



PRELIMINARY ANNUAL REPORT – 2019 CONSOLIDATED

Board of Administrators of Farmaceutica REMEDIA S.A.

Farmaceutica REMEDIA S.A.

Registered office: Deva 330160, No. 2 Nicolae Bălcescu Bld. (former No. 43 Dorobanților Street), Hunedoara County, Telephone: + 40 254 223 260, Fax: +40 254 226 197

Operational office: Bucharest, 041836, sector 4, No. 78 Metalurgiei Bld., Telephone/fax: + 40 213 211 640

remedia@remedia.ro, www.remedia.ro

Trade Register J20/700/1991, TIN: RO2115198; Share capital: RON 10.608.980

IBAN: RO33 RZBR 0000 0600 0266 5747, Raiffeisen Unirii, Bucharest

PRELIMINARY CONSOLIDATED REPORT 2019
According to F.S.A. Regulation No. 5/2018

Date of the report: 12.02.2020

Name of the commercial company: **Farmaceutica REMEDIA S.A.**

Subscribed share capital: 10.608.980 **Lei**
Paid-up share capital: 10.608.980 **Lei**
Registered office: **DEVA, No. 2 Nicolae Bălcescu Bd., pc
330160**
Tel./fax.: **+40 254 223 260, +40 254 226 197**
No. and date of registration
with the Trade Register Office: **J20/700/25.07.1991**
Tax registration number: **RO2115198**

Securities: **RMAH shares**
(Registration certificate No. 1470/04.05.2009)
Type: **Common Nominative**
Date of registration: **17.03.1997**
Nominal value: **0,10 Lei**
Position in RNSC Register: **1636**
Total number: **106.089.800**
R.N.S.C. code of shares: **16368**

Registration	Date	Number of shares	Issue value
1	10.11.1999	3.370.107	337.010.70 Lei
2	06.09.2001	1.500.000	150.000,00 Lei
3	23.07.2003	42.402	4.240,20 Lei
4	05.01.2006	5.696.471	569.647,10 Lei
5	21.12.2007	87.905.969	8.790.596,90 Lei
6	08.04.2009	7.574.851	757.485,10Lei
	TOTAL	106.089.800	10.608.980,00 Lei

Organised market on which securities are traded:

Bucharest Stock Exchange – Standard category

The total market value as at 05.02.2020 is of 39.253.226 Lei

The value of a RMAH share is of 0,37 Lei. (as at 05.02.2020)

1. Important events to report

During the period 01.01.2019 – 31.12.2019 there were no important events that have a particular impact on the financial position of the company Farmaceutica REMEDIA S.A.

2. The general description of the financial position and of the issuer's performances and of its branches afferent to the 2019

During 01.01.2019 – 31.12.2019, the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. No.	Indicator	Realisations 2019 (Lei)	Realisations 2018 (Lei)**	Evolution 2019/2018 (%)
1.	Net sales of goods *	442.937.642	460.902.410	-3,9
2.	Other operating revenues	9.189.616	4.930.155	+ 86,4
3.	Total operating income	452.127.257	465.832.565	-2,95
4.	Total operational costs *	448.233.345	462.082.046	-3
5.	Operating result	3.893.913	3.750.518	+3,83
6.	Financial result	-680.485	- 82.752	- 622,32
7.	Gross result	3.213.427	3.667.766	- 12,39

* Including trade discounts granted/received

** for reasons of comparability with 2019, the values were retreated to IFRS
 16

A breakdown of sales of goods by segments of activity is presented as follows:

Lei

REMEDIA Pharmacies	102.002.604	22,95%
Distribution	219.502.799	49,38%
Hospitals & Clinics Distribution	105.962.048	23,84%
Other operations	17.026.176	3,83%
Total	444.493.627	100,00 %

“Other operating revenues” mainly comprise the following categories of revenues:

- collected rents
- marketing services
- sale of assets
- logistic services
- other services

3. The preliminary financial statements on 31.12.2019 were not audited by the independent financial auditor.

4. Economic-Financial Indicators 31.12.2019

LIQUIDITY AND WORKING CAPITAL	FR	FRDL
Current liquidity (Current assets / Current debts)	1,30	1,02
Current assets	36.893.890	203.450.321
Current debts	28.382.713	200.104.510
Degree of indebtedness (Borrowed capital / Equity x 100)	0%	7,48%
Borrowed capital	0	337.166
Equity	44.547.474	4.506.373
Turnover speed for client debit items (Average customer balance / turnover *365)	44 days	119 days
Average customer balance	12.672.073	134.833.308
Net turnover	104.200.954	413.200.599
Turnover speed of stocks (average stock/ net COGS)*365	60 days	56 days
Average stock	13.251.154	63.409.519
COGS net	80.697.761	410.836.019

*including financial leasing

Notes:

1) **Current liquidity** – the indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the companies are able to cover their short-term debts based on receivables and cash availabilities. The indicator evolved positively both as compared to the same period of last year (1,2) and as compared to September 2019 (1,28) to FR. In the case of FRDL, the indicator slightly improved as compared to December 2018 (1,01) and kept the same value as compared to September 2019 (1,02).

2) **Degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in honouring the assumed commitments. In the case of FR, there is no risk, while for FRDL, the value of the indicator indicates a low risk. As compared to the same period last year, the indicator degraded (from 1,18%). In the calculation of this indicator, the borrowed capital comprises both bank credits, and financial leasing debts.

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the value of the indicator is normal for both companies, under the circumstances. For FR, the indicator had the following evolution; 43 days on September 2019

and 47 days on December 2018. In the case of FRDL, the indicator improved as compared to September 2019 (=121 days) and depreciated as compared to the same period last year (= 111 days)

⁴⁾ The value of the **Days on hand** indicator (66 days) can be considered as falling within the specifics of the activity, exceeding the limit imposed by the internal procedures of the company (45 days) in the case of FR. In the case of FR, the indicator evolved positively both as compared to the same period last year (68 days) and as compared to 30.09.2019 (62 days). In the case of FRDL, the indicator maintained at the same value as compared to the same period last year and improved as compared to September 2019 (=64 days).

