciation loss. An impairment loss is recognised immediately in the profit or loss of the period, except for the situations in which the asset is considered to the reassessed amount, in accordance with the provisions of another Standard (for example, in accordance with the reassessment model from the IAS 16 Tangible assets). Any impairment loss in the case of a reassessed asset is considered as being a decrease generated by reassessment.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.8. Real Estate Investments – IAS 40**

An investment property is recognized as an asset if, and only if:

- a. it is probable that the future economic benefits associated with the investment property will flow to the entity;
- b. the cost of investing real estate can be assessed reliably.

The company classifies as investment property land owned for future use not yet determined.

An investment property must initially be valued at cost. Transaction costs shall be included in the initial assessment. The cost of a purchased investment property includes its purchase price and any directly attributable expenses. Directly attributable expenses include, for example, professional fees for legal services, fees for the transfer of ownership and other transaction costs.

Investment property is then presented on the balance sheet at fair value, estimated by reference to the transaction values of comparable assets (IFRS 13 - Level 2).

The fair value of an investment property is determined by a valuation by a certified independent valuer who has relevant experience in valuing similar real estate.

After initial recognition, an entity that chooses the fair value model shall measure all of its investment property at fair value.

A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss in the period in which it arises.

An entity determines fair value without deducting transaction costs that it may incur in connection with the sale or other disposal.

The fair value of a property shall reflect market conditions at the end of the reporting period.

Non-current assets in the category of Investment Property, owned by the company are disclosed in Note 12 to the financial statements.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.9. Inventories**

Pursuant to the provisions of IAS 2, inventories are assets:

- a. held for sale during the normal course of the activity;
- b. in the process of production for such sale; or
- c. in the form of materials and other consumables to be used in the production process or for the supply of services.

#### **Assessment of Inventories:**

Inventories are assessed at the smallest value between the cost and the net realizable value.

#### **Cost of Inventories**

The cost of inventories contains all acquisition costs, conversion costs, as well as other costs borne in order to bring the inventories in the state and place where they are currently found.

Inventories of raw materials, materials and goods are recorded at acquisition value. The disposal of these inventories is done using the FIFO method.

The stocks of products in progress are assessed at the value of the raw materials and materials incorporated therein.

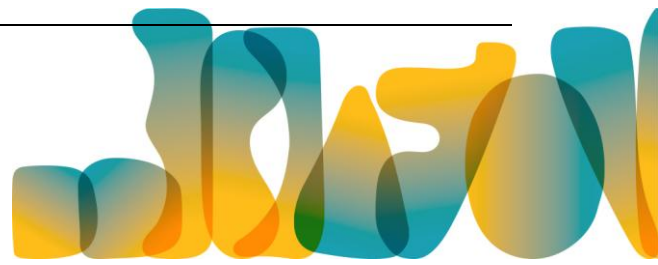
The stock of finished goods is recorded at production cost. The stock of finished goods is disposed of using the CMP method.

#### **Adjustments for Depreciation of Inventories**

The assessment for depreciation of inventories is performed individually and is based on the best estimation of management on the present value of cash flows that are expected to be received. For the estimation of these flows, the management makes certain estimations regarding the utility value of the inventory, taking into account the expiry date, the possibility of use in the company's current activity and of other factors specific for each inventory category. Each depreciated asset is individually analysed. The accuracy of adjustments depends on future cash flows estimations.

### **2.10. Current assets in accordance with IFRS 5**

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.10. Current assets pursuant to IFRS 5 (continuation)**

Such classification is based on the assumptions that the sale is highly probable and that the asset or disposal group is available for immediate sale in its present condition. For the sale to be highly probable, management must have made a commitment to sell and an active plan to find a buyer must have been initiated, the transaction is expected to qualify for recognition as a completed sale within one year of the classification date (unless certain conditions are met), the asset must be actively marketed at a price that is reasonably related to its fair value, and it is unlikely that there will be significant changes to the plan to sell or that the plan will be discontinued. Property, plant and equipment and intangible assets cease to be depreciated once they have been classified as assets held for sale.

### **2.11. Financial Assets**

#### ***Classification of financial assets***

IFRS 9 provides an approach to the classification and measurement of financial assets that reflects the business model within which the financial assets are managed, and the cash flows characteristics.

The business model used by the Company to manage its financial assets is the one that involves the collection of contractual cash flows.

The financial assets that are held under this business model are managed to obtain cash flows by collecting contractual payments over the life of the instrument. This means that the Company manages the assets held in the portfolio to collect those contractual cash flows (rather than managing the overall return of the portfolio by both holding and selling the assets).

The assets held within this business model are not necessarily held until they reach maturity, sales are also possible with a "rare frequency", when the credit risk of the respective instruments has increased.

#### ***Analysis of Cash Flow Characteristics (SPPI test)***

The SPPI test is the analysis of the contractual terms of the financial assets to identify whether the cash flows represent only payments of principal and interest corresponding to the principal.

IFRS 9 includes three categories for the classification of financial assets: measured at amortized cost, measured at fair value through comprehensive income and measured at fair value through profit or loss.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.11. Financial Assets (continuation)**

#### ***Analysis of Cash Flow Characteristics (SPPI test) (continuation)***

The classification and measurement of financial assets depend on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test (see the financial assets section in note 3). The company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is measured and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The company monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

#### **Initial Assessment of Financial Assets**

Financial assets are recognized on the date the Company becomes a party to the contractual and the terms of that instrument.

The company recognizes cash and cash equivalents, cash deposits and receivables at transaction cost.

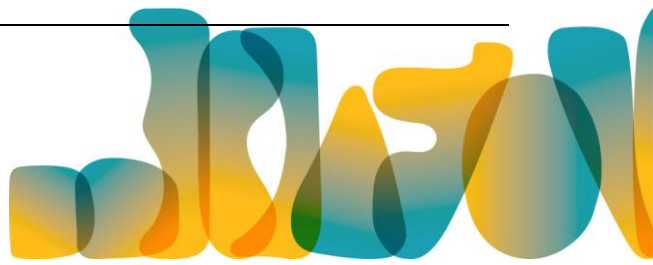
#### **Subsequent Measuring of Financial Assets**

The company measures its financial assets (i.e. trade receivables and bank deposits) at amortized cost.

The amortized cost of an asset is the value at which the asset is measured upon initial recognition, less principal payments, to which is added or subtracted accumulated depreciation up to that point of using the effective interest method, less reductions for impairment losses.

After initial recognition, a financial asset is classified as measured at amortized cost, only if two conditions are simultaneously met:

- the asset is held within a business model whose objective is to preserve financial assets to collect contractual cash flows;
- the contractual terms of the financial asset give rise, on specified dates, to cash flows representing exclusively principal and interest payments.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.11. Financial Assets (continuation)**

#### ***Other Financial Assets***

Other financial assets at amortized cost are bank deposits with an original maturity of more than 3 months, cash and bank accounts.

#### ***Receivables***

Receivables represent financial assets held within a business model whose objective is to keep those assets in order to collect contractual cash flows and whose contractual terms give rise, on specified dates, to cash flows representing exclusively principal and interest payments.

Receivables include trade receivables and other receivables. They consist mainly of customers and assimilated accounts that include invoices issued at nominal value and estimated receivables related to the services provided, but invoiced in the period after the end of the period.

Final losses may vary from current estimates. Due to the inherent lack of information related to the financial position of clients and the lack of legal collection mechanisms, estimates of probable losses are uncertain. However, the management of the Company made the best estimate of the losses and considers that this estimate is reasonable under the given circumstances. In estimating the losses, the Company also took into account previous experience, with a view to both individual and collective estimates, as presented in Note 3.

Trade receivables are recorded at the invoiced value. Subsequently, the Company recognizes the expected credit losses, according to the provisions of IFRS 9 and are classified as being measured at amortized cost.

#### ***Identification and Measuring of the Expected Credit Loss***

The carrying amount of an asset may be reduced by the Company by using an allowance account for any expected credit losses. Expected credit losses are recognized in the profit or loss account.

#### **Measurement**

For trade receivables, the Company uses the simplified method to measure ECLs. Thus, the estimates and assumptions associated with these estimates are based on historical experience, as well as on other factors considered reasonable in the context of these estimates. The results of these estimates and assumptions form the basis of judgements regarding the book values of assets that cannot be obtained from other sources of information.

The company has a small number of active clients and performs an individual analysis regarding the recovery of commercial and other receivables.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.11. Financial Assets (continuation)**

#### **Individual analysis**

The company performs individual analyses of the degree of recovery of trade receivables and other receivables, based on the delays reported to maturity according to invoices/other documents and the stage of the litigation (if there is such a case). A provision of 100% of the gross value is recorded for all customers in litigation and for debts outstanding for more than 120 days.

