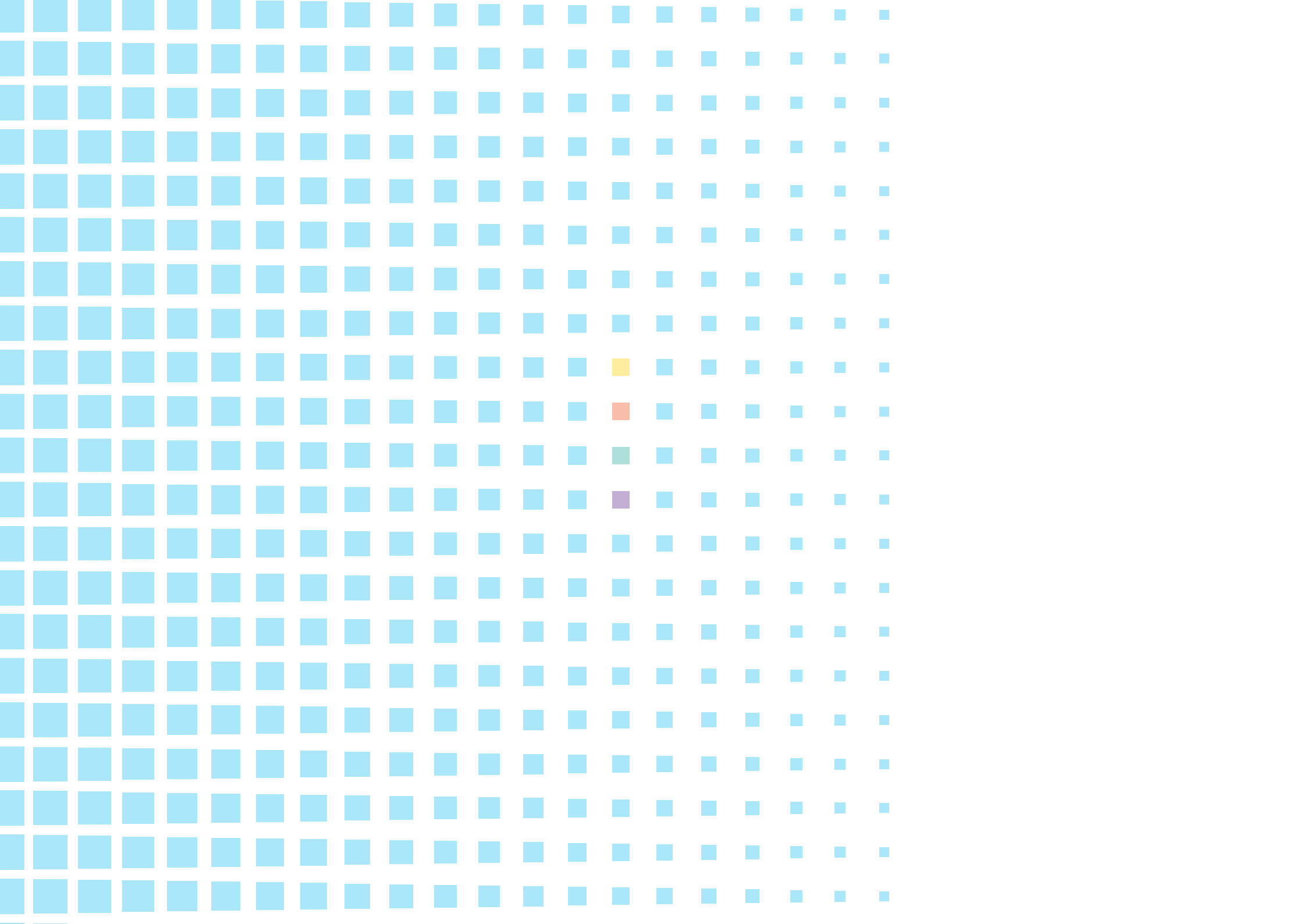


ANNUAL REPORT 2022



CONTENT

- ADDRESS TO THE SHAREHOLDERS BY THE CHIEF EXECUTIVE OFFICER DUSHAN PECOVSKI
- ADDRESS TO THE SHAREHOLDERS BY THE SALES AND MARKETING MANAGER AND DEPUTY CHIEF EXECUTIVE OFFICER – PANCHE GELEVSKI/KOSTA KOTESKI
- HISTORY AND DEVELOPMENT OF REPLEK
- SUPERVISORY BOARD
- MANAGEMENT BOARD
- DESCRIPTION OF OPERATION, ENVIRONMENT AND PLANS
- HUMAN RESOURCES
- SUSTAINABLE DEVELOPMENT
- SOCIAL RESPONSIBILITY
- WHOLESALE PHARMACY – SALES AND MARKETING
- OCCUPATIONAL HEALTH AND SAFETY
- ENVIRONMENTAL PROTECTION
- KEY INDICATORS
- FINANCIAL RISKS AND RISK MANAGEMENT
- SUBSIDIARY COMPANIES
- FOCUS ON THE SHAREHOLDERS
- DIVIDENDS
- INVESTMENTS

ADDRESS TO THE SHAREHOLDERS BY THE CHIEF EXECUTIVE OFFICER **DUSHAN PECOVSKI**

Last year was a challenging year for all of us. The economy, challenges in the health system, the overall economic and political conditions affected all segments of life.