Chairman of the Board of Administrators
"TARUS" Valentin Norbert TARUS e.U.
by representative

Valentin Norbert TARUS

STATEMENT OF COMPREHENSIVE INCOME - consolidated (Lei)

	31-Dec-19	31-Dec-18
		*
Net turnover	446,411,283	464,043,563
Income from the sale of goods	444,493,627	463,200,718
Commercial discounts granted	-1,555,985	-2,298,309
Income from services provided and rents	3,473,641	3,141,153
Other operating income	5,715,974	1,789,002
OPERATING INCOME - TOTAL	452,127,257	465,832,565
Expenses with materials	396,555,288	416,453,146
Expenses regarding goods	399,002,857	421,485,590
Commercial discounts received	-7,283,506	-10,073,506
Expenses with raw materials and consumables	3,280,573	3,511,913
Other expenses with materials (inventory objects)	375,959	507,550
Energy and water expenses	1,179,406	1,021,599
Expenses with personnel	34,791,624	31,786,780
Salaries and allowances	31,316,319	28,575,417
Expenses with insurance and social protection	1,048,237	936,197
Other personnel expenses	2,427,068	2,275,166
Amortisations and provisions	1,211,734	1,154,540
Amortisations	1,251,491	1,024,565
Net provisions	-281,261	-16,416
Losses from receivables	241,503	146,391
Other operating expenses	15,674,699	12,687,581
Expenses on external services	11,500,775	11,126,144
Expenses with other taxes, charges and assimilated payments	740,019	868,262
Other expenses	3,433,906	693,175
OPERATING EXPENSES - TOTAL	448,233,345	462,082,046
OPERATING RESULT	3,893,913	3,750,518
Financial income	394,880	156,052
Interest income	11,293	5,834
Income from exchange rate differences	170,002	53,578
Income from dividends	204,905	2,851
Advance payment discounts	8,681	93,790
Other financial income	0	0
Financial expenses	1,075,366	238,805
Expenses regarding interests	557,660	33,527
Operational leasing interests (IFRS16)	83,134	42,630
Expenses due to exchange rate differences	208,961	77,150

Discounts received in advance	225,610	85,497
Other financial expenses	0	0
FINANCIAL RESULT	-680,485	-82,752
TOTAL INCOME	452,522,138	465,988,617
TOTAL EXPENSES	449,308,711	462,320,851
GROSS RESULT	3,213,427	3,667,766
Profit tax	718,976	634,893
TOTAL NET PROFIT of which distributable	2,494,451	3,032,873
Shareholders of the company	2,494,451	3,032,873
Minority interest		
Other elements of comprehensive income	0	0
Revaluation of tangible assets		
Tax related to other elements of comprehensive income		
Minority interest		
COMPREHENSIVE INCOME AFFERENT TO THE PERIOD - TOTAL of which at	2,494,451	3,032,873
Shareholders of the company	2,494,451	3,032,873
Minority interest		
Earnings per share (in Lei)		
- basic	0.0235	0.0286
- diluted	0.0235	0.0286
* retreated according to IFRS 16		

"TARUS" - Valentin Norbert TARUS e.U.
by representative
Valentin – Norbert TARUS

STATEMENT OF FINANCIAL POSITION - consolidated (Lei)

	31-Dec-19	31-Dec-18
ASSETS		*
Fixed assets	39,948,736	40,981,592
Tangible assets	25,824,336	25,430,457
Real estate investments	6,808,175	5,652,468
Operational leasing assets	1,429,930	1,952,179
Software licences	207,353	70,272
Pharmacy licences	5,004,938	7,080,494
Participations held in group companies	289,520	289,520
Participations held in companies outside the group	5,316	5,316
Deposits and guarantees paid	379,169	500,887
Current assets	220,077,654	255,053,665
Stocks	74,812,167	98,186,559
Trade receivables	132,399,134	150,720,279
Other receivables	2,590,617	2,620,956
Cash and cash equivalents	10,275,736	3,525,871
Accrued expenses	343,549	312,481
TOTAL ASSETS	260,369,939	296,347,737
EQUITIES AND DEBTS		
Equities	49,114,859	46,588,268
Share capital	10,921,209	10,921,209
Share premiums	757,485	757,485
Reserves	31,092,868	28,975,578
Current result	2,494,451	3,032,873
Retained earnings	4,407,169	3,435,838
Retained earnings - retreatment	-312,229	-312,229
Profit distribution	-133,467	-109,859
Own shares	-112,628	-112,628
Long-term debts	3,147,081	3,378,990
Debts from financial leasing	0	18,105
Debts from operational leasing	1,478,785	1,976,237
Provisions	0	10,449
Debts with deferred income tax	1,668,296	1,374,199
Current debts	208,108,000	246,380,480
Bank loans	319,234	0
Debts from financial leasing	17,932	36,938
Suppliers and other similar debts	202,648,537	241,058,212
Provisions	0	0
Current tax debts	175,960	193,515
Other short-term debts	4,946,337	5,091,815
Total debts	211,255,081	249,759,469
TOTAL EQUITIES AND DEBTS	260,369,939	296,347,737

* retreated according to IFRS 16

Chairman of the Board of Administrators

"TARUS" - Valentin Norbert TARUS e.U.

by representative

Valentin – Norbert TARUS

Farmaceutica REMEDIA S.A. –Preliminary consolidated financial statements concluded on 31.12.2019

NOTE 1 INFORMATION ABOUT THE COMPANY

Farmaceutica REMEDIA S.A. («the Company») is a commercial company with registered office in Deva, B-dul Nicolae Balcescu nr.2 (former No. 43 Dorobantilor Street), Hunedoara County, Romania.