Expected credit loss is the difference between all contractual cash flows that are owed to the Company and all cash flows that the Company expects to receive, discounted at the original effective interest rate.

#### ***Derecognition***

The company derecognizes an amortization of receivables previously registered when it is recovered entirely or proportionally.

The company derecognizes a financial asset when the contractual rights to the cash flows generated by the asset expire, or when the rights to collect the contractual cash flows of the financial asset are transferred, through a transaction whereby the risks and rewards of ownership of the financial asset are transferred significantly.

### **2.12. Financial Debts**

Financial debts are recognized on the date the Company becomes a party to the contractual provisions of the instrument (transaction date). Financial debts are valued at the time of initial recognition at fair value, minus, in the case of financial debts that are not at fair value through profit or loss, the transaction costs directly attributable to the acquisition of the respective financial debts.

Subsequently to initial recognition, these financial liabilities are measured at amortized cost.

Debts to suppliers and other debts, initially recorded at fair value and later evaluated using the effective interest method, include the counter value of invoices issued by suppliers of products, works performed and services rendered.

#### ***Compensations***

Financial assets and liabilities are offset, and the net result is presented in the statement of financial position only when there is a legal right to offset and if there is the intention to settle them on a net basis or if the Company intends to realize the asset and settle the debt simultaneously.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.12. Financial Debts (continuation)**

#### ***Derecognition***

An entity derecognizes a financial liability (or part of a financial liability) from the statement of financial position when and only when it is settled, that is, when the obligation specified in the contract is extinguished or cancelled or expires.

### **2.13. Recognition of Income and Expenses**

#### **2.13.1. Recognition of Income**

IFRS 15 Revenue from Contracts with Customers establishes a five steps model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

In accordance with IFRS 15, the revenue is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

The Company recognizes the revenue when the goods are shipped to our customers from our warehouse based on ex-works incoterms.

The revenues are recognized net of any trade discounts offered to customers.

Other operating income includes income/gains from all other operating activities which are not related to the ordinary activities of the Company, such as gains/losses from sales of assets.

#### **2.13.2. Recognition of Expenses**

Expenses are decreases in economic benefits recorded during the accounting period in the form of outflows or decreases in the value of assets or increases in liabilities, resulting in reductions in equity other than those resulting from their distribution to shareholders.

### **2.14. Provisions – IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”**

The provision is assessed at the best estimation of necessary expenditures for settling the obligation at the reporting date, updated at a pre-taxation rate reflecting the current market assessments of money value over time and the risks specific to the debt.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.14. Provisions – IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (continuation)**

According to IAS 37 “Provisions, contingent debts and contingent assets”, a provision must be recognised in the case in which:

- a. the Company has a current obligation (legal or constructive) generated by a past event;
- b. it is possible that for obligation settlement to be necessary an outflow of resources incorporating economic benefits; and
- c. a credible estimation of obligation value can be performed.

Provisions are grouped in accounting on categories and are constituted for:

- litigations;
- employees’ benefits;
- other provisions.

Provisions for disputes are estimated based on Court decisions while provisions for employees’ benefits are estimated in line with contractual terms and management decision to grant certain benefits.

Provisions previously constituted are periodically analysed and updated.

### **2.15. Employees’ Benefits – IAS 19 Employees’ Benefits**

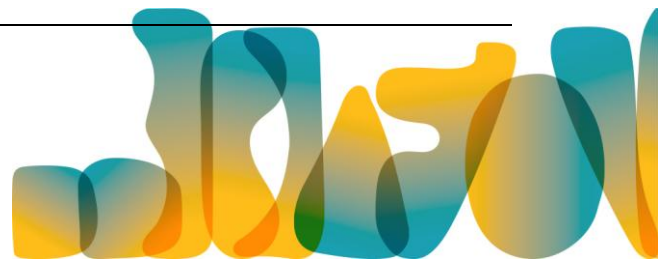
#### ***Current Benefits granted to Employees***

Short-term benefits granted to employees include indemnities, salaries and social security contributions. These benefits are recognized as expenses together with service delivery.

#### ***Benefits after Conclusion of Employment Contract***

Both the Company and its employees have the legal obligation to contribute to social security contributions constituted at the National Pension Fund administered by the National House of Pensions (contributions plan founded based on the principle “paying along the way”).

For this reason, the Company does not have any legal or implicit obligation of paying future contributions. Its obligation is only to pay contributions when they become due. If the Company hires persons who are contributing to the financing plan of the National House of Pensions, it shall not have any obligation for the payment of benefits earned by its own employees in previous years. The contributions of the Company to the contributions plan are presented as expenditures in the year to which they refer.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.15. Employees' Benefits – IAS 19 Employees' Benefits (continuation)**

#### ***Pensions and other Benefits subsequent to Retirement***

The Company had provided in the Collective bargaining agreement at company level a wage benefit for employees who retire (age limit, early retirement, disability pension). They receive an indemnity equal to two main salaries had in the retirement month. The Company shall attribute part from the cost of benefits in favour of the employee, during the work period of the employee in the enterprise. This benefit will be granted in what follows, even if, at the end of the year, the Company had not concluded a formal agreement with employee representatives.

The Company contracts a certified actuary to perform a statistical-actuarial calculation yearly and has as its purpose the recognition of expenses with benefits during the period in which the employee contributed to the realization of company income. The liability is split between short-term and long-term based on the actuary report.

### **2.16. Deferred Tax - IAS 12**

In the calculation of the deferred tax, the company shall apply the provisions of IAS 12.

The assets and debts on the deferred tax are recognized when the book value of an asset or debt from the statement of financial position differs from the fiscal base.

The recognition of assets on deferred tax is limited to those moments in which it is possible for the taxable profit of the following period to be available. The active deferred tax corresponding to the depreciation at fair value of listed securities was not recognized.

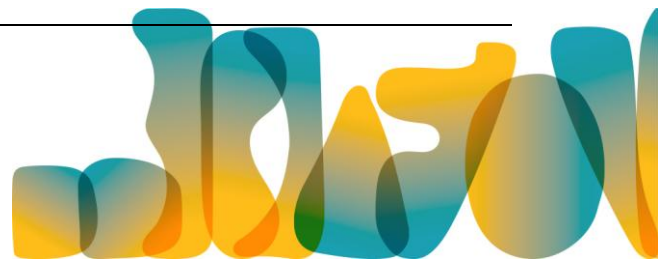
The amount of the asset or liability is determined by using tax rates that were adopted or widely adopted until the reporting date and is expected to be applied when debts/(assets) on deferred tax are settled/(recovered).

The Company compensates receivables and debts regarding the deferred tax only if:

- a. it has the legal right to compensate receivables regarding the current tax; and
- b. receivables and debts on the deferred tax are afferent to profit taxes charged by the same tax authority.

### **2.17. Dividends**

The profit share that is paid, according to the law to each shareholder, constitutes a dividend. The dividends distributed to shareholders, proposed, or declared after the reporting period, as well as the other similar distributions performed from the profit determined based on the IFRS and contained in the annual financial statements, are not recognized as a debt at the end of the reporting period. Upon the accounting of dividends, the provisions of IAS 10 are considered.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.18. Capital and reserves**

Capital and reserves (equities) represent the right of shareholders on the assets of an entity, after the deduction of all debts. The equity includes: share capital, own shares, share premiums, revaluation reserves, reserves, retained earnings, result of the financial year.

The entity was established under the Government Decision No. 1224/1990 on the establishment of joint-stock companies in industry and it operates pursuant to the Companies Law No. 31/1990, republished.

In the first set of financial statements elaborated according to the IFRS, the company applied the IAS 29 – “Financial reporting in hyperinflationary economies” for the contributions to shareholders obtained before 01 January 2004, and namely, they were adjusted with the appropriate inflation index.

### **2.19. Financing Costs**

An entity must capitalize the loan costs that are attributable directly to the acquisition, construction or production of an asset with a long production cycle as part of the cost for the respective asset. An entity must recognize other loan costs as expenses in the period during which it bears them.

The Company did not finance the construction of long-term assets from loans.

### **2.20. Earnings per Share**

The Company presents the basic earnings per share and diluted for common shares. The result per basic share is determined by dividing the profit or loss attributable to ordinary shareholders of the Company at the weighted average number of ordinary shares afferent to the reporting period. The diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and to the weighted average number of ordinary shares with dilution effects generated by potential ordinary shares.

