



UNCONSOLIDATED ANNUAL REPORT 2020

**Board of Administrators of
Farmaceutica REMEDIA S.A.**

Farmaceutica REMEDIA S.A.

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

Branch 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

UNCONSOLIDATED ANNUAL REPORT 2020

Board of Administrators of Farmaceutica REMEDIA S.A.

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

Subscribed share capital: **10.608.980Lei***
Paid-up share capital: **10.608.980Lei***
Registered office: **DEVA, Bd. Nicolae Balcescu nr. 2,**
Tel. / Fax: **0254 223 260 / 0254 226 197**
No. and date of registration with the T.R.O.: **J20/700/25.07.1991**
Tax Identification Number: **R02115198**

Securities: **RMAH shares (Reg. certificate No. 1470/04.05.2009)**
Type: **Dematerialised Nominative Common**
Date of registration: **17.03.1997**
Nominal value/share: **0.10 Lei**
Position in the R.N.S.C. Register: **1636**
Total number of shares: **10.608.980**
R.N.S.C. code of shares: **16368**

	Date	Number of shares	Issue value (Lei)	Explanations
1	10.11.1999	3.370.107	337.010,70	Initial capital of the state, including land contributed in kind
2	06.09.2001	1.500.000	150.000,00	Cash contribution of V.TARUS RoAgencies
3	23.07.2003	42.402	4.240,20	Merger - capital of Ditafarm Trading – acquired company
4	05.01.2006	5.696.471	569.647,10	Merger - capital of V.TARUS RoAgencies – acquired company
5	21.12.2007	87.905.969	8.790.596,90	Capital increase – shareholders with pre-emption right
6	04.05.2009	7.574.851	757.485,10	Capital increase – AHG Simcor Industry S.R.L.
	TOTAL	106.089.800	10.608.980,00	

Organised market on which securities are traded:

Bucharest Stock Exchange - Standard category

The total market value on 10.03.2021 is of 94.419.922 Lei

The value of a RMAH share is of 0,89 Lei. (on 10.03.2021)

* The share capital is of 9.548.082 on 24.02.2021 (according to the EGMS Decision No. 76)

1. Activity analysis

1.1. Overview

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

It was established on 25 July 1991 as a commercial company with fully state-owned capital by reorganisation of the Deva Pharmaceutical Office. On 13.10.2000, V.TARUS RoAgencies S.R.L. 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 the wholesale distribution activities of drugs (by a network of 8 warehouses) together with related activities (logistical services, recordings of pharmaceutical products, promotion and marketing of drugs, etc.), keeping the operation of the chain of 100 pharmacies and local distribution offices.

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

In this context, as at 31.12.2020 Farmaceutica REMEDIA S.A. held majority participations (100%) to the company Farmaceutica REMEDIA Distribution & Logistics S.R.L.

Following the change of the main activity object imposed by the laws above mentioned, the company was forced to buy back from the market (in 2015) a number of 300100 shares at a price established by an authorised assessor.

During 2020 Farmaceutica REMEDIA S.A. did not attend in mergers.

During the same period, the company alienated assets afferent to 52 pharmacy licences held in Bucharest and in Alba, Arad, Dambovița, Dolj, Giurgiu, Hunedoara, Ilfov, Ialomița, Mureș, Timiș counties.

1.2. Elements of general evaluation

The financial results of Farmaceutica REMEDIA S.A. for the fiscal year 2020 indicates a net profit of 28.236.449 Lei, at a net turnover of 63.833.250 Lei. Other operating income (39.971.863 Lei) was also registered, mainly following the transfer of 52 pharmacy licences to Help Net, as well as financial income in the amount of 1.017.644 Lei (mainly dividends). Total costs (exclusively corporate tax) raised at the amount of 72.206.234 Lei of which: Operating expenses – 72.200.323 lei of which:

- 50.039.120 Lei represent the net cost of merchandise sold (including commercial discounts received)
- Financial expenses – 5.911 Lei of which:
 - 1.093 Lei – cash discounts in advance,
 - 4.818 Lei – exchange rate differences

Considering the market of drugs and pharmaceutical products of over 3,7 billion euro (in 2020), we estimate the market share of the Farmaceutica REMEDIA S.A. company to under 1%.