It was established in 25 July 1991 as a commercial company with fully state-owned capital by reorganisation of Oficiul Farmaceutic Deva. On 13.10.2000, V.TARUS RoAgencies S.R.L. has purchased from FPS the majority shares package (55.802 %). In January 2006, Farmaceutica REMEDIA S.A. merged by absorption with V.TARUS RoAgencies S.R.L.

On **01 January 2016**, Farmaceutica REMEDIA S.A. completed the transfer to Farmaceutica REMEDIA Distribution & Logistics S.R.L., **a company owned 100 %**, of wholesale drug distribution activities (by a network of 8 warehouses) together with related activities (logistics services, registration, promotion and marketing of medicines etc), maintaining the operation of the chain of 100 pharmacies and local distribution offices.

Although the legal provision on separation of activities has been abrogated, Farmaceutica REMEDIA has decided to keep the two legal entities.

In this context, on 31.03.2019 Farmaceutica REMEDIA S.A. held majority holdings (100%) at the Farmaceutica REMEDIA Distribution & Logistics S.R.L. company.

During 2019, Farmaceutica REMEDIA S.A. did not attend in mergers.

. During the same period, the company did not alienate assets of significant values (buildings, lands, shares etc.), except for the following pharmacy licences:

- one licence held in Târgoviște city
- seven licences from Bucharest
- two licences held in Iași

NOTE 2 BASES FOR DRAFTING THE FINANCIAL STATEMENTS

The financial statements of the company were drafted in compliance with the provisions of Order No. 2844/2016 for the approval of the Accounting regulations in compliance with the International Financial Reporting Standards (IFRS), adopted by the European Union, applicable to commercial companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

For the purpose of drafting these financial statements, in compliance with the legislative provisions in Romania, the functional currency of the company is considered to be the Romanian Leu (RON).

For all the periods until the year concluded on 31 December 2011, inclusive, the company prepared the financial statements in compliance with the Romanian Accounting Standards (RAS). The financial statements for the year concluded on 31 December 2012, are the first financial statements drafted in

Farmaceutica REMEDIA S.A. –Preliminary consolidated financial statements concluded on 31.12.2019

compliance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

The financial statements were drafted based on the historic cost, except for the buildings and lands which are assessed at their fair value (the market value determined by assessment by an expert evaluator). The historic cost is generally based on the fair value of the counterperformance carried out in exchange for the assets.

The company presents in the financial statements at the fair value all the asset and passive elements for which the assessment at the fair value is imposed, the methods used for its establishment being inventory and revaluation (IFRS 13).

The company does not have financial statements which would involve the use of other fair value estimation methods.

Certain amounts from the financial position statement, the global result statement, as well as from the explanatory notes were reclassified to ensure comparability between previous years and the current year.

Preparation of the IFRS financial statements involves the use by the management of professional judgments, estimations and hypotheses that may affect the application of the accounting policies and the reported value of assets, debts, incomes and expenses. Under these conditions, the actual results may differ from the estimated values. Estimates and hypotheses that are based on them are periodically reviewed. The review of accounting estimates is recognised during the period in which the estimate was reviewed and in the future periods affected. The following are critical professional judgments / reasoning which the Company management made with a significant impact on the values recognized in the financial statements:

- Lifespan of fixed assets
- Deferred taxes
- Provisions
- Segment reporting
- Retreatment of operational leasing contracts according to IFRS 16

The company holds participations in other companies, in one of them having the control over the financial and operational policies. An entity is consolidated if, based on the assessment of its relations with the Company, it is found that it is controlled by the Company.

The companies whose financial statements are consolidated are:

- Farmaceutica REMEDIA S.A.
- Farmaceutica REMEDIA Distribution & Logistics S.R.L.

Starting with 2012, for the class of tangible assets « Lands and buildings », the Company passed from the cost-based accounting model to the reassessment model.

Preliminary consolidated financial statements on 31.12.2019 were not audited by the independent financial auditor.

Farmaceutica REMEDIA S.A. –Preliminary
consolidated financial statements concluded on 31.12.2019

NOTE 3 SALES REVENUES AND OTHER OPERATING REVENUES

During the period 01.01.2019 – 31.12.2019 the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. No.	Indicator	Realisations 2019 (Lei)	Realisations 2018 (Lei)**	Evolution 2019/2018 (%)
1.	Net sales of goods *	442.937.642	460.902.410	-3,9
2.	Other operating revenues	9.189.616	4.930.155	+ 86,4
3.	Total operating revenues	452.127.257	465.832.565	-2,95
4.	Total operating costs *	448.233.345	462.082.046	-3
5.	Operating result	3.893.913	3.750.518	+3,83
6.	Financial result	-680.485	- 82.752	- 622,32
7.	Gross result	3.213.427	3.667.766	- 12,39

* Including commercial discounts granted/received

**Some amounts were retreated according to IFRS 16. There are differences as compared to the previous reporting.

“Other operating revenues” mainly comprise the following categories of revenues:

- logistic services
- rents
- clinical studies
- marketing services
- sales of assets
- other services
- inventory pluses / accounting accounts adjustments

Farmaceutica REMEDIA S.A. –Preliminary
consolidated financial statements concluded on 31.12.2019

NOTE 4. Economic-Financial Indicators 31.12.2019

LIQUIDITY AND WORKING CAPITAL	FR	FRDL
Current liquidity (Current assets / Current debts)	1,30	1,02
Current assets	36.893.890	203.450.321
Current debts	28.382.713	200.104.510
Degree of indebtedness (Borrowed capital / Equity x 100)	0%	7,48%
Borrowed capital	0	337.166
Equity	44.547.474	4.506.373
Turnover speed for client debit items (Average customer balance /turnover *365)	44 days	119 days
Average customer balance	12.672.073	134.833.308
Net turnover	104.200.954	413.200.599
Turnover speed of stocks (average stock/ net COGS)*365	60 days	56 days
Average stock	13.251.154	63.409.519
COGS net	80.697.761	410.836.019

*including financial leasing

Notes:

¹⁾ **Current liquidity** – the indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the companies are able to cover their short-term debts based on receivables and cash availabilities. The indicator evolved positively both as compared to the same period of last year (1,2) and as compared to September 2019 (1,28) to FR. In the case of FRDL, the indicator slightly improved as compared to December 2018 (1,01) and kept the same value as compared to September 2019 (1,02).