### **2.21. Affiliated Parties**

A person or a close family member of that person is considered an affiliate of a Company if that person:

- (i) has control or joint control over the Company;
- (ii) has a significant influence on the Company; or
- (iii) is a member of the key staff in the management.

The management key-personnel are represented by the General Manager and by the members of the Board of Directors Transactions with key personnel exclude the salary benefits granted to them, as they are presented in Note 6 “Personnel expenses”.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **2.21. Affiliated Parties (continuation)**

An entity is affiliated to the Company if it meets any of the following conditions:

- (i) The Entity and the Company are members of the same group (which means that each parent company, subsidiary and subsidiary of the same group is linked to the others);
- (ii) An entity is an associated entity or a joint venture of the other entity (or entity or a joint venture of a member of the group of which the other entity is part);
- (iii) Both entities are joint ventures of the same third party;
- (iv) An entity is a joint venture of a third party, and the other is an associated entity of the third party;
- (v) The Entity is a plan of post-employment benefits in the benefit of employees of the reporting entity or of an affiliated entity of the reporting entity. In the case in which the reporting entity represents itself such a plan, sponsor employers are also affiliated of the reporting entity;
- (vi) The Entity is controlled or jointly controlled by an affiliated person;
- (vii) An affiliated person that has the control significantly influences the entity or is a member of the key personnel from the entity management (or of the parent company of the entity).

### **2.22. Segment Reporting**

A segment is a part of the company that engages in segment of activity from which it can obtain income and record expenses (including income and expenses corresponding to transactions with other parts of the same entity), whose operational results are regularly monitored by the company's management in order to make decisions regarding the resources to be allocated to the segment and to evaluate its performance and for which separate financial information is available. The company does not have significant geographic or activity segments according to IFRS 8, "Operations segments" and does not have an internal management and reporting structure divided into segments.

The main income described in Note 4 is all related to the main objects of activity of the Company (the income from the sale of finished products and goods represents the main activity of the Company and is analysed together by its management).



## 2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)

### 2.23. Modifications brought to the Accounting Policies

#### ***Amendments to the IFRS accounting standard, which are effective for the current year***

In the first three months of 2026, Biofarm SA applied a series of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union that became mandatory for reporting periods beginning on or after 1 January 2026. Their adoption did not have a significant impact on the disclosures nor on the amounts reported in these financial statements.

Accounting standard	Title	Date of entry into force established by IASB
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts referring to electricity dependent on natural conditions	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026

#### ***New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU***

Currently, IFRS as adopted by the EU do not differ significantly from the IFRS accounting standards adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which have not been adopted by the EU at the date of these financial statements:

Accounting standard	Title	EU adoption status
IFRS 18	Presentation and Disclosure of Information in Financial Statements (effective date set by IASB: 1 January 2027)	Not yet adopted by the EU
IFRS 19 with subsequent amendments	Non-public subsidiaries: information to be provided (effective date set by IASB: 1 January 2027)	Not yet adopted by the EU



**2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

**2.23. Changes in Accounting Policies (continuation)**

***New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU (continuation)***

<b>Accounting standard</b>	<b>Title</b>	<b>EU adoption standard</b>
Amendments to IAS 21	Transition to a hyperinflationary presentation currency (IASB effective date: 1 January 2027)	Not yet adopted by the EU
IFRS 14	Deferral accounts related to regulated activities (effective date set by the IASB: 1 January 2016)	The European Commission decided not to start the approval process of this interim standard and to wait for the final standard.
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures and subsequent amendments (effective date has been deferred indefinitely by the IASB, but early application is permitted)	The approval process has been postponed indefinitely until the research project on the equivalence method is completed.

Biofarm S.A. does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of Biofarm SA in the future.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the estimates of Biofarm SA, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: Financial Instruments: Recognition and Measurement** would not significantly impact the financial statements, if applied as at the balance sheet date.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **ANNEX: BRIEF DESCRIPTION OF NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS**

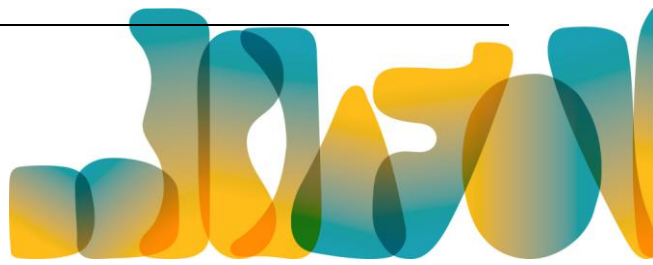
- **IFRS 18 Presentation and information to be provided in the financial statements** issued by IASB on 9 April 2024 will replace IAS 1 Presentation of Financial Statements. The standard introduces three sets of new requirements to help companies improve their reporting of financial performance and to give investors a better basis for analysing and comparing companies. The main changes in the new standard as compared to IAS 1 relate to: (a) the introduction of categories (operating, investing, financing, income tax and discontinued operations) and defined subtotals in the statement of profit or loss; (b) the introduction of requirements to improve aggregations and disaggregations; (c) the introduction of information on Management Performance Measures (MPMs) in the notes to the financial statements.
- **IFRS 19 Subsidiaries without public liability: information to be provided** issued by the IASB on 9 May 2024 and amended by the IASB on 21 August 2025. The standard allows subsidiaries to provide limited disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for eligible subsidiaries and sets out the disclosure requirements for subsidiaries that choose to apply it.
- **Amendments to IAS 21 Effects of Changes in Foreign Exchange Rates – Lack of convertibility** issued by IASB on 15 August 2023. The amendments provide guidance for entities to disclose when a currency is convertible and how to determine the exchange rate when it is not convertible.
- **Amendments to IAS 21 Effects of Changes in Foreign Exchange Rates:** Transition to a Hyperinflationary presentation currency issued by the IASB on 13 November 2025. The amendments clarify how companies should transition from a non-hyperinflationary currency to a hyperinflationary currency in their financial statements.
- **Amendments to IFRS 9 and IFRS 7 - Amendments to the classification and measurement of financial instruments** issued by IASB on 30 May 2024. The amendments clarify the classification of financial assets that have environmental, social, corporate governance (ESG) and similar characteristics. The amendments also clarify the date on which a financial asset or liability is derecognised and introduce additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have contingent features.



## **2. ACCOUNTING POLICIES WITH SIGNIFICANT IMPACT (continuation)**

### **ANNEX: BRIEF DESCRIPTION OF NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS**

- **Amendments to IFRS 9 and IFRS 7 – Contracts referring to electricity dependent on natural conditions** issued by IASB on 18 December 2024. The own-use requirements in IFRS 9 are amended to include the factors that an entity must consider when applying IFRS 9:2.4 to contracts for the purchase and delivery of electricity from renewable sources for which the source of electricity generation depends on natural conditions. The hedge accounting provisions in IFRS 9 are amended to allow an entity that applies a renewable electricity contract that depends on natural conditions, specified as a hedging item, to designate a variable volume of forecast electricity transactions as the hedged item if certain criteria are met and to measure the hedged item using the same volume assumptions as those used for the hedging item. The amendments to IFRS 7 and IFRS 19 will introduce disclosure requirements for electricity contracts that depend on natural conditions with certain specified characteristics.
- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 - Annual Improvements to IFRS Accounting Standards – Volume 11** issued by the IASB on 18 July 2024. These amendments include clarifications, simplifications, corrections and changes in the following areas: (a) hedge accounting adopted by a first-time adopter (IFRS 1); (b) gain or loss on disposal (IFRS 7); (c) presentation of the deferred difference between fair value and transaction price (IFRS 7); (d) introduction and disclosures of information about credit risk (IFRS 7); (e) derecognition of lease liabilities by the lessee (IFRS 9); (f) transaction price (IFRS 9); (g) determination of a “de facto representative” (IFRS 10); (h) cost method (IAS 7).
- **IFRS 14 Regulatory Deferral Accounts** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognize regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.



### 3. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT

The company is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

Such as all the other activities, the Company is exposed to risks that occur from the use of financial instruments. This note describes the objectives, policies, and processes of the Company for the management of these risks and methods used in order to assess them. Additional quantitative information in relation to these risks is presented in these financial statements.

There were no major modifications in the exposure of the Company to risks regarding financial instruments, objectives, policies and its processes for the management of these risks or the methods used in order to assess them compared with the previous periods except for the case in which it is otherwise stated in this note.