On 31.12.2020, company's liquidities (available in bank accounts and cash registers) amounted to 25.531.903 Lei. On the same date, the companies (FR and FRDL) had available a multicurrency credit line of 53,6 million LEI, used on 31.12.2020 exclusively for bank guarantee letters for auctions and for the good performance of contracts, as well as for guarantees for payment to suppliers of merchandise.

1.3. Evaluation of company's income

Income from the sale of merchandise reached the value of **61.752.389** Lei (96,74% of the turnover) with the following allocation:

- REMEDIA Pharmacies 61.752.389 Lei (100 % from the total of sales of merchandise)

From the value-added activities (invoiced to third parties) and rents, operational income was registered in the amount of 2.080.861 Lei, of which:

- rents (including to FRDL) 1.872.846 Lei (2,93 % from turnover)
- shelf marketing 208.015 Lei (0,32% from turnover)

1.4. Evaluation of the sales and marketing activity

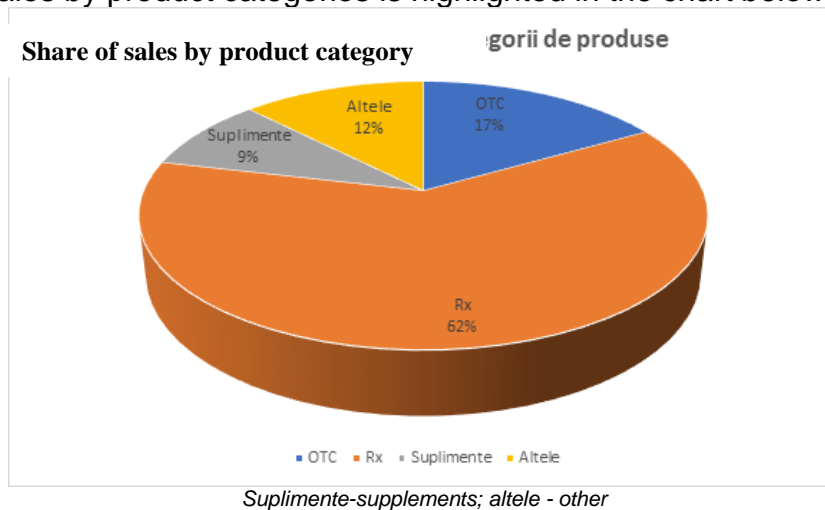
The main clients of Farmaceutica REMEDIA S.A. are the County Health Houses, CASMB and OPSNAJ house. Out of the total sales of merchandise (without VAT) of 61.752.389 lei, the invoices (without VAT) to health houses represented 19.148.295 Lei (31%). There is no significant dependence of the company on a single client. In the top of clients of merchandise, the share of position 1 is of 14,97% (Hunedoara County Health House – 9.009.547 Lei without VAT), the first 15 realising together a share of 44,79 % from the total sales (without VAT).

In 2020, as compared to 2019, REMEDIA pharmacies recorded a decrease in the net sales by approx. 39% due to the transfer of 52 pharmacies to Help Net Pharma.

In order to optimally achieve the activity transfer of the 52 pharmacies, the following were pursued:

- Inventory optimization;
- Proper information and training of personnel;
- Promotional campaigns for liquidating stocks with a critical expiry date.

The share of sales by product categories is highlighted in the chart below:



In 2020, REMEDIA pharmacies continued their partnerships in the marketing segment with manufacturers such as: Labormed, GSK OTC, Terapia, Stada, Allergika, Auriga etc. in order to access commercial conditions and additional budgets designed to stimulate sales and help patients with new products and competitive prices.

Sales monitoring primarily prioritizes pharmacy staff toward increasing patient efficiency and retention by providing associated recommendations and health advice, in partnership with medical health information and guidance centres.

During 2020, characterized by the COVID-19 pandemic, REMEDIA pharmacies assumed the role of being at the forefront and providing support to both customers and patients.

During the COVID-19 pandemic, REMEDIA Pharmacies put the patient first, providing direct and continuous access to the necessary medication by preparing and issuing prescriptions sent online by family physicians, ensuring correct information, health advice, in partnership with medical information and guidance centres for the patients' health.