²⁾ **Degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in honouring the assumed commitments. In the case of FR, there is no risk, while for FRDL, the value of the indicator indicates a low risk. As compared to the same period last year, the indicator degraded (from 1,18%). In the calculation of this indicator, the borrowed capital comprises both bank credits, and financial leasing debts.

³⁾ **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the value of the indicator is normal for both companies, under the circumstances. For FR, the indicator had the following evolution; 43 days

Farmaceutica REMEDIA S.A. –Preliminary
consolidated financial statements concluded on 31.12.2019

on September 2019 and 47 days on December 2018. In the case of FRDL, the indicator improved as compared to September 2019 (=121 days) and depreciated as compared to the same period last year (= 111 days)

⁴⁾ The value of the **Days on hand** indicator (66 days) can be considered as falling within the specifics of the activity, exceeding the limit imposed by the internal procedures of the company (45 days) in the case of FR. In the case of FR, the indicator evolved positively both as compared to the same period last year (68 days) and as compared to 30.09.2019 (62 days). In the case of FRDL, the indicator maintained at the same value as compared to the same period last year and improved as compared to September 2019 (=64 days).

Farmaceutica REMEDIA S.A. –Preliminary consolidated financial statements concluded on
31.12.2019

NOTE 5

	Hospitals & Clinics	Distribution	Other distribution channels**	REMEDIA Pharmacies	Services provided and rents	Other operations	TOTAL * 31.12.2019
Net turnover	105,962,048	218,435,013	16,537,977	102,515,111	2,961,134	0	446,411,283
Income from the sale of goods	105,962,048	219,502,800	17,026,175	102,002,604	0	0	444,493,627
Commercial discounts granted	0	-1,067,787	-488,198	0	0	0	-1,555,985
Income from services provided and rents	0	0	0	512,507	2,961,134		3,473,641
Other operating income	0	0	0	0	0	5,715,974	5,715,974
OPERATING INCOME - TOTAL	105,962,048	218,435,013	16,537,977	102,515,111	2,961,134	5,715,974	452,127,257
Expenses with goods	97,174,859	199,474,427	16,526,470	80,697,761	0	-2,154,166	391,719,351
Expenses regarding goods	99,448,529	201,615,589	17,018,094	82,210,051	0	-1,289,406	399,002,857
Commercial discounts received	-2,273,670	-2,141,162	-491,624	-1,512,290	0	-864,760	-7,283,506
Gross margin from sales of goods	8,787,189	18,960,586	11,507	21,304,843	0	2,154,166	51,218,291
Other operating costs	6,358,854	18,955,083	802,797	25,327,312	581,675	4,488,272	56,513,993
Direct costs	1,313,055	7,028,867	4,056	20,066,993	472,692	2,240,567	31,126,230
Logistics costs	2,811,831	7,203,970	425,276	0	0	0	10,441,077
Indirect costs	2,233,968	4,722,246	373,465	5,260,319	108,983	2,247,705	14,946,686
OPERATING EXPENSES - TOTAL	103,533,713	218,429,510	17,329,267	106,025,073	581,675	2,334,106	448,233,344
Operating result	2,428,335	5,503	-791,290	-3,509,962	2,379,459	3,381,868	3,893,913
Financial result							-680,485
Gross result							3,213,428
Profit tax							718,976
Net profit							2,494,451

Farmaceutica REMEDIA S.A. –Preliminary consolidated financial statements concluded on
31.12.2019

* includes unallocated amounts

** repository+Pentron+various

NOTE 6

CAPITAL CHANGES

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Share premiums	Retained earnings	Profit distribution	Current result	Own shares	TOTAL
Balance on 01.01.2019	10,921,209	1,623,470	15,898,760	11,453,348	757,485	3,123,609	-109,859	3,032,873	-112,628	46,588,269
Restoration of profit account retreatments 2018						-2,000,000		2,079,479		79,479
Profit transfer 2018 (FR) to retained earnings						2,031,162		-2,031,162		0
Profit distribution 2018(FR) to dividends						-1,591,347				-1,591,347
Profit distribution 2018(FR) to other reserves				439,815		-439,815				0
Account closure 129 (legal reserve 2017) FR							109,859	-109,859		0
Profit transfer 2018 (FRDL) to retained earnings						2,986,594		-2,986,594		0
Profit distribution 2017 (FRDL) to dividends						-2,000,000				-2,000,000
Dividend retreatment FRDL->FR 2018						2,000,000				2,000,000
Accounting result 2019 FR + FRDL								4,406,582		4,406,582
Legal reserve 2019 FR		133,467						-133,467		0
Profit account retreatment 2019						0		-1,912,131		-1,912,131
Outputs of buildings + lands			-4,140							-4,140
Revaluation of buildings and lands			1,842,244							1,842,244
Deferred tax			-294,097							-294,097
Retreatment of operational leasing (IFRS 16) 2018						-15,263		15,263		0
Balance on 31.12.2019	10,921,209	1,756,937	17,442,767	11,893,163	757,485	4,094,940	-133,467	2,494,451	-112,628	49,114,859

Farmaceutica REMEDIA S.A. –Preliminary
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NOTE 7 TREASURY FLOWS STATEMENT (RON)