#### **Main Financial Instruments**

The main financial instruments used by the Company, from which the risk on financial instruments occurs, are as follows:

- Trade receivables and other receivables
- Term bank deposits
- Cash and cash equivalents
- Trade payables and other payables

A summary of financial instruments owned by categories is provided below:

<b>ASSETS</b>	<b>Loans and receivables</b>	
	<b>31 March 26</b>	<b>31 December 25</b>
Commercial and assimilated receivables	147,225,378	149,360,226
Term bank deposits	25,000,000	55,000,000
Cash and cash equivalents	206,507,688	115,246,134
<b>Total</b>	<b>378,733,066</b>	<b>319,606,360</b>

<b>DEBTS</b>	<b>At an amortised cost</b>	
	<b>31 March 26</b>	<b>31 December 25</b>
Commercial and similar debts	78,724,819	69,110,333
Long-term debts	11,113,904	12,741,857
<b>Total</b>	<b>89,838,723</b>	<b>81,852,190</b>

The general objective of the management is that of establishing policies that try to reduce the risk as much as possible without unduly affecting Company competitiveness and flexibility.



### **3. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (continuation)**

The additional details on these policies are established below:

#### ***Credit Risk***

The credit risk is the financial loss risk for the Company that occurs if a client or counterparty at a financial instrument does not fulfil its contractual obligations. The Company is mainly exposed to the credit risk occurred from sales to clients.

The company applies specific policies to ensure that the sale of products is carried out in such a way that the commercial credit granted is appropriate and continuously monitors the ageing of receivables. In this regard, there were taken measures to verify the creditworthiness of clients and the Company's exposure to credit risk, as well as to insure claims with specialized companies. At the level of the Company there is a Trade Policy approved by the Board of Directors. In this trade policy, the sales trade conditions are clearly presented and there are conditions imposed in the selection of clients.

Biofarm SA works only with distributors with national coverage in the pharmaceutical market. When selling for export, in all cases where it is possible, the sale is contracted with advance payment.

The period for the collection of net receivables is in average at 122 days. Biofarm SA managed to permanently ensure the necessary of liquidities and high solvency and will try to continue to maintain the positive trend of the periods for the collection of receivables.

Receivables ageing distribution could be found in Note 15.

The Company considers the following to be an event of default for the purposes of internal credit risk management because historical experience indicates that financial assets that meet any of the following criteria are generally not recoverable:

- When there is a breach of financial agreements by the debtor;
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (disregarding any security held by the Company), e.g. when the debtor was put into liquidation or became insolvent.

Regardless of the above analysis, the Company considers default to have occurred when a financial asset is more than 120 days past due, unless the Company has reasonable and sustainable information to demonstrate that the risk of default is not significant.

Allowance for financial assets may still be subject to enforcement activities according to the Company's recovery procedures, considering legal advice, where appropriate. Any recoveries made are recognized in profit or loss.

Cash and cash equivalents are placed only at first-ranked banking institutions, considered to have high solvency.



### **3. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (continuation)**

#### ***Credit Risk Exposure***

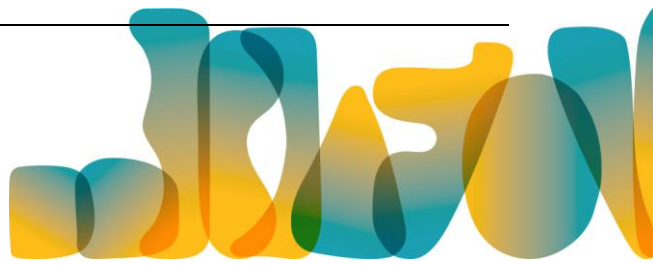
The book value of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	<b>31 March 26</b>	<b>31 December 25</b>
Gross trade receivables	160,018,140	162,205,144
Expected credit losses for receivables	(12,792,762)	(12,844,918)
<b>Net Trade Receivables</b>	<b>147,225,378</b>	<b>149,360,226</b>
Other receivables	22,517,044	22,826,093
Term bank deposits	25,000,000	55,000,000
Cash & cash equivalents	206,507,688	115,246,134
	<b>401,250,110</b>	<b>342,432,453</b>

#### ***Liquidity Risk***

Liquidity risk is the risk that Biofarm S.A. will encounter difficulties in meeting the obligations associated with financial debts that are settled in cash. The Company's approach to liquidity risk is to ensure, to the extent possible, that all times it holds sufficient liquidity to meet its debts when they become due, both under normal and difficult circumstances, without incurring significant losses or endanger the Company's reputation.

In general, the Company ensures that it has sufficient cash to cover expected operational expenses, including the payment of financial debts. To manage liquidity risk, cash flows are monitored and analysed quarterly and annually to establish the estimated level of net changes in liquidity.



### 3. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (continuation)

#### Exposure to Liquidity Risk

The contractual maturities of financial assets and liabilities are as follows:

	Book value	Unadjusted value	Below 1 month	Between 1 and 3 months	Between 3 and 12 months	Above 1 year	No determined maturity
<b>31 March 2026</b>							
<b>Financial assets</b>							
Cash and cash at banks	1,024,604	1,024,604	1,024,604	-	-	-	-
Deposits placed below 3 months maturity	205,483,083	205,483,083	175,483,083	30,000,000	-	-	-
Deposits placed above 3 months maturity	25,000,000	25,000,000	-	25,000,000	-	-	-
Trade receivables	144,484,034	144,484,034	46,229,967	68,181,491	30,072,576	-	-
Other receivables	23,010,958	23,010,958	-	-	-	-	23,010,958
Interest receivables	2,247,431	2,247,431	1,430,139	817,292	-	-	-
<b>Total financial assets</b>	<b>401,250,110</b>	<b>401,250,110</b>	<b>224,167,793</b>	<b>123,998,783</b>	<b>30,072,576</b>	<b>-</b>	<b>23,010,958</b>
<b>Financial Liabilities</b>							
Trade and other debts	78,724,819	78,724,819	45,304,650	22,762,902	9,646,172	1,011,095	-
Other long-term debts	11,113,904	11,113,904	1,793,334	309,220	-	-	9,011,350
<b>Total Financial Liabilities</b>	<b>89,838,723</b>	<b>89,838,723</b>	<b>47,097,984</b>	<b>23,072,122</b>	<b>9,646,172</b>	<b>1,011,095</b>	<b>9,011,350</b>



### 3. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (continuation)

	<b>Book value</b>	<b>Unadjusted value</b>	<b>Below 1 month</b>	<b>Between 1 and 3 months</b>	<b>Between 3 and 12 months</b>	<b>Above 1 year</b>	<b>No determined maturity</b>
<b>31 December 2025</b>							
<b>Financial assets</b>							
Cash and cash at banks	3,711,150	3,711,150	3,711,150	-	-	-	-
Deposits placed below 3 months maturity	111,534,984	111,534,984	41,534,984	70,000,000	-	-	-
Deposits placed above 3 months maturity	55,000,000	55,000,000	30,000,000	-	25,000,000	-	-
Trade receivables	147,378,855	147,378,855	72,365,029	53,873,346	21,140,480	-	-
Other receivables	23,288,541	23,288,541	-	-	-	-	23,288,541
Interest to be collected	1,518,923	1,518,923	412,075	841,014	265,834	-	-
<b>Total financial assets</b>	<b>342,432,453</b>	<b>342,432,453</b>	<b>148,023,238</b>	<b>124,714,360</b>	<b>46,406,314</b>	<b>-</b>	<b>23,288,541</b>
<b>Financial debts</b>							
Trade and other debts	69,110,333	69,110,333	16,307,704	28,206,653	23,839,518	756,458	-
Other debts	12,741,857	12,741,857	2,166,157	1,536,976	-	-	9,038,724
<b>Total financial debts</b>	<b>81,852,190</b>	<b>81,852,190</b>	<b>18,473,861</b>	<b>29,743,629</b>	<b>23,839,518</b>	<b>756,458</b>	<b>9,038,724</b>



### 3. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (continuation)

#### Bank Liquidities

A significant amount from Company's cash availabilities is kept in banks as term bank deposits. The banks to which the company has bank accounts and term deposits are periodically analysed by the company management.

#### Market Risk

The Romanian economy is in continuous development, and there is a lot of uncertainty regarding the possible orientation of politics and economic development in the future. The Company's management cannot foresee the changes that will take place in Romania and their effects on the financial situation, on the operating results and the treasury flows of the company.

#### Currency Risk

Biofarm SA is exposed to currency exchange risk through its sales, purchases and availability which are denominated in currencies other than the Company's functional currency, however the currency in which most transactions are carried out is RON.

The currencies that expose the Company to this risk are, mainly, EUR. The different results are included in the Statement of the overall result and do not affect the cash flow until the time of liquidation of the debt.