REMEDIA pharmacies were among the first in the country to provide patients with high quality disinfectants, developed by our pharmacists in our own laboratories, as well as Covid-19 rapid antigen tests through the online platform.

After the completion on 31.07.2020 of the transfer of the 52 pharmacies to Help Net Pharma SA, the coordination activity of the remaining 24 REMEDIA pharmacies took place in two areas – Area 1 (West Area) and Area 2 (East Area) in order to make more effective and to carry out the sales plan and the margin, as well as the increase of the quality of the services provided to patients.

Particular attention is paid to increasing the quality of processes, monitoring GDPR procedures and securing the exchange of information for compliance with EU Regulation 2016/679 on the protection of individuals with regard to the processing of personal data.

Providing safe medicines for patients is the standard conduct of our company. Strict observance of the quality assurance mechanism by Farmaceutica REMEDIA S.A. led to the reporting of zero incidents with counterfeit products during 2020, according to the

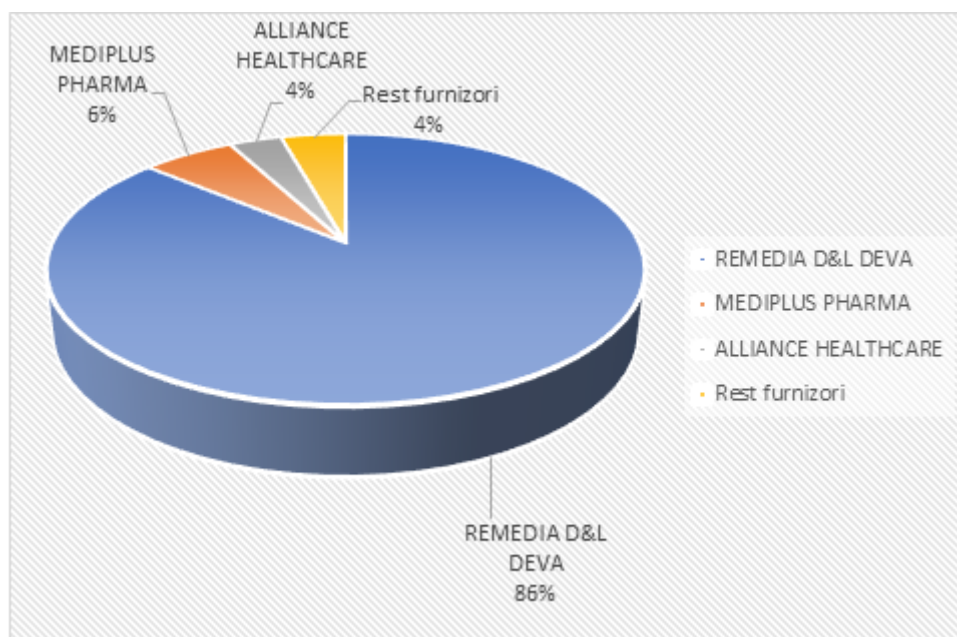
European Directive no. 2011/62 / EU on counterfeit medicines, respectively of the drugs serialization process and held in 2020 a GS1 licence certificate.

1.5. Evaluation of acquisitions of merchandise

REMEDIA Pharmacies were mainly supplied through the distributor Farmaceutica REMEDIA Distribution & Logistics (FRDL), the acquisitions performed through it representing 80%, from the total of acquisitions realised in 2020. This approach had as result a faster supply of pharmacies by reducing the delivery times and a better presence of deficient products in pharmacies.

Acquisitions were registered through 41 suppliers, distributors of pharmaceutical products and para pharmaceutical suppliers, childcare products, technico-medical and dermo cosmetic products.

The share of acquisitions by suppliers is emphasized in the graph below:



During 2020, within the pharmacies network, the indicators for making more effective and the rotation duration of stocks were mainly monitored with, in order to reduce the volume of expirable products, to improve the working capital and to prepare the procedures and operational flows for the transfer related to the activity of the 52 pharmacies to Help Net Pharma SA.