Replek was especially cautious and undertook measures to protect its associates, especially taking care of timely supplies of quality raw materials, so that our end users could enjoy the undisputed quality and availability. We were also challenged by the employees, and, in a particularly difficult year, we managed to pay out additional benefits, we managed to provide for managerial insurance, as well as additional health insurance for each employee. We grew and we welcomed new 40 highly qualified employees.

Another segment in the development of strategy and projects was the digitalization of the employee processes.

We have successfully completed many of them, while some remain to be completed with the agenda for the next year. We founded the vision of the company on the wellbeing of all involved, working daily to accomplish that goal.

All our efforts and activities have paved the path towards creating a new and more dynamic environment, far more prepared for the daily challenges and market demands. In this context, we have invested in a new plant, in value of EUR 3 million.

The production plant is intended to strengthen the position of the company on the Macedonian market and offer even greater scope of products. Our operation follows the changes of the overall health concept on a global level.

This year, for the first time, Replek marks growth on the domestic market.

This is due to the trust in the brand, our products, as well as the improved presence on the market. I believe that such recognition will continue in the future.

The quality of the products remains our bedrock, there are no changes in that. We are continuously working and acquiring international certificates for general good practice, among which EU GMP and EAEU certificates for good production practices.

The global market remains under great pressure and persisting change, including new technologies – artificial intelligence in clinical trials, minimizing fraud in the use of medicines, i.e., counter-indications, as well as overall improvement of medicines; followed by the changes on the market for cannabis products and recognizing the substance as a great potential in the treatment of different conditions.

All these trends and changes create an interesting working environment. Working in times like these poses an enormous challenge. In such conditions, the responsibility towards the customers, shareholders and society is even greater. There is no shortcut to success, Replek has been tracing its path for 77 years. I am thankful for the confidence you have in Replek and the opportunity you have given us to show you a new path



ADDRESS TO THE SHAREHOLDERS BY THE SALES AND MARKETING MANAGER AND DEPUTY CHIEF EXECUTIVE OFFICER **PANCHE GELEVSKI/KOSTA KOTESKI**

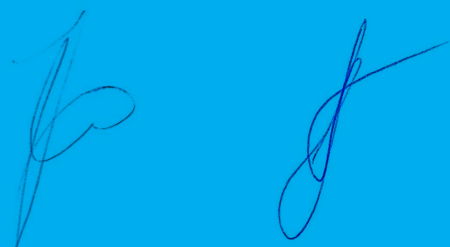
In the last three years, the challenges in the pharmacological industry have taken a new turn. This year the development took another shape, under the influence of economic and political factors. Replek remained an optimist, the company believes in its capacity and rapid adaptation of its employees. This period was proof that investments in the human capital were crucial. Adaptability and our dedication to the employees, as well as the resilience to risks by proper management, minimized all disruptions affecting the business during this period.

We have adapted all working processes, we have made essential changes and promptly reacted to all the challenges on the market. Therefore, today we may say that we have a sales network shoulder- to- shoulder to all market demands. Our market and the dedication to both segments, B2B and B2C, remain in our efforts for the following period. The Action plan for the next five years is the true challenge for Replek. We believe in our employees and their potential and we believe that we will achieve it.

Production continues to be our essential activity, and in the following period we will also work on introduction of new products with greater market advantage, which, I believe, will be recognized by our customers.

Our financial results reflect all our activities and they are the assurance for the future – with 9% sales growth on foreign markets and 3% growth on the domestic market, compared to last year (the pharmacy segment).

Replek will continue growing and fulfilling the projections from the action plan. We believe and we are creating a new, different work ethics, operational processes and culture. With shareholders such as you, we always have a greater responsibility and challenge. On behalf of all members of the sales team of Replek, we are grateful for the trust you have in us year after year. We stay together on this journey towards creation of a better future for us, for you, and for the whole society!



HISTORY AND DEVELOPMENT OF REPLEK

The history of Replek dates back to 1945 when the company was established by the Ministerial council of the Federal Macedonia as a national warehouse for medicines, which later became the Republic's enterprise for medicines.

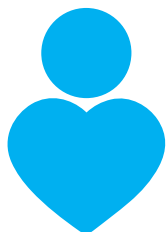
Hence, the name Replek – Republic's medicine (Rep –lek (medicine in Macedonian)).

Replek AD developed into a shareholding company from its privatization in 1999 when it was registered in the Trade Registry, under Decision TREG 9942/98, on 05.02.1999. As of this date, Replek grew into the leading Macedonian brand in the segment of production and distribution of medicines. The primary activities of Replek are production, warehousing services, marketing and registration of new medicines and supplements, participation in tendering procedures, as well as CRM. Throughout the years, Replek has also positioned itself on the foreign markets, with a share of 70% sales on the foreign markets. On that account, today Replek.

Replek AD is listed on the Macedonian Stock Exchange, with data listed on the web site www.mse.mk on the financial results of the company, information required by law and other data on the issuer.

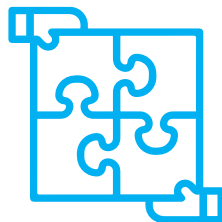


VISION



WELLBEING

MISSION



SYNERGY

COMPANY VALUES



AGILE, INNOVATIVE,
ONE TEAM



SUPERVISORY BOARD

In accordance with the applicable legal provisions, and the Statute of Replek AD, the Supervisory Board is responsible for the control and supervision of the company's operation. The Supervisory Board convenes four times per year, and part of its duties is reviewing and adoption of the decisions of the Management Board.

