

Date: November 13th, 2020
Location: TC REMEDIA, Romania

Participants:

Farmaceutica REMEDIA	Valentin-Norbert TARUS	President of the Board of Administrators
	Adrian-Marcel PARVU	Member of the Board of Administrators
	Zoe CHIRITA	Investor Relations Director
	Elena CODREAN	Financial Director
	Florin CADIA	Investor Relations Specialist
Financial analysts	Ovidiu SERDEAN	IFB Finwest
	Ioana MAIER	BRK Financial Group
Journalists	Andrei IACOMI	Bursa
Shareholders	Mihai Cristian ALEXA	
	Maria BATAN	
	Mihail Adrian COTES	
	Laurentiu GUSU	
	Emil Dragos IONESCU	
	Marius ONACA	
	George Daniel POPA	
	Tarciziu TANCAU	
	Octavian VLAD	

After the opening of the teleconference and the presentation of the participants, Ms. Elena Codrean, Financial Director, made a short presentation of the financial results of Farmaceutica REMEDIA SA for the first 9 months of the year, then gave the floor to the participants for questions.

Mr. Andrei Iacomi, Bursa - asks (given this period in which most industries are affected by the pandemic and estimating that the economy will not recover before 2024) what impact had the Covid 19 pandemic on the company's activities.

Ms. Elena Codrean, Financial Director - confirms that the company's activity was affected, especially during March - July, even August, due to restrictions imposed on the population and less frequent visits to family doctors and hospitals, affecting both the line of pharmacy sales and distribution business. Later the situation started to recover, and now there is a slight increase.

Mr. Valentin - Norbert TARUS, President of the Board - intervenes and communicates that, for REMEDIA, the activity of pharmacies no longer plays an important role, the remaining pharmacies represent 5% of the activity of selling through pharmacies prior to the transfer to HelpNet. REMEDIA does not intend to re-enter this field, on the one hand due to contractual clauses, and on the other hand the pharmacy market has changed. REMEDIA will carry out the activity of pharmacy punctually, not so much to support the profitability and development of the company, but to have a sensor in the market and an interface with patients. For REMEDIA, the distribution business is a priority, which will characterize the REMEDIA activity, here the company has a high-performance infrastructure, 9 modern warehouses, and despite the difficult conditions from March-June, currently REMEDIA Pharmaceuticals Distribution & Logistics has good results, in good evolution compared to the results from the first semester. There are also business opportunities, REMEDIA being one of the first companies to bring rapid Covid 19 antigen tests to the market. Substantial and functional improvements are made to logistics and IT services to meet market demands; the distribution business will have a good profitability and a base of development and interest for shareholders.

Mr. Andrei Iacomî, Bursa - asks, related to the distribution, if there are investment plans for the development of this sector for 3-5 years, with projections or amounts for these investments and financing sources.

Mr. Valentin - Norbert TARUS, President of the Board - responds that the development of logistics platforms in Bucharest and Deva is being considered, work is being done to automate these projects, estimates are made with designers and cost evaluations, and the investment budget will be presented next year.

Mr. Andrei Iacomî, Bursa - asks how many pharmacies has REMEDIA now.

Mr. Valentin - Norbert TARUS, President of the Board - responds that although there are over 20, most of the remaining are working points of some pharmacies, located in rural areas, in the counties of Hunedoara, Alba, Sibiu, but their turnover represents 5% of the pharmacies turnover before the transfer to HelpNet.

Mr. Emil Ionescu, shareholder - asks if the statement from the previous interview of Mr. Valentin - Norbert TARUS remains valid, that 50% of the amount received from the transfer of pharmacies will be granted as dividends.

Mr. Valentin - Norbert TARUS, President of the Board - responds that REMEDIA's Dividend Policy is that up to 50% of **the profit** is granted for dividends, it is not considered the change of this policy, but if there is a great need for investment, which may affect the policy, shareholder consent will be asked.

Mr. Emil Ionescu, shareholder - states that all shareholders wanted dividends.

Mr. Valentin - Norbert TARUS, President of the Board - confirms this, as a shareholder.

Mr. Mihail Cotes, shareholder - wants information related to the redemption of shares.