	Consolidated 12 months 2019
Cash flows from operating activities	
Collections from the sale of goods and from the provision of services	517,487,992
Other cash inflows	2,001,915
Payments to suppliers of goods and services	(449,807,453)
Payments to and on behalf of employees (incl. taxes on salaries)	(33,066,028)
Corporate tax payments	(660,257)
Payments to other taxes and fees	(22,755,927)
Paid interests	(556,301)
Collected interests (current account)	11,292
Other cash outflows	(7,806,422)
Total operating cash flow	4,848,812
Cash flow from investment activities	
Proceeds from the sale of long-term assets and financial investments	3,721,752
Collected interests (from deposits)	0
Collected dividends	204,905
Payments for the purchase of long-term assets	(797,996)
Total cash flow from investments	3,128,661
Cash flow from financing activities	
Short-term loan withdrawals	207,658,840
Repayment of short-term loans	(207,339,606)
Net foreign exchange differences	(2,616)
Funding received from shareholders	0
Repayments of long-term loans, including interest	0
Payments to shareholders (dividends)	(1,544,225)
Payments of own shares	0
Total cash flow from financing	(1,227,607)
Total cash flow	6,749,865
Cash at the beginning of the period	3,525,871
Cash at the end of the period	10,275,736

Chairman of the Board of Administrators - "TARUS" Valentin Norbert TARUS e.U.
by representative: Valentin Norbert TARUS



PRELIMINARY ANNUAL REPORT - 2019 UNCONSOLIDATED

Board of Administrators of Farmaceutica REMEDIA S.A.

Farmaceutica REMEDIA S.A.

Registered office: Deva 330160, No. 2 Nicolae Bălcescu Bld. (former No. 43 Dorobanților Street), Hunedoara County, Telephone: + 40 254 223 260, Fax: +40 254 226 197

Operational office: Bucharest, 041836, sector 4, No. 78 Metalurgiei Bld., Telephone/fax: + 40 213 211 640

remedia@remedia.ro, www.remedia.ro

Trade Register J20/700/1991, TIN: RO2115198; Share capital: RON 10.608.980

IBAN: RO33 RZBR 0000 0600 0266 5747, Raiffeisen Unirii, Bucharest

PRELIMINARY ANNUAL REPORT - 2019 unconsolidated
According to F.S.A. Regulation No. 5/2018

Date of the report: 12.02.2020

Name of the commercial company: **Farmaceutica REMEDIA S.A.**

Subscribed share capital: 10.608.980 **Lei**
Paid-up share capital: 10.608.980 **Lei**
Registered office: **DEVA, No. 2 Nicolae Bălcescu Bd., pc
330160**
Tel./fax.: **+40 254 223 260, +40 254 226 197**
No. and date of registration
with the Trade Register Office: **J20/700/25.07.1991**
Tax registration number: **RO2115198**

Securities: **RMAH shares**
(Registration certificate No. 1470/04.05.2009)
Type: **Common Nominative**
Date of registration: **17.03.1997**
Nominal value: **0,10 Lei**
Position in RNSC Register: **1636**
Total number: **106.089.800**
R.N.S.C. code of shares: **16368**

Registration	Date	Number of shares	Issue value
1	10.11.1999	3.370.107	337.010,70 Lei
2	06.09.2001	1.500.000	150.000,00 Lei
3	23.07.2003	42.402	4.240,20 Lei
4	05.01.2006	5.696.471	569.647,10 Lei
5	21.12.2007	87.905.969	8.790.596,90 Lei
6	08.04.2009	7.574.851	757.485,10Lei
	TOTAL	106.089.800	10.608.980,00 Lei

Organised market on which securities are traded:

Bucharest Stock Exchange – Standard category

The total market value as at 05.02.2020 is of 39.253.226 Lei

The value of a RMAH share is of 0,37 Lei. (as at 05.02.2020)

1. Important events to report

During the period 01.01.2019 – 31.12.2019 there were no important events that have a particular impact on the financial position of the company Farmaceutica REMEDIA S.A.

2. The general description of the financial position and of the issuer's performances and of its branches afferent to the 2019

During the period 01.01.2019 – 31.12.2019 the commercial company Farmaceutica REMEDIA S.A. recorded the following financial results:

Crt. No.	Indicator	Realisations 2019 (Lei)	Realisations 2018 (Lei)	Evolution 2019/2018 (%)
1.	Net sales of goods *	102.002.604	96.765.975	+5,42
2.	Other operating revenues	6.906.288	3.844.342	+79,65
3.	Total operating revenues	108.908.892	100.610.318	+8,25
4.	Total operating costs *	108.455.823	100.479.640	+7,94
5.	Operating result	453.069	130.678	+246,71
6.	Financial result	2.216.275	2.066.495	+7,25
7.	Gross result (profit)	2.669.344	2.197.173	+21,49

* Including commercial discounts granted/received

Improvement of the operating result is based on the profit obtained from the sale of assets.

"Other operating revenues" mainly comprise the following categories of revenues:

- collected rents – 23,62 %
- marketing services – 7,42%
- sales of assets – 66,75%

In the Financial Result, the dividends received from Farmaceutica REMEDIA Distribution & Logistics SRL in the amount of lei 2,000,000 (from the profit of 2018) are included.

3. Preliminary financial statements on 31.12.2019 were not audited by the independent financial auditor.

Economic-Financial Indicators

LIQUIDITY AND WORKING CAPITAL	31.12.2019
Current liquidity (Current assets / Current debts)	1,3
Current assets	36.893.890
Current debts	28.382.713
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%
Borrowed capital	0
Equity	44.547.474
Turnover speed for client debit items (Average customer balance /turnover *365)	44 days
Average customer balance	12.672.073
Net turnover	104.200.954
Turnover speed of stocks (average stock balance/cogs)*365	60 days
Average stock balance	13.251.154
Net COGS	80.697.761

Notes:

1) **Current liquidity** – the indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the company is capable of covering its short-term debts based on the receivables and cash availability. The indicator evolved positively as compared to the same period last year (1,2) as well as compared to September 2019 (1,28).