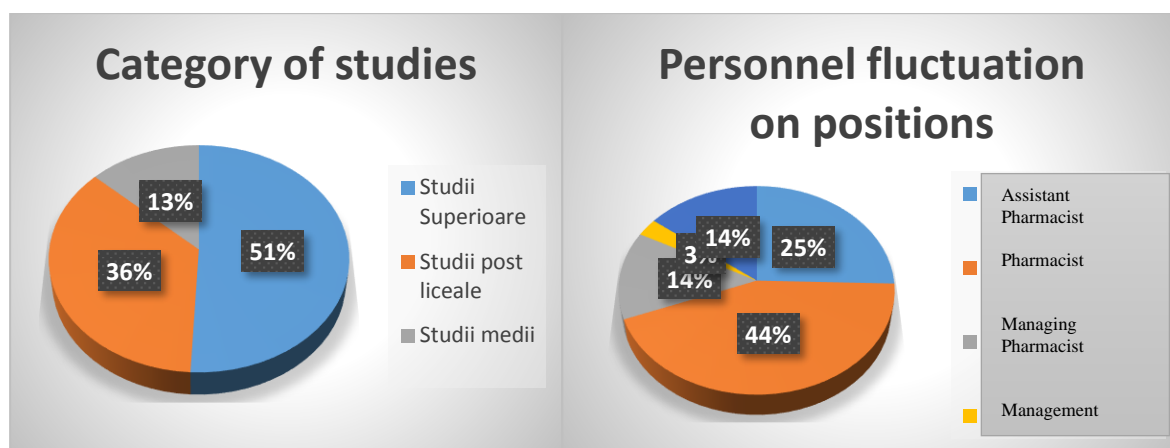
The planning of acquisitions was realised per category of product and manufacturers in order to ensure in stock of the products and to concentrate the volume of acquisitions per strategic manufacturers.

On 31.12.2020, company stocks, of which a share of 99,9% was represented by merchandise, amounted to 1.793.844 Lei, decreasing by 14,16% as compared to the same period last year.

1.6. Evaluation of aspects related to the company personnel

At the end of 2020, Farmaceutica REMEDIA S.A. recorded a number of 61 employees, of which 33 personnel within the pharmacies (54%) and the rest of 28 being employees of the support and management departments.

Of the 61 employees, 31 have higher education (51% of all employees), 22 have post-secondary education (36%), and the remaining 9 people have secondary education (13%).



Superioare - Higher education studies; Post liceale – Post-secondary studies; Medii – Secondary studies

Of the 31 employees with higher education, 13 (42%) have studies in the pharmaceutical field, 11 (35%) in the economic field, 3 (10%) in the technical field, and 4 (13%) in other fields.

In 2020, the personnel fluctuation indicator in Farmaceutica REMEDIA S.A. was of 157 %, of which 104.76% was due to the transfer of 220 persons to Help Net Pharma. The highest fluctuation was on the pharmacist position – 48 persons (44%), followed by the position of assistant pharmacist – 28 persons (25 %), managing pharmacist – 15 persons (14%), management – 3 persons (3%).

In Farmaceutica REMEDIA S.A. there is no union of employees. They have 1 representative of the employees who participate in the negotiation of the collective labour contract and who represent the employees in the relations with the company.

1.7. Evaluation of the aspects related to the impact of the basic activity of the company on the environment.

Farmaceutica REMEDIA S.A. complies with the legislation in the field concerning the environmental protection. There are no disputes concerning the breach of the legislation on environmental protection.

The companies contribute to the environmental protection by the selective collection of waste resulted from its own activity. In 2020, approx. 6,2 tons of carton and paper packaging

and approx. 1,3 tons of waste coming from plastic packaging for recovery according to the legal regulations in force were handed over to authorised companies.

The services for the monitoring and managing of waste at national level are outsourced to a specialised supplier, who drafts the necessary documents and reports them within the deadline to the Agency for County Regional Environmental Protection.

Farmaceutica REMEDIA collects expired drugs, including those taken over from the population, handing over in a centralised manner to the authorised companies for their destruction according to the legal norms approx. 1,8 tons. At the same time, REMEDIA pharmacies collect waste selectively.

In compliance with the EU Directives in April 2019, Farmaceutica REMEDIA did not purchase anymore plastic transport bags and biodegradable or recyclable bags have been introduced, thus implementing measures to reduce waste and comply with the relevant legislation.