On 31 March 2026 the Company's net exposure to foreign exchange risk was as follows:

<b>31 March 2026</b>	<b>EUR</b> <b>(1EUR = 5.0988)</b>	<b>USD</b> <b>(1USD=4.4463)</b>	<b>GBP</b> <b>(1GBP=5.8749)</b>	<b>RON</b> <b>1 RON</b>	<b>TOTAL</b>
Cash, Cash at Banks and Deposits	240,054	8,643	320	231,258,671	231,507,688
Trade and other receivables	1,691,767	(1,331)	-	168,051,986	169,742,422
<b>Total financial assets</b>	<b>1,931,821</b>	<b>7,312</b>	<b>320</b>	<b>399,310,657</b>	<b>401,250,110</b>
<b>31 March 2026</b>	<b>EUR</b> <b>(1EUR = 5.0988)</b>	<b>USD</b> <b>(1USD=4.4463)</b>	<b>GBP</b> <b>(1GBP=5.8749)</b>	<b>RON</b> <b>1 RON</b>	<b>TOTAL</b>
Trade and other Liabilities	13,862,852	632,668	141	75,343,062	89,838,723
<b>Total financial liabilities</b>	<b>13,862,852</b>	<b>632,668</b>	<b>141</b>	<b>75,343,062</b>	<b>89,838,723</b>
<b>31 December 2025</b>	<b>EUR</b> <b>(1EUR = 5.0985)</b>	<b>USD</b> <b>(1USD=4.3417)</b>	<b>GBP</b> <b>(1GBP=5.8335)</b>	<b>RON</b> <b>1 RON</b>	<b>TOTAL</b>
Cash, Cash at Banks and Deposits	1,298,840	1,593,018	317	167,353,959	170,246,135
Trade and other receivables	2,277,810	(1,299)	-	169,909,807	172,186,318
<b>Total financial assets</b>	<b>3,576,651</b>	<b>1,591,719</b>	<b>317</b>	<b>337,263,766</b>	<b>342,432,453</b>
<b>31 December 2025</b>	<b>EUR</b> <b>(1EUR = 5.0985)</b>	<b>USD</b> <b>(1USD=4.3417)</b>	<b>GBP</b> <b>(1GBP=5.8335)</b>	<b>RON</b> <b>1 RON</b>	<b>TOTAL</b>
Trade and other Liabilities	15,510,697	1,218,537	140	65,122,816	81,852,190
<b>Total financial liabilities</b>	<b>15,510,697</b>	<b>1,218,537</b>	<b>140</b>	<b>65,122,816</b>	<b>81,852,190</b>



### 3. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT (continuation)

#### Currency Risk (continuation)

Given the relatively low exposure to currency fluctuations, reasonable fluctuations in exchange rates are not expected to have a significant effect on future financial statements.

#### Capitals Management

The objectives of the Company in capital management are those to ensure protection and the ability to reward its shareholders, to maintain an optimal capital structure to reduce capital costs.

Company management does not estimate any difficulties in keeping commitments to shareholders and obligations to third parties, the available current and future liquidity being sufficient to cover the payments of the next period.

### 4. INCOME FROM CONTRACTS WITH CLIENTS

The income from sales includes the following elements:

	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
<b>Sales income</b>		
Sales of finished goods	135,183,403	140,940,984
Sales of merchandise	9,740,586	7,365,726
Revenue from waste sales	1,914	1,146
Trade discounts	(52,435,163)	(53,227,973)
<b>TOTAL</b>	<b>92,490,740</b>	<b>95,079,883</b>
	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
<b>Domestic/foreign revenues</b>		
Domestic sales, net	91,034,093	92,930,323
Foreign sales, net	1,456,647	2,149,560
	<b>92,490,740</b>	<b>95,079,883</b>

The turnover is realized mainly from the sale of finished goods directly to pharmaceutical distributors (for the internal market) by the sale point from Drumul Gura Badicului Street nr. 202-232, sector 3, Bucharest. Some of the products sold by Biofarm are produced by third parties and revenues from the sale of these products are classified as "Sales of merchandise".

Net export sales in the first quarter of 2026 were lei 1,456,647 (2025: lei 2,149,560), representing approximately 2% of Biofarm S.A.'s total net sales.



## 5. OTHER OPERATING INCOME

<b>Other operating income</b>	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
Income from rents	2,100	2,100
Net income from the sale of assets	1,351,461	-
Exchange rate differences	10,108	-
Other operating income	331	20,159
<b>TOTAL</b>	<b>1,364,000</b>	<b>22,259</b>

Based on the Sale - Purchase Agreement having as its object the alienation of the land owned in No. 40-42 Bd. Iancu de Hunedoara Street, 1<sup>st</sup> District, Bucharest, to Iancu de Hunedoara Residence S.R.L., the company obtained a net income from the sale of the Assets held for sale in the amount of lei 1,351,461.

On 31.03.2025, Biofarm S.A. recorded expenses from exchange rate differences presented in Note 8 Other operating expenses.

## 6. RAW MATERIALS, CONSUMABLES AND GOODS

Expenses for raw materials, consumables and goods have the following componence:

<b>Raw materials, consumables and goods</b>	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
Raw materials	8,526,743	7,045,440
Auxiliary materials	4,868,347	4,231,401
Merchandise	1,608,502	1,299,436
Inventory objects	90,696	13,038
Other consumables	381,937	307,825
<b>TOTAL</b>	<b>15,476,225</b>	<b>12,897,140</b>



## 7. PERSONNEL EXPENSES

Personnel expenses have the following componence:

<b>Personnel expenses</b>	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
Salaries	12,969,347	11,305,779
Taxes and social contributions	537,003	559,005
Other benefits	2,088,864	1,991,766
<b>TOTAL</b>	<b>15,595,214</b>	<b>13,856,550</b>

The Company is managed in a unitary system, under the Companies Law No. 31/1990, company management being ensured by the Board of Directors of SC Biofarm S.A.

Key management personnel is represented by the general manager and Board of Directors.

The remuneration granted to the Board of Directors and to the Executive Management (according to IAS 24 - key personnel) is presented in the following table:

<b>Description</b>	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
Contracts of the Board of Directors and the General Manager	757,541	674,360
<b>TOTAL</b>	<b>757,541</b>	<b>674,360</b>



## 8. OTHER OPERATING EXPENSES

Other operating expenses include the following:

<b>Other operating expenses</b>	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
Utilities	2,268,336	2,288,035
Repairs	746,822	379,114
Logistics and rental services	244,744	192,198
Insurance	373,439	351,308
Bank fees	7,073	8,788
Advertising and promotion of products	15,092,334	15,777,027
Travel and transportation	282,130	415,241
Post and telecommunications	80,879	89,651
Other services provided by third parties	3,038,203	2,572,433
Other taxes and duties	902,277	936,883
Expenses from the disposal of assets	5,843	-
Inventory adjustments	-	-
Donations and grants	181,750	480,620
Currency exchange expenses	-	121,652
Other operating expenses	4,988	2,606
Litigation provisions	44,950	44,722
<b>TOTAL</b>	<b>23,273,768</b>	<b>23,660,278</b>

## 9. NET FINANCIAL INCOME

The net financial income has the following componence:

<b>Net financial income/(costs)</b>	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
Interest income	2,971,171	1,669,185
Costs with interests	-	-
<b>TOTAL</b>	<b>2,971,171</b>	<b>1,669,185</b>



## 10. CORPORATE TAX EXPENSES

<b>Corporate tax expenses</b>	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
Current corporate tax expense	9,651,058	6,934,247
Deferred tax expense/(income)	(3,748,368)	(1,348,815)
<b>TOTAL</b>	<b>5,902,690</b>	<b>5,585,432</b>

The profit tax to be paid was calculated considering the non-deductible expenses, respectively taxable income, tax incentives, as well as provisions effects for profit tax. Reconciliation between the accounting profit and the tax profit that was at the basis of profit tax calculation is presented in the following table:

<b>Name of indicators</b>	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
Income and items similar to income	123,914,480	95,725,042
Total expenses (less corporate tax)	(85,480,124)	(57814,306)
<b>Accounting result</b>	<b>38,434,356</b>	<b>37,910,736</b>
Deductions (fiscal depreciation)	(5,728,392)	(4,502,916)
Non-deductible expenses / (Non-taxable income)	28,749,086	12,935,100
<b>Fiscal result</b>	<b>61,455,050</b>	<b>46,342,920</b>
Corporate tax (fiscal result x 16%)	9,832,808	7,414,867
Profit tax reductions calculated according to the legislation in force	(181,750)	(480,620)
<b>Total corporate tax</b>	<b>9,651,058</b>	<b>6,934,247</b>
<b>Real tax rate</b>	<b>16%</b>	<b>15%</b>