2) **Degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in honouring the assumed commitments. The 0% value indicates that the company has no financing or liquidity problem. In the calculation of this indicator, the borrowed capital comprises both bank credits, and financial leasing debts.

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the value of 44 days is a normal one under the circumstances. (43 fays on September 2019 and 47 days on 31.12.2018)

4) The value of the **Days on hand** indicator (60 days), can be considered as falling within the specifics of the activity, exceeding the limit imposed by the internal procedures of the company (45 days). The indicator evolved positively

both as compared to the same period last year (68 days) and as compared to 30.09.2019 (62 days).

Chairman of the Board of Administrators – „TARUS” – Valentin Norbert Tarus e.U.

12.02.2020

STATEMENT OF COMPREHENSIVE INCOME - unconsolidated (Lei)

	31-Dec-19	31-Dec-18
Net turnover	104,200,954	99,034,548
Income from the sale of goods	102,002,604	96,765,975
Commercial discounts granted	0	0
Income from services provided and rents	2,198,350	2,268,573
Other operating income	4,707,939	1,575,769
OPERATING INCOME - TOTAL	108,908,892	100,610,318
Expenses with materials	82,221,269	77,335,847
Expenses regarding goods	82,210,052	78,452,769
Commercial discounts received	-1,512,291	-2,812,187
Expenses with raw materials and consumables	734,569	791,987
Other expenses with materials (inventory objects)	98,360	289,283
Energy and water expenses	690,579	613,995
Expenses with personnel	18,515,966	16,935,305
Salaries and allowances	16,483,655	14,988,333
Expenses with insurance and social protection	538,774	458,816
Other personnel expenses	1,493,538	1,488,156
Amortisations and provisions	398,330	494,367
Amortisations	324,583	427,195
Net provisions	-54,370	2,779
Losses from receivables	128,118	64,393
Other operating expenses	7,320,258	5,714,121
Expenses on external services	4,630,239	4,857,559
Expenses with other taxes, charges and assimilated payments	472,075	514,987
Other expenses	2,217,944	341,575
OPERATING EXPENSES - TOTAL	108,455,823	100,479,640
OPERATING RESULT	453,069	130,678
Financial income	2,226,990	2,071,581
Interest income	1,901	2,693
Income from exchange rate differences	14,495	543
Income from dividends	2,204,905	2,002,851
Advance payment discounts	5,689	65,494
Other financial income	0	0
Financial expenses	10,715	5,086
Expenses with interests	0	0
Operational leasing interests (IFRS16)	0	0
Expenses due to exchange rate differences	4,453	1,236
Discounts received in advance	6,262	3,850
Other financial expenses	0	0
FINANCIAL RESULT	2,216,275	2,066,495

TOTAL INCOME	111,135,882	102,681,899
TOTAL EXPENSES	108,466,538	100,484,726

GROSS RESULT	2,669,344	2,197,173
Profit tax	106,138	56,152
TOTAL NET PROFIT of which distributable	2,563,206	2,141,021
Shareholders of the company	2,563,206	2,141,021
Minority interest		

Other elements of comprehensive income	0	0
Revaluation of tangible assets		
Tax related to other elements of comprehensive income		
Minority interest		
COMPREHENSIVE INCOME AFFERENT TO THE PERIOD - TOTAL of which	2,563,206	2,141,021
Shareholders of the company	2,563,206	2,141,021
Minority interest		

Earnings per share (in Lei)		
- basic	0.0242	0.0202
- diluted	0.0242	0.0202

"TARUS" - Valentin Norbert TARUS e.U. Controller Financiar

by representative Robert - Mihail PELOIU
Valentin – Norbert TARUS

STATEMENT OF FINANCIAL POSITION - unconsolidated (Lei)

	31-Dec-19	31-Dec-18
ASSETS		
Fixed assets	37,650,247	37,949,388
Tangible assets	25,286,321	23,938,413
Real estate investments	6,808,175	6,343,153
Software licences	3,627	9,028
Pharmacy licences	5,004,938	7,080,494
Participations held in group companies	292,320	292,320
Participations held in companies outside the group	5,316	5,316
Deposits and guarantees paid	249,551	280,665
Current assets	36,893,890	32,694,191
Stocks	12,667,433	14,766,284
Trade receivables	14,980,027	15,069,833
Other receivables	279,056	284,734
Cash and cash equivalents	8,967,374	2,573,340
Accrued expenses	54,346	56,946
TOTAL ASSETS	74,598,483	70,700,525
EQUITIES AND DEBTS		
Equities	44,547,474	42,031,608
Share capital	10,921,209	10,921,209
Share premiums	757,485	757,485
Reserves	30,863,898	28,746,608
Current result	2,563,206	2,141,021
Retained earnings	0	0
Retained earnings - retreatment	-312,229	-312,229
Profit distribution	-133,467	-109,859
Own shares	-112,628	-112,628
Long-term debts	1,668,296	1,374,199
Debts from financial leasing	0	0
Provisions	0	0
Debts with deferred income tax	1,668,296	1,374,199
Current debts	28,382,713	27,294,718
Bank loans	0	0
Debts from financial leasing	0	0
Suppliers and other similar debts	25,921,795	25,246,920
Provisions	0	10,449
Current tax debts	29,864	0
Other short-term debts	2,431,054	2,037,350
Total debts	30,051,009	28,668,917
TOTAL EQUITIES AND DEBTS	74,598,483	70,700,525

Chairman of the Board of Administrators

"TARUS" - Valentin Norbert TARUS e.U.

by representative

Valentin – Norbert TARUS

Controller Financiar

Robert - Mihail PELOIU

Farmaceutica REMEDIA S.A. –Preliminary unconsolidated financial statements concluded on 31.12.2019

NOTE 1 INFORMATION ABOUT THE COMPANY

Farmaceutica REMEDIA S.A. («the Company») is a commercial company with registered office in Deva, B-dul Nicolae Balcescu nr.2 (former No. 43 Dorobantilor Street), Hunedoara County, Romania.