Mr. Valentin - Norbert TARUS, President of the Board - responds that it is a beneficial action for shareholders, ideal it would be a subscriptions for new shares, to attract capital, but an investment plan is underway, and it will be presented at the GMS.

Mr. Laurentiu Gusu, shareholder - wants to know more impressions about the competition in the field of distribution, considering the focus of the business on this field, which is the perspective in this field (question also received on the teleconference chat).

Mr. Valentin - Norbert TARUS, President of the Board - states that there are distributors of total / integral line of medicines, who have the majority of the product portfolio in a pharmacy (companies like Mediplus, Farmexim, Farmexpert); REMEDIA operates on a narrower line of products, it cannot compete with these distributors, but on a series of products, from various therapeutic fields, dermato-cosmetic, for specific needs, which are demanded by the market, it has many contracts with external partners and carries out promotional actions. REMEDIA has traditionally been interested in bringing innovative products, it knows how to do this and will do it better and better.

Mr. Cristian Alexa, shareholder - related to the financial position, remarks that in cash and equivalents section is reported the amount of 32 million lei, to which is added a loan of 10 million lei to Farmaceutica REMEDIA Distribuion & Logistics, resulting that there is a reserve of cash, and on the other hand the debts are the commercial ones, taxes and duties to the state, in other words, the own capitals, the shareholders' fortune of 70.5 million lei at the parent company Farmaceutica REMEDIA, which is correct on 30.09.2020. Given that there are no debts, or they are small, the question is whether for future projects it would not be better to use capital borrowed from banks, and the liquidity available to the company to be used to reward shareholders, given that bank interest rates are very low and are not expected to increase. Is it justified to keep the liquidity in the company or would it be better for a significant part to be distributed to the shareholders?

Ms. Elena Codrean, Financial Director - answers that the cash requirement will be made at the end of the year, on the financial data at the end of the year, only after that it will be known how much will be distributed on investments and how much will be distributed for dividends.

Mr. Cristian Alexa, shareholder - asks if accessing external financing sources is being considered.

Ms. Elena Codrean, Financial Director - answers that for now it's not taken in consideration, but the financing need will be identified after the completion of the investment project.

Mr. Cristian Alexa, shareholder - considering that the evaluation of the business shows that over 90% of turnover is from distribution and the value of REMEDIA should be seen from the perspective of distribution development, asks if the relevant element is sales or improving the profitability of distribution in the future.

Mr. Valentin - Norbert TARUS, President of the Board - answers that distribution, in general, is a business that has an EBIDTA of 1-1.5%, but has a high inertia, due to complex organizational structures (from contracting to sales agents), is a very competitive business, but REMEDIA rely on very good existing contracts, on the experience gained, for the development and consolidation of the business.

Mr. Cristian Alexa, shareholder - asks what is the date of publication of the EGMS Decision regarding the redemption of shares in the Official Gazette, considering that it states that the redemption operation will be completed within 6 months from the publication of the EGMS Decision in the Official Gazette.

Mr. Valentin - Norbert TARUS, President of the Board - responds that, from the existing information, most likely next week and, depending on the ASF approvals, the redemption operation will be launched possibly this year, more surely in January, next year.

Mr. Ovidiu Serdean, financial analyst - says that only after the publication of the Decision in the Official Gazette an estimation of time can be made for the redemption operation.

Mr. Octavian Vlad, shareholder - related to the dividend policy, asks if there is an intention to distribute dividends at 9 months.

Mr. Valentin - Norbert TARUS, President of the Board - responds that this option has been taken into consideration, but the procedure requires auditing the financial results and, in the end, the dividends will end up to be distributed next year.

Mr. Cristian Alexa, shareholder - asks, given the completion of the transfer of the 52 pharmacies, and that the achievements at 9 months exceed the Budget for 2020 approved by the GMS in April, if a new GMS is possible for the approval of a revised Budget for 2020, some companies usually do such modifications.

Mr. Valentin - Norbert TARUS, President of the Board - thanks for the suggestion, but specifies that the convening of an GMS would take at least 33 days and would reach the end of the year or even in January next year and no such GMS is justified.