## 10. CORPORATE TAX EXPENSES (continuation)

Variation of the deferred profit tax, (expense)/income is:

### Deferred tax (expense)/income:

	<b>31 March 26</b>	<b>31 March 25</b>
<b>Assets</b>	<u>329,471</u>	<u>260,030</u>
Salary debts	-	-
Adjustments of depreciation for current assets	-	-
Adjustments of depreciation for doubtful receivables	(169,360)	1,839,800
Other debts	(169,874)	(727,010)
	<u><b>(9,763)</b></u>	<u><b>1,372,820</b></u>
<b>Debts</b>		
Tangible assets – recognized in the profit or loss account	<u>3,758,131</u>	<u>(24,005)</u>
<b>TOTAL</b>	<u><b>3,748,368</b></u>	<u><b>1,348,815</b></u>

## 11. EARNINGS PER SHARE

	<b>For the 3-month period ending on</b>	
	<b>31 March 26</b>	<b>31 March 25</b>
Net profit (A)	32,531,666	32,325,304
Number of ordinary shares (B)	985,375,350	985,375,350
Own shares held (C)	8126	8,126
<b>Earnings per share (A/(B-C))</b>	<u><b>0.0330</b></u>	<u><b>0.0328</b></u>

On 31 March 2026, the company did not have a property title on the land in use from 99 Logofățul Tăutu Street.

The land in use from 99 Logofățul Tăutu Street is not included in the financial statements of S.C. Biofarm S.A., due to the fact that the documents attesting the property were not yet obtained, there being notifications on Law no. 10/2001.

In compliance with provisions of Art. 1 of the Government Decision No. 834/1991, the company requested the obtaining of the attesting certificate regarding the property title for the land, for the lands necessary to carry out the activity according to the activity object.

The value of the land for which the attesting certificate regarding the property title for the land will be obtained, shall be established based on legal provisions. Together with the value of the lands, the share capital of the company will increase as well, and the respective shares will become State property.



**EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**on and for the 3-month period concluded as at 31 March 2026**  
**(all amounts are expressed in LEI, unless otherwise mentioned)**

## 12. TANGIBLE ASSETS

	Lands	Buildings	Technical installations and machines	Other installations, equipment and furniture	Tangible assets in progress	Total
<b>31 December 2024</b>	<b>12,593,537</b>	<b>66,665,648</b>	<b>173,376,062</b>	<b>4,126,162</b>	<b>50,771,769</b>	<b>307,533,177</b>
Purchases	56,007	162,686	-	-	12,988,345	13,207,038
Outputs	-	-	(6,151,796)	(27,047)	-	(6,178,843)
Transfers	-	-	52,217,305	456,693	(52,673,998)	-
<b>31 December 2025</b>	<b>12,649,544</b>	<b>66,828,334</b>	<b>219,441,571</b>	<b>4,555,808</b>	<b>11,086,116</b>	<b>314,561,372</b>
Purchases	-	390	-	-	7,123,558	7,123,948
Outputs	-	(8,403)	(29,964)	-	-	(38,367)
Transfers	-	-	3,843,897	47,107	(3,891,004)	-
<b>31 March 2026</b>	<b>12,649,544</b>	<b>66,820,321</b>	<b>223,255,504</b>	<b>4,602,915</b>	<b>14,318,670</b>	<b>321,646,953</b>
<b>DEPRECIATION SI AJUSTARI</b>						
<b>31 December 2024</b>	<b>138,504</b>	<b>3,785,727</b>	<b>100,063,794</b>	<b>2,660,086</b>	<b>794,655</b>	<b>107,442,765</b>
Cost of the period	39,201	3,860,939	13,899,664	432,359	-	18,232,163
Outputs / Transfers	-	-	(6,151,796)	(25,657)	-	(6,177,453)
Reassessments	-	-	-	-	-	-
<b>31 December 2025</b>	<b>177,705</b>	<b>7,646,666</b>	<b>107,811,662</b>	<b>3,066,788</b>	<b>794,655</b>	<b>119,497,476</b>
Cost of the period	11,282	968,059	4,391,197	115,159	-	5,485,696
Outputs / Transfers	-	(2,560)	(29,964)	-	-	(32,524)
Reassessments	-	-	-	-	-	-
<b>31 March 2026</b>	<b>188,987</b>	<b>8,612,164</b>	<b>112,172,895</b>	<b>3,181,947</b>	<b>794,655</b>	<b>124,950,648</b>
Depreciation adjustment	-	-	(97,361)	-	(957,636)	(1,054,997)
Depreciation adjustment 2024	-	-	97,361	-	37,330	134,691
<b>Total adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(920,306)</b>	<b>(920,306)</b>
<b>NET VALUES</b>						
<b>31 December 2024</b>	<b>12,455,033</b>	<b>62,879,921</b>	<b>73,312,268</b>	<b>1,466,076</b>	<b>49,056,809</b>	<b>199,170,107</b>
<b>31 December 2025</b>	<b>12,471,839</b>	<b>59,181,668</b>	<b>111,629,909</b>	<b>1,489,020</b>	<b>9,371,155</b>	<b>194,143,591</b>
<b>31 March 2026</b>	<b>12,460,557</b>	<b>58,208,157</b>	<b>111,082,608</b>	<b>1,420,968</b>	<b>12,603,708</b>	<b>195,775,998</b>



## **12. TANGIBLE ASSETS (continuation)**

### ***Reassessment of fixed assets***

Buildings and land are revalued regularly so that the market value does not differ significantly from the book value. The last assessment was done on 31.12.2023, when land and buildings owned by the company were revalued by an associate member of the National Association of Romanian Valuers (ANEVAR). Land and buildings are presented in the balance sheet at fair value, estimated according to the trading values of comparable assets on the market.

### **Lands**

The calculation methodologies in the chosen methods are based on the hypothesis that the evaluated subject land is considered free, unoccupied and also on the assumption that the property is unencumbered. The direct comparison method is based on the economic principle of substitution. The value of the land derives from the market records of the transaction prices of similar lands, respectively the market value can be determined following the analysis of the market prices of comparable free lands, from the same market area, which were traded at a date close to evaluation. The analysis of prices or offers for the sale of similar free lands is followed by the performance of corrections of comparable prices.

### **Land – Investment property**

La data de 31.12.2025, Biofarm S.A. revalued the land in No. 40-42 Iancu de Hunedoara Boulevard, 1<sup>st</sup> District. According to the revaluation report, the land was revalued at a value of Lei 23,598,383, thus, an appreciation of Lei 10,820,683 was recorded as compared to the presented value of Lei 12,777,700 on 31.12.2024 and is presented in Note 13, Investment Property.

On 11 February 2026, BIOFARM S.A., based on the Sale - Purchase Agreement having as its object the alienation of the land held in No. 40-42 Bd. Iancu de Hunedoara Street, 1<sup>st</sup> District, Bucharest, to Iancu de Hunedoara Residence S.R.L., sells the land presented in the category "Assets held for sale".

### **Buildings**

The result of the revaluation report of the buildings owned by Biofarm S.A. was recorded in the financial statements on 31.12.2023 as it presented a significant difference, respectively, a fair value of Lei 64,975,431 as compared to the accounting value of Lei 58,602,194.



## **12. TANGIBLE ASSETS (continuation)**

### ***Depreciation of Non-Current Assets***

Accounting depreciation is calculated using the straight-line method. For new fixed assets, entered in the first three months of 2026 in the form of installations, machines and measuring and control devices, the useful lives were established taking into account:

- the estimated level of use based on the use of asset capacity;
- repair and maintenance program practiced by Biofarm SA on plants and machinery;
- obsolescence caused by possible changes in the production process depending on the structure of products portfolio supplied by the company.

### ***Advances for Non-Current Assets in Progress***

On the date of financial statements, Biofarm SA had advances paid for ongoing TANGIBLE ASSETS worth lei 672,720.

### ***Scrapping and Impairment of Non-current Assets***

In the first quarter of 2026, no additional depreciation was recorded for fixed assets in the assets of Biofarm SA.

### ***Litigations and Property Rights for Land***

Biofarm was set up as a company based on Government Decision No. 1224/1990. Biofarm requested the title of deeds for the land located at 99 Logofățul Tăutu Street, in accordance with Government Decision No. 834/1991.

On 31 March 2026, the company did not hold a property title on the land in use from 99 Logofățul Tăutu Street.

The land in use from 99 Logofățul Tăutu Street is not included in the financial statements of Biofarm SA, due to the fact that documents attesting the property were not yet obtained, there being notifications on Law No. 10/2001.