It was established in 25 July 1991 as a commercial company with fully state-owned capital by reorganisation of Oficiul Farmaceutic Deva. On 13.10.2000, V.TARUS RoAgencies S.R.L. has purchased from FPS the majority shares package (55.802 %). In January 2006, Farmaceutica REMEDIA S.A. merged by absorption with V.TARUS RoAgencies S.R.L.

On **01 January 2016**, Farmaceutica REMEDIA S.A. completed the transfer to Farmaceutica REMEDIA Distribution & Logistics S.R.L., **a company owned 100 %**, of wholesale drug distribution activities (by a network of 8 warehouses) together with related activities (logistics services, registration, promotion and marketing of medicines etc), maintaining the operation of the chain of 100 pharmacies and local distribution offices.

Although the legal provision on separation of activities has been abrogated, Farmaceutica REMEDIA has decided to keep the two legal entities.

In this context, on 31.03.2019 Farmaceutica REMEDIA S.A. held majority holdings (100%) at the Farmaceutica REMEDIA Distribution & Logistics S.R.L. company.

During 2019, Farmaceutica REMEDIA S.A. did not attend in mergers.

. During the same period, the company did not alienate assets of significant values (buildings, lands, shares etc.), except for the following pharmacy licences:

- one licence held in Târgoviște city
- seven licences from Bucharest
- two licences held in Iași

NOTE 2 BASES FOR DRAFTING THE FINANCIAL STATEMENTS

The financial statements of the company were drafted in compliance with the provisions of Order No. 2844/2016 for the approval of the Accounting regulations in compliance with the International Financial Reporting Standards (IFRS), adopted by the European Union, applicable to commercial companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

For the purpose of drafting these financial statements, in compliance with the legislative provisions in Romania, the functional currency of the company is considered to be the Romanian Leu (RON).

For all the periods until the year concluded on 31 December 2011, inclusive, the company prepared the financial statements in compliance with the Romanian Accounting Standards (RAS). The financial statements for the year concluded on 31 December 2012, are the first financial statements drafted in compliance with the

Farmaceutica REMEDIA S.A. –Preliminary unconsolidated financial statements concluded on 31.12.2019

International Financial Reporting Standards (IFRS), as adopted by the European Union.

The financial statements were drafted based on the historic cost, except for the buildings and lands which are assessed at their fair value (the market value determined by assessment by an expert evaluator). The historic cost is generally based on the fair value of the counterperformance carried out in exchange for the assets.

The company presents in the financial statements at the fair value all the asset and passive elements for which the assessment at the fair value is imposed, the methods used for its establishment being inventory and revaluation (IFRS 13).

The company does not have financial statements which would involve the use of other fair value estimation methods.

Certain amounts from the financial position statement, the global result statement, as well as from the explanatory notes were reclassified to ensure comparability between previous years and the current year.

Preparation of the IFRS financial statements involves the use by the management of professional judgments, estimations and hypotheses that may affect the application of the accounting policies and the reported value of assets, debts, incomes and expenses. Under these conditions, the actual results may differ from the estimated values. Estimates and hypotheses that are based on them are periodically reviewed. The review of accounting estimates is recognised during the period in which the estimate was reviewed and in the future periods affected. The following are critical professional judgments / reasoning which the Company management made with a significant impact on the values recognized in the financial statements:

- Lifespan of fixed assets
- Deferred taxes
- Provisions
- Segment reporting

The company holds participations in other companies, within which it has control over the financial and operational policies. An entity is consolidated if, based on the assessment of its relations with the Company, it is found that it is controlled by the Company.

Starting with 2012, for the class of tangible assets « Lands and buildings », the Company passed from the cost-based accounting model to the reassessment model.

Financial statements on 31.12.2019 were not audited by the independent financial auditor.

Farmaceutica REMEDIA S.A. –Preliminary
unconsolidated financial statements concluded on 31.12.2019

NOTE 3 SALES REVENUES AND OTHER OPERATING REVENUES

During the period 01.01.2019 – 31.12.2019 the commercial company Farmaceutica REMEDIA S.A. recorded the following financial results:

Crt. No.	Indicator	Realisations 2019 (Lei)	Realisations 2018 (Lei)	Evolution 2019/2018 (%)
1.	Net sales of goods *	102.002.604	96.765.975	+5,42
2.	Other operating revenues	6.906.288	3.844.342	+79,65
3.	Total operating revenues	108.908.892	100.610.318	+8,25
4.	Total operating costs *	108.455.823	100.479.640	+7,94
5.	Operating result	453.069	130.678	+246,71
6.	Financial result	2.216.275	2.066.495	+7,25
7.	Gross result (profit)	2.669.344	2.197.173	+21,49

* Including commercial discounts granted/received

Improvement of the operating result is based on the profit obtained from the sale of assets.

“Other operating revenues” mainly comprise the following categories of revenues:

- collected rents – 23,62 %
- marketing services – 7,42%
- sales of assets – 66,75%

In the “Financial Result” the dividends received from FRDL - 2.000.000 in 2019 (from the profit of 2018) are included.

NOTE 4 ECONOMIC-FINANCIAL INDICATORS

Farmaceutica REMEDIA S.A. –Preliminary
unconsolidated financial statements concluded on 31.12.2019

LIQUIDITY AND WORKING CAPITAL	31.12.2019
Current liquidity (Current assets / Current debts)	1,3
Current assets	36.893.890
Current debts	28.382.713
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%
Borrowed capital	0
Equity	44.547.474
Turnover speed for client debit items (Average customer balance /turnover *365)	44 days
Average customer balance	12.672.073
Net turnover	104.200.954
Turnover speed of stocks (average stock balance/cogs)*365	60 days
Average stock balance	13.251.154
Net COGS	80.697.761

Notes:

1) **Current liquidity** – the indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the company is capable of covering its short-term debts based on the receivables and cash availability. The indicator evolved positively as compared to the same period last year (1,2) as well as compared to September 2019 (1,28).