1.8. Evaluation of the development activity

Farmaceutica REMEDIA S.A. continued in 2020 the modernisation process in its own pharmacies as well, consisting in continuous improvement and development of the two software systems used:

- Implementation and updating of the serialization process according to the legal provisions (SNVM);
- Continuing the automation of taking over client invoices from the management software to the accounting software;
- Continuation of automatic data exchanges with the FRDL partner (stocks/orders/invoices);
- Automatic management reports.

Online shopping has a strong ascendant trend among urban population and for this reason Farmaceutica REMEDIA S.A. initiated the optimization of the online sales platform to align with customer requirements and needs, thus accelerating business digitization.

In parallel, campaigns were launched on socialisation networks to ensure easier access to products, as well as informing customers on new products, as well as of promotions and campaigns carried out by the company.

During December 2020, the REMEDIA Baby unit in Deva was closed.

1.9. Activity evaluation regarding the quality aspects

In **REMEDIA Pharmacies**, a quality management system is implemented in order to document the best practices for satisfying the requirements and expectations of patients in compliance with the Pharmacy Law no. 266/2008, as further amended and supplemented, as well as of all the legal provisions in force issued by the regulatory authorities in the pharmaceutical field, being certified ISO 9001: 2015.

The Quality Manual is a basic document of quality management, which, by its procedures, defines responsibilities and work methods being based on the rules of good

pharmaceutical practice whose application guarantee that the services provided by the pharmaceutical personnel are appropriate, effective and patient-oriented.

In 2020, the following procedures were reviewed:

- a) those that were based on the reauthorisation of pharmacies by the Pharmacists' College
- b) operational

The policy in the field of pharmaceutical service quality within REMEDIA Pharmacies consists in the release of medicines and other health products of guaranteed quality, accompanied by adequate information and counselling for the patient, constantly improving services, to ensure patient satisfaction at the highest level.

1.10. Evaluating the activity on risk management

The main risks categories identified in 2020 were:

- Risk of non-collection of receivables
- Cashflow risk
- Currency risk

Over 90% from Farmaceutica REMEDIA customers represent the County Health Houses, CASMB, OPSNAJ, Farmaceutica REMEDIA Distribution & Logistics and natural persons – customers of pharmacies. Thus, although in the last months of the year there have been delays to the payment of invoices by Health Houses, we can say that the risk of non-collection is extremely reduced.

Together with the obligation of large international manufacturers to sell drugs in lei (in the spring of 2009) the currency risk decreased greatly, especially that direct purchases of merchandise in currency are insignificant.

In order to counteract the risk of non-collection of receivables and cash flow, the management of the Farmaceutica REMEDIA S.A. company took a series of steps such as:

- Employing additional personnel within the control departments with increased attributions concerning the verification of stocks, stocks management, initiating and monitoring the court proceedings of debtors as well as the recovery of debts.
- Strict control of costs, within the budgeted amounts, with a positive impact on cash-flow.

1.11. Elements of perspective on the company's activity

In what concerns the retail activity, the company aims at optimising the pharmacies network remained after the transfer of the 52 pharmacies to Help Net Pharma SA, through possible relocations in proximity premises, where it will be necessary, by continuing the professionalization process of the personnel from pharmacies, improving the IT infrastructure, increasing and diversifying the portfolio of products and last but not least improving the services at the level of patients.

Also, the company intends to focus on online trade by developing its own solution or by partnerships with companies specialised in e-commerce.

In the context in which the pharmaceutical retail is in full consolidation process, REMEDIA evaluates with priority a series of options of collaboration by association with

regional players, medium-sized on the pharma market, in order to create together a partnership that remains competitive in relation to the accelerate polarisation of the market.

In what follows, REMEDIA will also monitor the specialisation process on market niches to ensure the maximum expertise, innovating products and services in cardiovascular, haematology, oncology, dermato-cosmetics field etc. in order to increase satisfaction of partners involved in the chain of health services.

We will pay a special attention to the increase of the quality of processes. We propose to consolidate the digital transformation of the company and to optimise the services by the development of new platforms – BI, machine learning, B2B, e-shop – and integration of IT&C platforms - WMS, TMS, ERP.

As a digital solution In the direction of automation and optimization of pharmaceutical processes, REMEDIA initiated in 2020 the promotion in Romania in partnership with the company BD Rowa, of the implementation of robots for pharmacies, hospitals and pharmaceutical warehouses.