For the commercial disputes pending before the courts of law in which Biofarm S.A. company is involved, taking into account the sentences of 2024 and 2025 a provision was established in the amount of lei 1,839,934.



### 13. INVESTMENT PROPERTY

The land owned by Biofarm S.A. in Bucharest, Bd-ul Iancu de Hunedoara, 1<sup>st</sup> district, was considered Investment property on 31 December 2025, not being used by the company for carrying out the operating activity, the purpose of the holding being that of capital appreciation. The revaluation method is presented in the accounting policies in note 2.8.

On 11 February 2026, BIOFARM S.A., based on the Sales - Purchase Agreement having as its object the alienation of the land held in No. 40-42 Bd. Iancu de Hunedoara Street, 1<sup>st</sup> District, Bucharest, to Iancu de Hunedoara Residence S.R.L., sells the land presented in the "Assets held for sale" category.

	<b>31 March 26</b>	<b>31 December 25</b>
<b>At the beginning of the period</b>	-	<b>12,777,700</b>
Modification of the fair value	-	10,820,683
"Assets held for sale" reclassification	-	(23,598,383)
<b>At the end of the period</b>	-	-

### 14. INTANGIBLE ASSETS

Intangible assets mainly include software licenses for various IT applications and marketing rights for products manufactured by third parties.

The changes in the acquisition cost and amortization related to intangible assets are presented in the following table:

	<b>31 March 26</b>	<b>31 December 25</b>
<b>Cost</b>		
Initial balance	4,674,139	3,211,684
Inputs	142,051	1,462,455
Outputs	-	-
<b>Final balance</b>	<b>4,816,190</b>	<b>4,674,139</b>
<b>Amortization/adjustments for depreciation</b>		
Initial balance	(2,288,445)	(1,992,919)
Period cost	(102,165)	(295,526)
Outputs	-	-
<b>Final balance</b>	<b>(2,390,610)</b>	<b>(2,288,445)</b>
<b>Net value</b>	<b>2,425,580</b>	<b>2,385,694</b>



## 15. INVENTORIES

<b>Inventories</b>	<b>31 March 26</b>	<b>31 December 25</b>
Raw materials and consumables	36,560,340	38,939,912
Adjustments of raw materials and consumables	(1,050,050)	(1,050,050)
Production in progress and semi-finished goods	4,402,531	1,964,648
Adjustments of production under progress	(161,831)	(161,831)
Finished products	22,024,144	22,892,500
Adjustments of finished products	(1,191,082)	(1,191,082)
Merchandise	2,943,243	2,905,053
Merchandise adjustments	(609,587)	(609,587)
<b>TOTAL</b>	<b>62,917,708</b>	<b>63,689,563</b>

### 15.1 ASSETS HELD FOR SALE

The land owned by Biofarm S.A. in Bucharest, Iancu de Hunedoara Blvd., sector 1, presented in the category "Assets held for sale" on 11 February 2026 is sold based on the Sales - Purchase Agreement having as its object the alienation of the land owned in No. 40-42 Blvd. Iancu de Hunedoara Street, 1<sup>st</sup> district, Bucharest, to Iancu de Hunedoara Residence S.R.L.

	<b>31 March 26</b>	<b>31 December 25</b>
<b>At the beginning of the period</b>	<b>23,598,383</b>	<b>-</b>
Reclassification from "Real estate investment"	-	23,598,383
Sale	(23,598,383)	-
<b>At the end of the period</b>	<b>-</b>	<b>23,598,383</b>



## 16. TRADE AND OTHER RECEIVABLES

<b>Description</b>	<b>31 March 26</b>	<b>31 December 25</b>
Trade receivables	157,050,872	159,945,694
Adjustments for trade receivables	(12,566,839)	(12,566,839)
Sundry debtors and other receivables	655,462	623,996
Adjustments for other receivables	(161,548)	(161,548)
Interest to be collected for cash deposits	2,247,431	1,518,922
<b>Total financial assets other than cash</b>	<b>147,225,378</b>	<b>149,360,226</b>
Other receivables from the State Budget	19,268,306	19,785,111
Advances	1,074,149	1,910,442
Accrued expenses	2,174,589	1,130,540
<b>TOTAL</b>	<b>169,742,422</b>	<b>172,186,318</b>

The fair values of trade and other receivables classified as loans and receivables do not differ significantly from their carrying amounts.

The company has not pledged or discounted its trade receivables.

<b>Seniority analysis</b>	<b>31 March 26</b>	<b>31 December 25</b>
Receivables not yet due	131,955,490	127,475,923
<i>Adjusted outstanding receivables:</i>		
until 3 months	15,269,888	21,884,303
between 3 and 6 months	-	-
between 6 and 12 months	-	-
over 12 months	12,728,386	12,728,386
<b>TOTAL</b>	<b>159,953,764</b>	<b>162,088,612</b>

On 31 March 2026, the company has recorded adjustments for trade receivables representing a customer balance that is unlikely to be collected by the company in the amount of lei 12,728,386.

<b>Trade and other receivables adjustments</b>	<b>31 March 26</b>	<b>31 December 25</b>
<b>At the beginning of the period</b>	<b>12,728,386</b>	<b>12,728,386</b>
Constituted	-	-
Adjustments cancellation	-	-
<b>At the end of the period</b>	<b>12,728,386</b>	<b>12,728,386</b>



## 16. TRADE AND OTHER RECEIVABLES (continuation)

The company has a small number of active clients and performs an individual analysis for the recovery of trade receivables and other receivables. In the first quarter of 2026, Biofarm S.A. insured the company's receivables by concluding an insurance policy.

Individual analysis: The company performs individual analyses of the degree of recovery of trade receivables and other receivables, based on the stage of the dispute and the delays reported on the due date according to invoices/other documents. For all clients in dispute and for receivables over 120 days past due, a provision of 100% of the gross value is recorded.

According to IFRS 9, the company analyzed the balances of all customers and decided not to constitute any additional impairment adjustment as of 31 March 2026 as compared to 31 December 2025.

## 17. CASH AND CASH EQUIVALENTS AND BANK TERM DEPOSIT

Bank term deposits include the money in deposits at the banks with a due date over 3 months:

<b>Bank term deposits</b>	<b>31 March 26</b>	<b>31 December 25</b>
Bank term deposits	25,000,000	62,000,000
<b>TOTAL</b>	<b>25,000,000</b>	<b>62,000,000</b>

Cash and cash equivalents include cash in bank accounts, cash on hand and demand deposits with banks with original maturity dates of up to three months:

<b>Cash and cash equivalents</b>	<b>31 March 26</b>	<b>31 December 25</b>
Cash in bank	1,020,454	3,491,389
Cash and cash equivalents	1,191	1,020
Deposits	205,486,043	111,753,726
<b>TOTAL</b>	<b>206,507,688</b>	<b>115,246,135</b>



## 18. TRADE AND OTHER DEBTS

<b>Trade and similar debts</b>	<b>31 March 26</b>	<b>31 December 25</b>
Trade payables	55,469,486	55,764,861
Suppliers of assets	2,745,324	1,597,962
Corporate tax debt	6,432,577	-
Debts in relation to employees	1,200,437	1,184,347
Untaken holiday	2,098,065	1,485,587
Salary bonuses	9,682,619	8,235,901
Benefits granted upon retirement	33,341	33,341
Guarantees of suppliers	1011,095	756,458
Subsidies for short-term investments	51,875	51,875
<b>Total debts less loans, classified as measured at an amortized cost</b>	<b>78,724,819</b>	<b>69,110,333</b>
Taxes and social contributions	1,793,333	2,166,157
Other tax debts	309,221	1,536,976
Dividends	9,011,350	9,038,724
<b>TOTAL</b>	<b>89,838,723</b>	<b>81,852,190</b>

<b>Long-term debts</b>	<b>31 March 26</b>	<b>31 December 25</b>
Long-term debts *	1,134,198	1,134,198
Subsidies for long-term investments	505,781	518,750
<b>Total</b>	<b>1,639,979</b>	<b>1,652,948</b>

\* The amount presented under "Long-term debt", according to the annual actuarial report, represents only the benefits that will be granted after 12 months from the date of the financial statements, the benefits that will be paid in the following period, up to 12 months, have been reclassified to "Salary rights provisions".