2) **Degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in honouring the assumed commitments. The 0% value indicates that the company has no financing or liquidity problem. In the calculation of this indicator, the borrowed capital comprises both bank credits, and financial leasing debts.

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the value of 44 days is a normal one under the circumstances. (43 days on September 2019 and 47 days on 31.12.2018)

4) The value of the **Days on hand** indicator (60 days), can be considered as falling within the specifics of the activity, exceeding the limit imposed by the internal procedures of the company (45 days). The indicator evolved positively both as compared to the same period last year (68 days) and as compared to 30.09.2019 (62 days).

Chairman of the Board of Administrators – „TARUS” – Valentin Norbert Tarus e.U.

Farmaceutica REMEDIA S.A. –Preliminary unconsolidated financial statements concluded on
31.12.2019

NOTE 5 Reporting on activity segments

	WEST Region	CENTRE Region	BUCHAREST Region	SOUTH-EAST Region	Other sales	Other operations	Rents for spaces/auto	Provided services	TOTAL * 12 months 2019
Net turnover	50,231,326	14,566,368	27,174,615	10,346,637	195,329	0	1,631,217	53,792	104,199,284
Income from the sale of goods	49,992,753	14,498,626	27,028,199	10,287,697	195,329				102,002,604
Commercial discounts granted	0	0	-836	0	0	0	0	0	-836
Income from services provided and rents	238,573	67,742	147,252	58,940	0	0	1,631,217	53,792	2,197,516
Other operating income						4,708,773			4,708,773
OPERATING INCOME - TOTAL	50,231,326	14,566,368	27,174,615	10,346,637	195,329	4,708,773	1,631,217	53,792	108,908,057
Expenses with goods	39,471,886	11,223,927	21,895,995	8,005,359	100,594	0	0	0	80,697,761
Expenses regarding goods	40,172,910	11,414,197	22,280,458	8,139,631	202,855	0	0	0	82,210,051
Commercial discounts received	-701,024	-190,270	-384,463	-134,272	-102,261	0	0	0	-1,512,290
Gross margin from sales of goods	10,520,867	3,274,699	5,131,368	2,282,338	94,735	0	0	0	21,304,007
Other operating costs	10,822,874	3,071,075	8,635,715	2,797,647	0	2,240,567	188,734	1,448	27,758,061
Direct costs	8,189,838	2,402,496	7,164,391	2,310,268	0	2,240,567	153,593	0	22,461,153
Logistics costs	0	0	0	0	0	0	0	0	0
Promotion costs	0	0	0	0	0	0	0	0	0
Indirect costs	2,633,036	668,579	1,471,324	487,379	0	0	35,141	1,448	5,296,908
OPERATING EXPENSES - TOTAL	50,294,760	14,295,002	30,531,710	10,803,006	100,594	2,240,567	188,734	1,448	108,455,822
Operating result	-63,434	271,366	-3,357,095	-456,369	94,735	2,468,206	1,442,483	52,344	452,235
Financial result									2,217,109
Gross result									2,669,344
Profit tax									106,138
Net profit									2,563,206

* includes unallocated amounts

Farmaceutica REMEDIA S.A. –Preliminary unconsolidated financial statements concluded on
31.12.2019

NOTE 6 CAPITAL CHANGES

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Share premiums	Retained earnings	Current result	Profit distribution	Own shares	TOTAL
Balance on 01.01.2019	10,921,209	1,622,910	15,898,760	11,224,939	757,485	-312,229	2,141,021	-109,859	-112,628	42,031,608
Profit transfer 2018 to retained earnings						2,031,162	-2,031,162			0
Profit distribution 2018 to dividends						-				
						1,591,347				-1,591,347
Profit distribution 2018 to other reserves				439,815		-439,815				0
Result 2019							2,563,206			2,563,206
Legal reserve 2019		133,467						-133,467		0
Account closure 129 (legal reserve 2018)							-109,859	109,859		0
Outputs buildings + lands			-4,140							-4,140
Revaluation of buildings and lands			1,842,244							1,842,244
Deferred tax			-294,097							-294,097
Balance on 31.12.2019	10,921,209	1,756,377	17,442,767	11,664,754	757,485	-312,229	2,563,206	-133,467	-112,628	44,547,474

Farmaceutica REMEDIA S.A. –Preliminary
unconsolidated financial statements concluded on 31.12.2019

NOTE 7 TREASURY FLOWS STATEMENT (RON)

unconsolidated

	2019
	12 luni
Cash flows from operating activities	
Collections from the sale of goods and from the provision of services	117,497,316
Other cash inflows	1,515,755
Payments to suppliers of goods and services	(92,901,309)
Payments to and on behalf of employees (incl. taxes on salaries)	(17,315,396)
Corporate tax payments	0
Payments to other taxes and fees	(3,242,251)
Paid interests	0
Collected interests (current account)	1,901
Other cash outflows	(3,092,393)
Total operating cash flow	2,463,623
Cash flow from investment activities	
Proceeds from the sale of long-term assets and financial investments	3,639,262
Collected interests (from deposits)	0
Collected dividends	2,204,905
Payments for the purchase of long-term assets	(380,842)
Total cash flow from investments	5,463,325
Cash flow from financing activities	
Short-term loan withdrawals (incl. interests)	0
Repayment of short-term loans	0
Net foreign exchange differences	11,311
Funding received from shareholders	0
Repayments of long-term loans, including interest	0
Payments to shareholders (dividends)	(1,544,225)
Payments of own shares	0
Total cash flow from financing	(1,532,914)
Total cash flow	6,394,034
Cash at the beginning of the period	2,573,340
Cash at the end of the period	8,967,374

Chairman of the Board of Administrators
"TARUS" Valentin Norbert TARUS e.U.
by representative
Valentin Norbert TARUS