The Supervisory Board discussed the Business Plan of the company for 2023, consisting of a Sales plan, Costs plan, Workforce plan, and projected cash flow. It was decided to adopt the Business plan for 2023 as a well- founded and comprehensive plan for achievement of the objectives of Replek AD.

The Supervisory Board is composed of four members.

Georgievski Antonio,

President of the Supervisory Board, B.Sc in Economics, Founder and Manager of DTU AG Sitko Skopje

Andreevski Petar,

Member of the Supervisory Board, B.Sc. in Electrical Engineering, Executive Manager and Co-founder of the Company for investment fund management BFP Fund Management AD Skopje

Gashevski Vladimir,

Independent Member of the Supervisory Body, B.Sc. in Law – Attorney at Law in the Law office Vladimir Gashevski

Naum Janakiev,

Member of the Supervisory Board, B.Sc. in Business Management and Communication

MANAGEMENT BOARD

Dusan Pecovski,

President of the Management Board and Chief Executive Manager of Replek AD Skopje, B.Sc. in Economics, Master of Business Administration, MBA

Biljana Nestorovska Gjosevska,

Member and Manager of the Production Department in Replek Farm, B.Sc. in Pharmacy, Specialist of Pharmaceutical Technology

Kosta Koteski,

Member and Deputy Chief Executive Officer of Replek AD, B.Sc. in Economics, PhD in Management

Panche Gelevski,

Member and Manager of the Sales and Marketing department, B.Sc. in Pharmacy,

During 2022, the Management Board conducted its activities within the competences of the board, in accordance with the Company law and the Statute of the company. It adopted decisions on the business policy and managed the company's operation. The Management Board held regular sessions, whereas, during 2022, it held 22 sessions and adopted a total of 70 decisions/conclusions.

The Report on the work of the Management Board during 2022 contains the relevant decisions adopted by the Management Board, as follows:

- Decision on inventory and establishment of inventory committees for the fixed assets and sources of assets and adoption of the report on conducted inventory;
- Decisions on adoption of a draft-annual account of the company, draft-consolidated annual account of the company, and draft-annual report on the operation of the company (revised);

One of the objectives of the Management Board is improved and better functioning organization of the company's operation, and in this direction, a decision was adopted to amend the internal organizational structure and the Rulebook on job descriptions.

The Management Board also adopted the following decisions whereby approving the following:

- Payment of a New Year's allowance to all employees
- Payment of annual leave allowance
- Payment of Easter allowance
- Private health insurance for each employee
- Investment in photovoltaics

The total gross annual income of the Supervisory and Management board in 2022 amounted to 2.156 thousand MKD and 22.611 thousand MKD, respectively, based on regular salaries and other income of the members of the managing and supervisory bodies.

DESCRIPTION OF OPERATION, ENVIRONMENT AND PLANS

In 2022, Replek AD rebranded itself and started optimizing its product portfolio. These activities will position Replek as a company, one of the key players on the pharmaceutical market in Macedonia and abroad.

The rebranding involved several phases, external and internal rebranding, product package rebranding, new web page, also offering reading option for the dyslexic persons. In addition, this year Replek was a first time participant on the International Pharmaceuticals Fair CPHI Frankfurt.

Thus, we managed to position Replek on the map of international companies which offer quality products and which are capable of overcoming any challenge.

This year, Replek was for the first time, the golden sponsor of the Pharmaceutical Congress, held in Ohrid.

Our goal is to tackle the challenges of our daily consumers. We are continuously researching and improving our services and our products. Our vision is to create wellbeing for all stakeholders in the Replek story – shareholders, consumers, partners, as well as the employees. Our strategy is to build a company focused on production of modern solutions for the wellbeing of our customers, to commercialize medicines and supplements demanded by the market, to export premium products, and build a recognizable brand both on the domestic and international market. In order to accomplish our vision and strategy, we follow our postulates

- Investing in employee education and process optimization
- Process digitalization
- Enhancing trust in brand and product
- Continuous support for projects of special importance for society and support for marginalized groups

Fast adaptation to all market changes, while maintaining the quality and general good management and operation practices

Despite the fact that the company faced great changes during the last year, in 2022, Replek succeeded in achieving growth in sales and sales income in the amount of 1.151.667 thousand MKD. Our products have placement and significant sales on 25 foreign markets.

The strategy of the development activities in Research and Development also includes focus on the employees. This year, the scientists which represent this Sector attended several science conferences and published their research papers.

This year, we made the following investments:

- Addition to the equipment, with a new laboratory machine DPL-3, Fluid Bed Dryer and Granulator from the producer SaintyCo. It is a machine working in two modes of operation: Drying wet granulate with hot air flow and granulation of powders by spraying a coupling solution, whereby creating a wet granulate which is then dried with hot air flow. With the new device we will provide for more efficient increase and transfer of products and processes of wet granulation from laboratory into industrial conditions. At the same time, it will be possible to conduct trials using spray granulation procedure and drying in a fluid dryer. In future this will provide for introduction of a new process in our industrial production.
- The Research and Development sector, together with the Production sector, successfully performed Factory Acceptance Test-FAT in the OmniProjekt factory Serbia (test performed in the factory that manufactured the equipment, upon manufacturing, in order to exhibit that the equipment is characterized with performance and functionality according to the specifications and buyer's requirements) for the sachet filling machine. In this manner, Replek enhanced its capacity, while, in the following period it will commission a new line of products.
- Together with the Quality Assurance, Quality Control and Regulatory affairs department, upon successfully completed Eurasian inspection on Good Manufacturing Practice-GMP, we prepared registration files for medicines for the countries of the Eurasian Economic Union – EAEU.
- In cooperation with the Human Resources, and the Quality Control department, we provided internship for a student at the Faculty of Biotechnology and Chemistry “Jacobs University” in Bremen, Germany, student at the Faculty of Biochemistry at the University of St. Cyril and

Methodius Skopje, students from the Secondary school of chemistry “Maria Sklodowska Curie” Skopje, and graduate students at the Faculty of Pharmacy, University of Ss. Cyril and Methodius, Skopje.