At the same time, we continue the process to make more effective the activities of pharmacies by professional promotions, the reduction of operation costs and rents, until the suspension of locations that do not realise a positive result.

2. Fixed assets of the company

Fixed assets (at the remained value) are in the amount of **48.725.139 Lei**, having the following structure:

36.238.276 Lei - Tangible assets (lands, constructions, equipment, means of transportation, commercial furniture etc.)

213.719 Lei - Intangible assets (pharmacies licences and software licences)

12.273.144 Lei - Financial assets (constituted deposits, paid guarantees).

Within tangible assets, a share of 96,23% is represented by constructions and lands. They are evaluated at the market level, each year, by an authorised assessor. The evaluation at the end of 2020 emphasized an appreciation of 3.608.025 lei of these assets. (lands + 296.796 lei, constructions +3.311.229 lei).

Starting with 2012, for the class of tangible assets “Lands and buildings”, the Company passed from the accounting model based on cost to the revaluation model with a significant impact on the annual profit.

3. Shares and shareholding

The market on which the securities issued by Farmaceutica REMEDIA S.A. were negotiated in 2020 was the Bucharest Stock Exchange, Standard category.

The shares of Farmaceutica REMEDIA S.A. are nominative shares in the amount of 0,1 lei/share, in a number of **106.089.800** shares with the following synthetical property structure as at 31.12.2020, (information provided by the Depozitarul Central):

Shareholders	No. of shares	Share from the share capital (%)
TARUS Valentin-Norbert	86,478,025	81,5140
Others	19,611,775	18,4860
Total	106.089.800	100,0000

As at 31.12.2020 the company held 300.100 own shares.
The company does not own subsidiaries and did not issue bonds or debt securities.

4. Dividends

Considering the quantum of the net profit obtained in 2020 by FR (28.236.449 lei), the Board of Administration proposed the distribution to the legal reserve the amount of 365.419 Lei (1,2% from the net profit), to dividends the amount of 14.277.108 Lei (50,58%) and to other reserves the amount of 13.093.922 Lei (46,39%), and the amount of 500.000 (1,8%) remains as non-distributed profit.

On a medium-term, the company intends to keep the distribution policy to dividends of at least 50% from the net profit.

The quantum of corresponding dividends (distributed from the profit), paid and accrued (remained unpaid) are presented as follows:

	2016	2017	2018	2019	2020	2021
Initial balance	217.459	205.414	214.756	241.226	209.353	117.155
Distributed gross dividends	0	700.927**	1.060.898	1.591.347	2.121.796*	14.277.108*
Tax per dividends paid	0	34.415	52.675	78.995	104.900	
Paid dividends	12.045	657.170	981.753	1.544.225	2.109.093	
Dividends to be paid	205.414	214.756	241.226	209.353	117.155	

* Proposal

**from the profit of 2016 and reserves

5. Management of Farmaceutica REMEDIA S.A.

In the fiscal year 2020, Farmaceutica REMEDIA S.A. was managed by a Board of Administrators in the following competence:

Crt. No.	18.06-30.04.2020	1.05.2020-3.08.2020	3.08.2020-31.12.2020
1	"TARUS" - Valentin-Norbert TARUS e.U", represented by Mr. Valentin-Norbert TARUS	"TARUS" - Valentin-Norbert TARUS e.U", represented by Mr. Valentin-Norbert TARUS	"TARUS" - Valentin-Norbert TARUS e.U", represented by Mr. Valentin-Norbert TARUS
2	NOEL CONSULTING SRL, represented by Mr. Petru CRACIUN	Adrian-Marcel PARVU	Adrian-Marcel PARVU
3	Lucian-Valentin CODREANU	NOEL CONSULTING SRL, represented by Mr. Petru CRACIUN	Elena CODREAN of 23.12.2020

1. “TARUS” - Valentin Norbert TARUS e.U.– President of the Board of Administrators represented by Valentin Norbert TARUS.

Mr TARUS graduated the Polytechnic Institute and has post-university specialisations in foreign trade and management, as well as various classes and seminars for business management.

He has an experience of over 30 years in execution and management positions in productive units, foreign trade and management of his own businesses.