## 18. TRADE AND OTHER DEBTS (CONTINUATION)

The variation in deferred corporate tax liabilities is presented in the following table:

<b>Salary obligations</b>	<b>Total</b>
<b>31 December 25</b>	<b>1,167,539</b>
Establishments during the period	-
Uses during the period	-
<b>31 March 26</b>	<b>1,167,539</b>
	<b>Retirement benefits</b>
<b>Hypotheses</b>	
<b>Present value of the debt as of 31.03.2026 (RON)</b>	<b>1,167,539</b>
Discount percentage +1%	1,068,494
Discount percentage -1%	1,280,894
Salary increase rate +1%	1,282,273
Salary increase rate -1%	1,065,651
Longevity + 1 year	1,162,544

## 19. DEFERRED TAX

The variation in deferred corporate tax liabilities is presented in the following table:

<b>Description</b>	<b>31 March 26</b>	<b>31 December 25</b>
<b>Initial balance</b>	<b>10,614,057</b>	<b>13,829,393</b>
Deferred tax income/(expense)	3,748,368	(3,215,336)
Deferred tax recognized in equity	-	-
<b>Final balance (active)</b>	<b>14,362,425</b>	<b>10,614,057</b>



## 19. DEFERRED TAX (continuation)

The deferred tax refers to the following:

	<b>31 March 26</b>	<b>31 December 25</b>
<b>Assets</b>		
Salary debts	2,071,601	1,742,130
Adjustments of depreciation for Tangible assets	482,008	482,008
Adjustments of depreciation for doubtful receivables	198,899	198,899
Uninvoiced contractual obligations	12,288,287	12,457,647
Other debts	1,627,346	1,797,220
	<b>16,668,141</b>	<b>16,677,904</b>
<b>Debts</b>		
Tangible assets- recognized in profit and loss	(563,041)	(4,321,172)
Tangible assets -recognised in capitals	(1,742,675)	(1,742,675)
	<b>(2,305,716)</b>	<b>(6,063,847)</b>
<b>TOTAL</b>	<b>14,362,425</b>	<b>10,614,057</b>

The deferred tax – debts afferent to tangible assets recognized in the profit and loss account is generated by the temporary difference between the fiscal basis and their book value, as Biofarm SA uses time periods and depreciation methods that are different in the accounting book as compared to the fiscal register of fixed assets. The deferred tax related to tangible assets recognized in capitals was generated by the revaluation differences.

## 20. OTHER PROVISIONS

### Other provisions

<b>31 December 24</b>	<b>5,091,352</b>
Establishments during the period	2,903,316
Uses during the period	(2,975,000)
<b>31 December 25</b>	<b>5,019,668</b>
Establishments during the period	44,950
Uses during the period	(682,100)
<b>31 March 26</b>	<b>4,382,518</b>

The amount presented under Other provisions represents provisioned expenses for other benefits and for one pending dispute. For two of the disputes pending before the courts of law in which Biofarm S.A. company is involved, considering the sentences issued until 31 March 2026, a provision in the amount of lei 1,839,934 was established.



## 21. SHARE CAPITAL

The subscribed share capital of the company on 31 March 2026 is of lei 98,537,535, the nominal value of a share being of lei 0.1/share. The company has a number of lei 985,375,350 shares that confer equal rights to company's shareholders. Biofarm S.A. did not issue shares that offer preferential rights to holding shareholders.

## 22. INFORMATION REGARDING THE REPURCHASE OF OWN SHARES

Following the share capital increase by the incorporation of the profit related to 2006, a number of 8,126 shares remained, which could not be distributed according to the allocation rate. These shares were allocated by the Depozitarul Central to the company.

On 31 March 2026, Biofarm S.A. holds 8,126 own shares.

## 23. RESERVES

Reserves include the following components:

<b>Reserves</b>	<b>31 March 26</b>	<b>31 December 25</b>
Fixed assets revaluation reserves	10,622,424	10,622,424
Legal reserves	19,707,507	19,707,507
Other reserves	3,642,931	3,642,931
<b>TOTAL</b>	<b>33,972,862</b>	<b>33,972,862</b>

In the following, the nature and purpose of each reserve within the equity is described:

<b>Reserve</b>	<b>Description and purpose</b>
Fixed assets revaluation reserves	If the accounting value of a tangible asset is increased after revaluation, then the increase must be recognized in other comprehensive income elements and cumulated in equity, with title of reassessment surplus. Reassessment reserves cannot be distributed and cannot be used at the share capital increase.
Legal reserves	According to Law 31/1990, each year at maximum 5% is taken from the profit for the formation of the reserve fund, until it reaches maximum of 20% of the share capital. During 2023, no legal reserve was established because the threshold of maximum one fifth of the share capital has been reached. Legal reserves cannot be distributed.
Other reserves	Other reserves include on 31 March 2026 reserves afferent to reinvested profits that can be distributed when fixed assets for which the legal provision was applied will be written off. At the time of distribution, these reserves will be taxed.



## 24. RETAINED EARNINGS

Retained earnings include the following components:

<b>Description</b>	<b>31 March 26</b>	<b>31 December 25</b>
Retained earnings coming from the adoption for the first time of IAS, less IAS 29	2,363,952	2,363,952
Retained earnings coming from the transition to the IFRS application, less IAS 29	443,006	443,006
Retained earnings coming from the application of IFRS 15	(11,327,184)	(11,327,184)
Retained earnings surplus revaluation reserve	31,752	31,752
Retained earnings coming from the use, on the date of transition to the application of IFRS, of the fair value as deemed cost	14,037,338	14,037,338
Retained earnings	410,451,737	309,829,527
<b>TOTAL</b>	<b>416,011,601</b>	<b>315,378,391</b>

## 25. CURRENT PROFIT DISTRIBUTION FOR 2026

On 31 March 2026, Biofarm company has a number of 985,375,350 issued shares. The net profit distribution of Biofarm S.A. shall be approved by the Ordinary General Meeting of Shareholders.

## 26. CONTINGENT LIABILITIES

There are no significant contingent liabilities on the date of the balance sheet.

## 27. COMMITMENTS

The company has no debts towards credit institutions.

Biofarm S.A. did not submit guarantees and did not pledge, respectively did not mortgage its own assets for guaranteeing obligations in favour of a third party.

## 28. INFORMATION ON THE AUDIT OF FINANCIAL STATEMENTS

The financial statements as of 31 March 2026 were not audited.



## **29. AFFILIATED PARTIES**

In the first 3 months of 2026, Biofarm SA carried out transactions with Vrancart SA Adjud, which is 76.33% owned by LION CAPITAL S.A. The transactions during this period totalled lei 83,146 (packaging purchases). As of 31 March 2026, Biofarm SA has a debt of lei 100,606 to Vrancart SA.

We have also identified other affiliated parties related to the two significant shareholders (LONGSHIELD INVESTMENT GROUP S.A. and LION CAPITAL S.A.). The company has not had any transactions with these entities in the last two financial years.

## **30. SUBSEQUENT EVENTS**

On 28.04.2026, the Ordinary General Meeting of Shareholders of Biofarm S.A. took place, in which the following were decided, among others:

- Distribution of net profit achieved in 2025 and the gross dividend value of lei 0.042/share;
- Revenue and expenditure budget for 2026;
- Investment plan for 2026.

Approved by the Board of Directors on **4 May 2026**

and signed on its behalf by:  
**Andrei Hrebenciuc**  
**B.D. Chairman**

Drafted by:  
**Monica Claudia Dobrisan**  
**Chief Accountant**



**STATEMENT**  
**pursuant to the provisions of art. 30 of the Accounting Law No. 82/1991**

The financial statements were drafted on **31 March 2026** for:

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Entity: **BIOFARM S.A**

Tax identification Number: RO 341563

County: 40- BUCHAREST MUN.

Address: BUCHAREST Locality, No. 99 LOGOFATUL TAUTU Street, tel. 0213010621

No. with the Trade Register: J1991000199407

Form of ownership: 34- Joint-stock companies

Main activity (CAEN code and class name): 2120-Manufacture of pharmaceutical preparations

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The Chairman of the Board of Directors of S.C. BIOFARM S.A., Mr. ANDREI HREBENCIUC, assumes responsibility for the preparation of the financial statements as of March 31, 2026 and confirms that:

a) the annual financial statements have been prepared in accordance with applicable legal regulations and International Financial Reporting Standards, and give a true and fair view of the financial position, financial performance and cash flows, in accordance with applicable accounting regulations;

b) the directors' report includes a fair analysis of the company's development and performance, as well as a description of the main risks and uncertainties it faces;

c) the financial statements have been prepared in accordance with applicable reporting standards and give a true and fair view of the company's assets, liabilities, financial position and profit or loss.

**B.D. Chairman**  
**Andrei Hrebenciuc**

**Chief Accountant**  
**Monica Claudia Dobrisan**