- Internship for specialist residents in Pharmaceutical Technology from the Faculty of Medicine – Pharmacy, at the University of Goce Delchev Shtip and the Faculty of Medicine- Pharmacy, State University Tetovo.
- The Sector successfully completed the digitalization of the Technological files for manufacturing semi products and the Technological files for packaging. Through this broad scope activity, upon full digitalization of monitoring trial and finished product stability in the previous years, the Research and Development department continues the good ecological practice for reduction of the use of hardcopy documents replacing them with electronic version.

In the previous years we noted continuous growth of our portfolio, increased searching, establishment and preparation of new applications in different jurisdictions, while taking care of the existing registrations and renewals.

The growth and development of Replek has been built so far with organic approach and it builds the presence on new markets exclusively with the company's long lasting partners. Replek Group is fully devoted to using its tools, knowledge and experience in increasing the company's presence on an international level.

The plan for the future is complete expansion and concentration on the EU market. The quality of our products starts with the raw materials, and goes on to the finished products, followed by industrial series. This year, all investments of the Group were directed to manufacturing with the objective of optimization of the series and costs. The supply in 2022 faced even greater challenges compared to last year. The Covid consequences, as well as the effect of the war, complicated the transportation corridors, which were also influenced by the drastic increase of the costs for raw materials and energy sources.

The Replek team, which has been building its experience and knowledge for many years, has also successfully mastered this crisis. Our associates have put their maximum efforts and exhibited understanding, and once more confirmed their position as Replek partners. Together, we managed to build foundations that provided us continuous logistics during the crisis, while being cautious not to disrupt manufacturing.

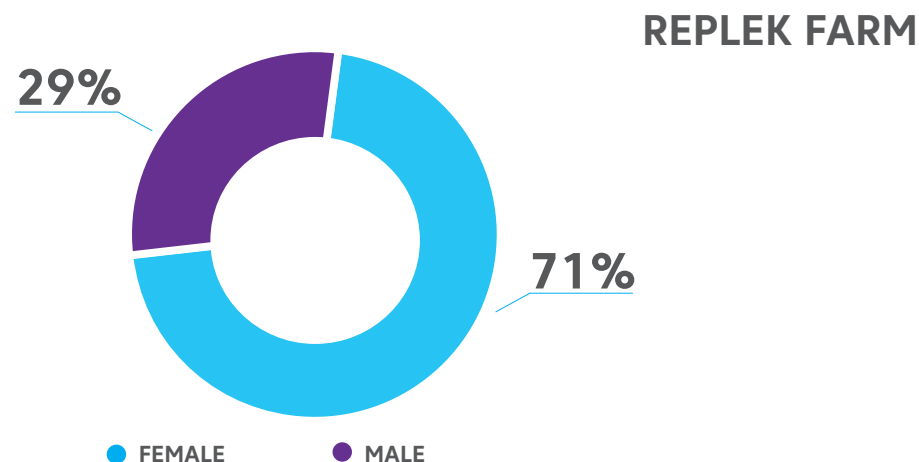
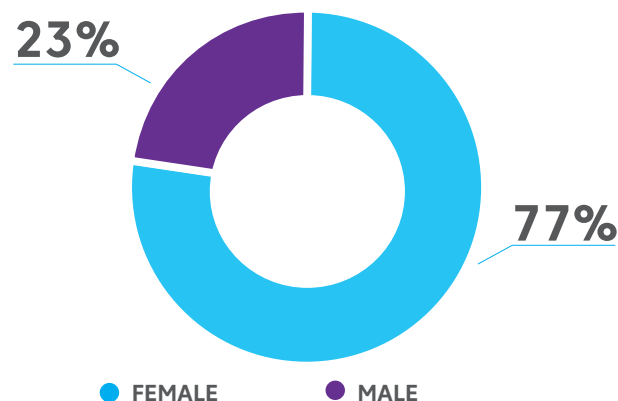
HUMAN RESOURCES

Соочувајќи се со уште една тешка година, година полна со предизвици Facing one more difficult year, filled with challenges and uncertainties, Replek managed to take on and resolve many crucial activities for the employees. We are proud of our employees who were dedicated this year filled with challenges and changes, and were committed to maintain the team spirit, motivate ambition in each of us, and all in direction of development of the Group. For the first time, Replek stood apart as a company, recognized as a place for young and ambitious professionals. We participated on the Career Fair organized by the Faculty of Economics, where we were acknowledged as an employer which builds a different, attractive work culture. This year we have also started a campaign for employee branding, whereby, the employees, through their messages, showed the importance of prevention for many diseases and conditions. This practice picked up, and we will try as a company with social responsibility, to highlight the wellbeing and build it together. Some of the activities that marked this year are:

- Creation of open communication policy
- Investment in HR software for digitalization of processes, recruitment, as well as for adequate and fast selection of candidates
- We activated internships, and this year we had many interns and specialist residents
- We employed 2 residents
- New employments of 40 professionals and qualified staff
- We are oriented towards creating working environment which continuously invests in the development of employees, trainings

- This year for the first time we conducted a survey of employee satisfaction and the services and working conditions we offer
- We digitalized many of the tools for learning and continuous monitoring of the employee progress

	WOMEN	MEN	TOTAL	FEMALE	MALE
REPLEK AD	24	7	31	77%	23%
REPLEK AD	271	113	384	71%	29%
TOTAL	295	120	415	71%	29%



SUSTAINABLE DEVELOPMENT

In 2022, we initiated the process of integrating the UN Sustainability Development Goals, which present a global framework for progress towards a fully sustainable future. Advancing and working towards these goals is of critical importance to our strategy, as well as the inclusive growth.