On 12.03.2007, he was appointed the president of the Board of Administrators of Farmaceutica REMEDIA S.A. The date of expiry of his mandate is 30.04.2021.

In the last 5 years, he fulfilled the position of manager in the commercial company: **“TARUS” - Valentin Norbert TARUS e.U.**, Leopold Moses G. 4/2/46.

He was not associated with the bankruptcy, seizure, or liquidation procedure in the quality given by the position of member of an administrative, management or supervisory body or general partner. He was not convicted for fraud in the past 5 years, nor an official public sanction was pronounced against him. He was never prevented by a court from acting as the member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of business of an issuer in the past 5 years.

He held on 31.12.2020, 81,5140 % from the shares of Farmaceutica REMEDIA S.A.

2. Lucian-Valentin CODREANU - member of the Board of Administrators, non-executive administrator, independent, President of the Audit Committee, member of the Remuneration Committee of and of the Nomination Committee during the period 1.01.2020-30.04.2020

Economist with an experience of over 20 years in the pharmaceutical industry, with executive and non-executive positions on all levels of the pharmaceutical industry (production, distribution and retail), Lucian is a former shareholder of Labormed and of the Ecofarmacia pharmacies chain, former Commercial Manager at Terapia and Labormed, as well as former General Manager at Pharmafarm. For 6 years, Lucian has been involved in consulting activities for the pharmaceutical industry.

He was not associated with the bankruptcy, seizure, or liquidation procedure in the quality given by the position of member of an administrative, management or supervisory body or general partner. He was not convicted for fraud in the past 5 years, nor an official public sanction was pronounced against him. He was never prevented by a court from acting as the member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of business of an issuer in the past 5 years.

On 31.12.2020, he did not own shares at Farmaceutica REMEDIA S.A.

3. NOEL CONSULTING SRL represented by **Petru CRĂCIUN** – member in the Board of Administrators, member of the Remuneration and Nomination Committee during the period 1.01.2020-3.08.2020

Graduate of the Faculty of Pharmacy of UMF Carol Davila Bucharest, where he taught Physics and Pharmaceutical Informatics for several years.

In 1994 he founded the first market research company in the field of medicines in Romania, GLOBAL PHARMA, and after the sale of the company to the Cegedim group in 2001, he continued to lead the activity of the CEGEDIM ROMANIA organization until 2018.

He was not associated with the bankruptcy, seizure, or liquidation procedure in the quality given by the position of member of an administrative, management or supervisory body or general partner. He was not convicted for fraud in the past 5 years, nor an official public sanction was pronounced against him. He was never prevented by a court from acting as the member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of business of an issuer in the past 5 years.

On 31.12.2020 he did not own shares at Farmaceutica REMEDIA S.A.

4. **Adrian-Marcel PARVU**, member of the Board of Administrators, independent non-executive administrator, President of the Audit Committee, member of the Remuneration and Nomination Committee during 1.04.2020-31.12.2020

Graduate of the Faculty of Economics and Business Management, German section, from Babeş Bolyai University in Cluj-Napoca, with a Bachelor's and Master's degree in International Affairs and the Faculty of Law from Babeş Bolyai University in Cluj-Napoca. He has been a member of the Cluj Bar since 2014, practicing as the owner of his own law firm. He is fluent in German and English.

He was not associated with the bankruptcy, seizure, or liquidation procedure in the quality given by the position of member of an administrative, management or supervisory body or general partner. He was not convicted for fraud in the past 5 years, nor an official public sanction was pronounced against him. He was never prevented by a court from acting as the member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of business of an issuer in the past 5 years.

He held on 31.12.2020, 0,1472 % of the shares of Farmaceutica REMEDIA S.A.

5. **Elena CODREAN**, member of the Board of Administrators, non-dependent executive administrator, member of the Audit Committee, Remuneration and Nomination during 23.12.2020-31.12.2020

Graduate of the Bucharest University of Economic Studies, Bucharest, specialisation Accounting and Management Informatics, she worked as an economist at multinational companies such as "HPT Humbel Productiontehnik", and as Financial Controller at "Key Safety Systems". She attended postgraduate training and certification courses in the economic field at CECCAR, Romania and in the field of human resources. You speak fluent English.