These goals are our goals now. They represent our strengths and our capacity to influence and create a different future for all of us.

- Goal 5 Gender equality – almost 75% percent of our employees are female
- Investment for the construction of photovoltaic panels for electricity generation - goal 7, Clean energy
- New Code of Ethics and Business Conduct – Goal 8, Decent Work and Economic growth
- In 2022, once again, export increased and we contributed to goal 12 – Responsible Consumption and Production

SOCIAL RESPONSIBILITY

The new slogan of Replek, “My Wellbeing” increasingly gains significance with all the activities that we have started implementing this year. We are committed to contributing to the common good of our employees, the environment, volunteering, as well as raising awareness of preventions and check-ups.

Therefore, we participated in the Gentleman’s Ride – a humanitarian rally with old-timers and motorbikes, with the aim of raising awareness of men’s health and the importance of prevention. We also took part in the Social Friday global initiative and together with the Red Cross we worked as volunteers in the homeless shelter in Momin Potok. We also donated equipment and time to those who need it the most. The second event in this global initiative was in collaboration with Project Happiness (Proekt Srekja), where we worked on sorting clothes, donated our food supplements, vitamin support as well as personal donations from employees, for the most vulnerable categories.

Furthermore, we worked on the sports spirit, and this year a record number

of our employees participated in the Wizzair Skopje Marathon. We won the 3rd place in the 5 km race.

Caring for the youngest is a significant part of our slogan, of our colors.

We signed a Memorandum of Cooperation with the Municipality of Centar, and our products were distributed to the youngest, that is, the newly born babies and their mothers.

The goal is to show and provide support since the first steps. In cooperation with the Red Cross and PHI Institution for Transfusion Medicine, 135 blood units were collected in the critical summer period, when blood donation experiences less interest.

WHOLESALE PHARMACY – SALES AND MARKETING

This year, with all the changes and market uncertainties, as well as the global influences, was a particular challenge to overcome in the sales department. Replek focused on the full reorganization of this segment. Key segments we particularly focused on are as follows:

- Increasing the availability of essential new products by expanding the portfolio with new products according to the market trends and, in particular, the needs of the end users
- Reorganization of the sales network and change of the work culture through investments in education, modernization of the work tools and promotion of the right values. Next year, a big project is planned in the development of the sales network – implementation of Sales Vision software for sales and marketing
- Intensifying educational support of doctors and pharmacists in order to build good health habits among patients
- Import, promotion and representation of innovative products and products with added value for patients
- Expanding and modernizing the capacities for wholesale pharmacy operations

- Providing service options for import, storage, distribution, marketing and promotion to external companies
- Recertification of the quality system
- Active communication with end users in order to summarize and adapt to market needs

OCCUPATIONAL HEALTH AND SAFETY

Our primary goal is the safety and health of our employees, process improvement and investment in occupational safety and health. Our employees are constantly being educated about the dangers and harms that can occur in their workplaces through trainings and workshops on safety and health at work and awareness raising. We regularly carry out inspections and strive to improve working conditions, as well as to reduce the number of work injuries, occupational diseases and work-related diseases and to achieve our goal of 0 injuries at work. We guide our employees through education to report every near miss incident that will help us reduce the risk of injuries at work. We optimize the processes in order to improve the level of safety of our employees at daily basis. We further contribute to the health care of our employees through the private health insurance that the company covers for each employee.

ENVIRONMENT PROTECTION

Environmental protection is one of the top priorities in Replek's strategy. Our company continuously monitors and implements the latest achievements in the field of environmental protection, all in order to contribute to a cleaner and healthier environment in which we all work and live. In December 2022, we successfully implemented the Integrated Management System (IMS), in accordance with the requirements of the standards ISO 14001:2015 environmental management system and ISO 9001:2015 quality management system (QMS) and good manufacturing practice (GMP).

Special attention is paid to the selection of waste and its efficient recycling in the production process. The correct handling of hazardous waste is an important segment for our company and brings financial benefit to our company, hazardous waste is handled by an authorized company. In order to preserve the environment and reduce CO2 emissions, we installed a photovoltaic (solar) plant with an installed capacity of 948.29 kwh, and with this investment more than 40% of the electricity is replaced by renewable solar energy. The Replek Group received the A – integrated environmental permit from the Ministry of the Environment and Physical Planning. This document is a confirmation of the responsible operation, continuous monitoring and reduction of the impact on the environment, far below the permitted minimum.



Waste:

- 2021 – 37.42 T (tons) of selected waste by categories given for recycling.
- 2022 – 40.25 T (tons) of selected waste by categories given for recycling.

PARAMETER	MEASURE UNIT	ANALYSIS METHOD	Г.В	01.22	02.22	03.22	04.22	05.22	06.22	07.22	08.22	09.22	10.22	11.22	12.22
PH Value	-	M54 ISO 10523	6,5-9,5	7,21	7,76	7,1	7,45	7,54	7,66	7,3	7,36	7,22	7,04	7,16	7,23
COLOUR	-	M54 16 11	Without	Without	Without	Without	Without	Without	Without	Without	Without	Without	Without	Without	Without
SCENT	-	M54 1610	Without	Without	Without	Without	Without	Without	Without	Without	Without	Without	Without	Without	Without
TOTAL DRY RESIDUE	mg/l	M54 EPA 2540 B	-	355	430	553	406	386	408	403	476	432	328	568	535
COD (K2Cr2O7)	mg/l O2	M54 ISO 8467	700	25	25	25	25	25	25	25	25	25	25	25	25
BOD -5	mg/l O2	M54 1216	250	3	3	3	3	3	3	3	3	3	3	3	3
“Total Organic Carbon TOC”	mg/l O	M54 ISO 14235	-	11,5	36,1	11,3	35,2	28,2	25,2	28,5	26,5	33,8	33,8	37,6	32,8
Nitrites, NO2-	mg/IN	M54 EPA 4500-B	10	0,02	0,02	0,02	0,02	0,02	0,02	0,02	0,02	0,02	0,02	0,02	0,02
Nitrates NO3-	mg/IN	M54 ISO 7890-E	-	1	4,8	1	3,8	4,3	2,2	4,2	1,8	1	1	2,6	2,4
Chromium Cr	mg/l	M54 ISO 11885	0,5	0,05	0,05	0,05	0,05	0,05	0,05	0,05	0,05	0,05	0,05	0,05	0,05
Iron total Fe total	mg/l	M54 ISO 11885	-	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,15	0,12
Cu	mg/l	M54 ISO 11885	0,5	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1

Waste water quality:

Emissions of harmful substances (dust) in the air:

Measurements	ELV	HAVAC A	HVAC B	HVAC K1	HVAC K2	LINE 1	LINE 2
01.2022	150 mg/m ³	< 5 (0,5)	< 5 (0,6)	< 5 (0,9)	< 5 (0,2)	< 5 (0,5)	< 5 (0,4)
04.2022	150 mg/m ³	< 5 (0,2)	< 5 (0,0)	< 5 (0,3)	< 5 (0,2)	< 5 (0,2)	< 5 (0,7)
07.2022	150 mg/m ³	< 5 (0,0)	< 5 (0,5)	< 5 (0,3)	< 5 (0,0)	< 5 (0,0)	< 5 (0,0)
10.2022	150 mg/m ³	< 5 (0,0)	< 5 (0,3)	< 5 (0,4)	< 5 (0,2)	< 5 (0,5)	< 5 (0,4)

Environmental noise level:

Measuring point	Measuring parameter	Measured value	Threshold value
NL 1	Ld	56,7	60 dB (A)
	LAFMax	60,0	60 dB (A)
NL 2	Ld	56,6	60 dB (A)
	LAFMax	62,2	60 dB (A)
NL 3	Ld	55,9	60 dB (A)
	LAFMax	69,8	60 dB (A)
NL 4	Ld	53,3	60 dB (A)
	LAFMax	60,5	60 dB (A)

Waste:

2021 – 13.22 T (tons) of selected waste by categories given for recycling.

2022 – 15.65 T (tons) of selected waste by categories given for recycling.

Total consumed water in m³ (Replek AD and Replek Farm DOOEL)

KEY INDICATORS

The Replek Skopje Group pursues its activities through 3 legal entities

- REPLEK AD Skopje – wholesaler for the wholesale sale of medicines, medical aids and medical equipment.
- REPLEK FARM DOOEL Skopje – factory for medicines and chemical products,
- REPLEK MARKET DOOEL Skopje - a company for wholesale and retail trade, import - export and services, which includes:

1. Replek Market
2. Restaurant “Day and Night”

In the business year of 2022, the Group achieved the following results:

	2022 (000) MKD	2021 (000) MKD	CHANGE 22/21
Total income	1.373.900	1.297.833	6%
Total expenditures	1.276.025	1.143.672	12%
Profit before tax	97.875	154.161	(37%)
Profit tax	15.938	19.368	(18%)
Profit after tax	81.937	134.793	(39%)

The consolidated profit of the Group for 2022 derives from the following financial performance of the companies owned by Replek AD:

Subject	2022 (MKD 000)	2021 (MKD 000)
Profit before tax		Profit after tax
Replek AD	-20.649	-16.290
Replek FARM	47.025	162.285

REPLEK MARKET	71.499	7.567
Replek Market Effect of consolidation	-	599
Consolidated profit	97.875	154.161

Financial results from the separate financial statements of the companies included in the consolidation, the wholesale pharmacy REPLEK AD achieved the following results in the business year of 2022:

	2022 (000) MKD	2021 (000) MKD	CHANGE 22/21
Total income	435.305	186.939	133%
Total expenditures	375.639	127.229	195%
Profit before tax	59.666	59.710	0%
Profit tax	0	0	0%
Profit after tax	59.666	59.710	0%
%%%			

The realized profit before tax mainly derives from the recorded income from investments in related entities in the amount of MKD 80,315 thousand, which represents a portion of the achieved result of related entities in 2021 (the previous year, there was a distribution of dividends from related entities in the amount of MKD 76,000 thousand from the result achieved in 2020). During 2022, Replek AD made a decision to close a subsidiary/store for retail trade and food supplements called Green Shop Skopje. The company carried out a full transfer of the 45% share it owns in the Company for production, trade and services RH Farm DOO Skopje to its member.

REPLEK FARM DOOEL participates with a significant portion in the financial results of the REPLEK Group, and achieved positive financial results:

	2022 (000) MKD	2021 (000) MKD	CHANGE 22/21
Total income	1.073.503	1.060.621	1%
Total expenditures	1.026.477	898.335	14%
Profit before tax	47.025	162.286	(71%)
Profit tax	8.089	18.220	(56%)
Profit after tax	38.936	144.066	(73%)

REPLEK MARKET DOOEL pursues activities of wholesale and retail trade, import - export of goods through the market and catering services through the "Day and Night" restaurant. During 2022, it achieved positive financial results. In the course of the year, REPLEK MARKET DOOEL made a decision to lease the "Day and Night" restaurant. The company sold 3,558 m2 of land in the amount of MKD 75,000 thousand.

	2022 (000) MKD	2021 (000) MKD	CHANGE 22/21
Total income	238.702	209.995	14%
Total expenditures	167.203	202.428	(17%)
Profit before tax	71.499	7.567	845%
Profit tax	7.849	1.149	583%
Profit after tax	63.650	6.418	892%

The consolidated operating profit for the period from January 1, 2022 to December 31, 2022 amounts to MKD 104,776 thousand. Operating income amounts to MKD 1,370,146 thousand and have increased by 9%, and operating expenses amount to MKD 1,237,126 thousand and have recorded an increase of 9% compared to the same period of the previous year. Consolidated sales revenues increased by 3% compared to the same period last year.

Sales revenue per business segment:

- Revenues from sales in the pharmacy segment increased by 7% compared to last year,
- Sales revenues on the foreign market increased by 9%,
- Sales revenues at the domestic market in the pharmacy segment increased by 3% compared to the same period last year,
- Sales revenues of various goods trade and catering services have decreased by 21% compared to last year

Sales revenue per geographic segment:

- Foreign market sales revenues with a share in total sales revenues of 68% (2021: 64%) increased by 9%,
- Sales revenues at the domestic market decreased by 8% compared to the same period last year,

The consolidated profit before tax amounts to MKD 97,875 thousand and records a decrease of 37% compared to the same period last year, due to increased electricity costs, depreciation and employee costs, write-off of fixed assets.

Sales income:

	(000) MKD	2022% share	2021 (000) MKD	2021 % SHARE	CHANGE 22/21
Domestic market	405.507	32%	442.643	36%	(8%)
CIS	430.826	34%	431.223	35%	(0%)
Africa and the Middle East	155.748	12%	151.179	12%	3%
Southeastern Europe	161.724	13%	157.991	13%	2%
Southeast Asia	40.161	3%	19.596	2%	105%
European Union	57.700	5%	16.297	1%	254%
Other	-	0%	1.230	0%	(100%)
Foreign market	846.159	68%	777.516	64%	9%
	1.251.666	100%	1.220.160	100%	3%

At the end of 2022, the Group has assets in the amount of MKD 2,263,099 thousand with the following structure

- Current assets in the amount of MKD 899,342 thousand (funds on bank accounts, inventories, trade receivables, short-term financial investments), which presents 40% of the assets;
- fixed assets in the amount of MKD 1,363,757 thousand, which represent 60% of the assets.

The total capital and reserves amount to MKD 1,533,837 thousand and participate with 68% in the total sources of funds.

	2022 (000) MKD	2022 % share	2021 (000) MKD	2021 % share	CHANGE % 22/21
FIXED ASSETS	1.363.757	60%	1.351.351	64%	1%
CURRENT ASSETS	899.342	40%	769.029	36%	17%
TOTAL ASSETS	2.263.099	100%	2.120.379	100%	7%
EQUITY AND RESERVES	1.533.837	68%	1.560.519	73%	(2%)
CURRENT LIABILITIES	598.735	26%	418.719	20%	43%
LONG-TERM LIABILITIES	130.527	6%	141.142	7%	(8%)
EQUITY AND LIABILITIES RESERVES	2.263.099	100%	2.120.379	100%	7%

Key financial indicators:

Gross profit margin	32,18%	36,23%	32,94%
Operating profit margin	8,37%	13,21%	14,78%
Net profit margin	5,96%	10,72%	12,67%
Return on equity	5,30%	8,73%	10,91%
Current liquidity	1,59	1,86	1,66
Quick liquidity	0,79	0,78	0,75
Equity/Total assets	0,68	0,74	0,72
Inventory turnover	2,17	2,06	2,72
Inventory Turnover Days	168	177	134
Liability turnover	7,14	7,10	6,30
Liability turnover in days	51	51	58
Debt-to-equity ratio	44%	34%	37%
Earnings per share	3.187	5.200	6.316

FINANCIAL RISKS AND RISK MANAGEMENT

The Group enters into various transactions arising from day-to-day operations, which relate to buyers, suppliers and creditors. The main risks to which the Company is exposed and the risk management policies are as follows

Market risk

Foreign exchange risk

The Group enters into transactions denoted in foreign currency, resulting from purchases and sales in foreign markets, whereby the company is exposed to daily changes in foreign currency exchange rates. Despite the exposure to possible fluctuations of foreign currencies, the Group continuously monitors the changes and allocates funds accordingly in order to minimize the effects.

Credit risk

The Group is exposed to credit risk in the event when its customers are unable to meet their payment obligations. The Group has no significant concentration of credit risk.

Interest rate risk

The group is exposed to the risk of changes in interest rates when it uses loans, borrowings or when it has deposited funds in banks with variable interest rates. Given that the Group has used such loans, there might be exposure to such type of risk, but it depends on the movement of the financial markets. The interest rates on loans used by the Group have increased compared to previous periods, but they are within market limits.

Liquidity risk

Liquidity risk or risk of insolvency exists when the Group is not able to regularly pay its obligations to its creditors with its monetary funds. Such risk is overcome by continuous provision of the necessary cash to service its obligations

Funding risk

The Group finances its operations with its own funds as well as with the use of short-term or long-term bank loans. The Group continuously monitors its indebtedness through appropriate analysis. For the period from 01.01.2022 to 31.12.2022, credit debt has increased by MKD 100,596 thousand, that is, on 31 December 2022 it amounted to MKD 289,932 thousand (on 31 December 2021 it amounted to MKD 189,336 thousand).

Loan obligations	2022 (000) MKD	2021 (000) MKD
Current portion of long-term loans	159.405	48.194
Long-term loans	130.527	141.142
	289.932	189.336

SUBSIDIARY COMPANIES

	2022 % share	2021 % share
Replek Farm DOOEL Skopje	100%	100%
Replek Market DOOEL Skopje	100%	100%

FOCUS ON THE SHAREHOLDERS

Shareholder structure and equity share capital

The Company's share capital is nominal capital that is formed by issuing securities (shares) to shareholders. As of December 31, 2022, the Company has issued only ordinary shares. Ordinary shares hold the right to participate in the distribution of the realized profit (dividend) and the right to manage the Company (voting rights). The share capital structure of Replek AD is composed of domestic and foreign legal and natural persons.

The nominal capital of Replek AD Skopje is 25,920 shares with a nominal value of EUR 562.42 or nominal capital in the total amount of EUR 14,577,926.00

Issued and fully paid:	2022	2021
	Number of shares	Number of shares
Ordinary shares	25.920	25.920
Total shares	25.920	25.920

According to the records of the Macedonian Stock Exchange, in 2022, 635 shares were traded with 128 transactions (without block transactions). Minimum price per share was MKD 83,005.00, that is, the maximum price of MKD 107,800.00 or average price of MKD 99,266.79.

	2022 MKD	2021 MKD	2020 MKD
Average market price per share	99.266,79	107,737,48	85.883,70

The company, in accordance with the Decision on the share buyback No. 02-1979/1, adopted at the Annual Shareholders' Assembly held on 27.04.2022, purchased 1,200 of its own ordinary shares through the Macedonian Stock Exchange on 26.10.2022, with which it owns a total of 1,200 own ordinary shares, that is, 4.63% of the company's share capital. The company's shares are listed on the official securities market (Macedonian Stock Exchange) in the Republic of North Macedonia.

The last market value of one share of the Company in 2022 amounted to MKD 87,550.00 (in 2021: MKD 101,850.00, in 2020: MKD 104,000.00). Within the total capital, a difference in the amount of MKD 28,350 thousand was recorded as the fair value and other reserves based on the adjustment of the nominal value of the share capital with the balance in the trade register and Central Securities Depository.

	2022 (000) MKD	2021 Number of shares
Net profit for the year	81.937	134.793
Net income attributable to holders of common shares	81.937	134.793

	2022 Number of shares	2021 Number of shares
Number of ordinary shares at December 31	25.920	25.920
Basic earnings per share (in MKD)	3.187	5.200

DIVIDENDS

Distribution of the realized profit for 2022 will be carried out at the annual assembly of Replek AD Skopje for 2022, which will be held in the course of 2023. The right to dividend is in accordance with the decision made at the Annual Assembly.

According to the Decision on the distribution of profit adopted at the Assembly on 27 April 2022, the profit after taxation for the year 2021 of Replek AD Skopje in the amount of MKD 59,710 thousand has been distributed as accumulated profit.

Distribution of the profit according to the annual account for:	2021	2020	2019
Gross dividend per share in MKD:	0	3.412	4.168

In the course of 2022, Replek AD Skopje has inflows from dividends from subsidiary companies in the amount of MKD 80,315 thousand.

INVESTMENTS

Real estate, plant and equipment are recorded at their cost value. The purchase price is the invoice value of the purchased assets increased by all costs incurred until they are put into use. The Company continuously invests in construction facilities and equipment, particularly in increasing production capacities of Replek Farm DOOEL Skopje.

in (000) MKD	Land	Buildings	Equipment and means of transport	Assets in preparation	Total
Net book value of:					
31.12.2022	10.804	399.924	837.250	110.165	1.358.143

Investments in 2022 presented by segments

in (000) MKD	Land (000 MKD)	Plants and equipment (000 MKD)	Equipment and transport (000MKD)	Assets in preparation	Total
Replek AD	404	2.100	435	16	2.955
Replek Farm Doeel			10.838	79.245	105.913
Cannabis department	0	0	0	37.732	37.732
Production department	2.771	9.160	2.549	5.822	20.302
Quality control department	0	1.065	2.662	226	3.953
Development department	0	2.371	0	0	2.371
Photovoltaics	0	0	0	35.465	35.465
Other	0	463	5.627	0	6.090
Replek Market Doeel	540	90	129	0	759
Total	3.715	15.249	11.402	79.261	109.627