She was not associated with the bankruptcy, seizure, or liquidation procedure in the quality given by the position of member of an administrative, management or supervisory body or general partner. She was not convicted for fraud in the past 5 years, nor an official public sanction was pronounced against her. She was never prevented by a court from acting as the member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of business of an issuer in the past 5 years.

On 31.12.2020 did not own shares at Farmaceutica REMEDIA S.A.

The executive management was ensured by a general manager that has in its subordination departmental directors and managers. In the fiscal year 2020, the executive management was provided by Mr **Valentin - Norbert TARUS**.

6. Affiliated persons of the commercial company Farmaceutica REMEDIA S.A.

On the date of the report, the list of persons affiliated to the company Farmaceutica REMEDIA S.A. is composed of:

- Valentin - Norbert TARUS - Austrian citizen
- "TARUS" - Valentin Norbert TARUS e.U. - Austrian individual enterprise
- Farmaceutica REMEDIA Distribution & Logistics S.R.L. (former SIBMEDICA S.R.L)
- TARUS MEDIA S.R.L.
- IMOBILIARA MAGHERU S.R.L.

7. Corporate governance

In 2020 the corporate governance structures operated normally, the Company administration and representation being within the competence and responsibility of the members of the Board of Directors (CA) and the General Manager.

Farmaceutica REMEDIA S.A. complies with the shareholders' rights, providing them with a fair treatment and submitting for approval any modification of the rights conferred at the general meetings, as well as of the legal regulations.

Company website - www.remedia.ro - provides information and access conditions, in Romanian and English languages, at the GMS documents, financial statements, current reports to BSE, dividends, policies implemented in compliance with the provisions of the Corporate Governance Code of 4.01.2016.

The **Investors Relations** section www.remedia.ro/investitori/ was updated in 2020 according to the ARIR communication vectors for shareholders and potential investors, as follows:

- **Current reports**, according to the FSA Regulation No. 5/2018;
- **Shareholders' information** – the section includes information about General Meetings in preparation and Decisions of the OGMS/EGMS, Financial Calendar, Dividends and Shareholders' rights; Following the legal regulations in the context of the Covid 19 pandemic - Decree No. 195/16.03.2020, FSA recommendations, etc. issued during 2020 -, Farmaceutica REMEDIA SA expressly encouraged the shareholders to exercise their voting right by correspondence and to use electronic means of remote interaction;
- **Financial information** – this section includes the Reports of the Board of Administrators and the quarterly, half-yearly and annual Financial Statements, for the years 2014-2020, both in IRIS electronic format and in IFRS EXCEL format;
- **Non-financial reporting** - according to the provisions of OMFP No. 2844/2016;
- **Evolution of shares** – *online* price for rmah shares;
- **Investors' news** – internal news and news from the press regarding the issuer;
- **Events and presentations** - events and TC organised with potential investors,

shareholders, financial analysts, representatives of the press on 13.08.2020 and 15.11.2020”;

- **Corporate governance** - includes all the documents according to the provisions and **ARIR** communication vectors:

- a) Articles of Association;
- b) The stage of compliance with the Corporate Governance Code of BSE during 2016-2020 (attached to the Current Report to BSE of 05.05.2020);
- b) Board and Management;
- c) Policies and Vectors:
 - Remuneration policy, updated on 11.09.2020;
 - Internal Regulation of the Board of Administrators;
 - Policy of transactions with companies with which Farmaceutica REMEDIA SA has tight relations, whose value is equal to or greater than 5% of net assets;
 - Dividend distribution policy;
 - Corporate Governance Regulation;
 - Regulation of the Audit, Remuneration and Nomination Committee on 11.09.2020
 - Code of conduct and ethics;
 - Policy regarding the support of different forms of artistic and cultural expression, sports, educational or scientific activities;
 - Measures and procedures for the prevention of fraud and corruption;
 - Policies regarding financial forecasts and risks;
 - Internal regulation of the Board of Administrators of Farmaceutica REMEDIA
 - Environmental Policy of the company issued on 16.10.2020.

- **Analysts** - contains the list of institutions that regularly publish analysis reports about the financial results of Farmaceutica REMEDIA S.A.

During the financial year 2020, the President of the Board of Administrators convened 18 (eighteen) meetings, statutory gathered, of the Board of Administrators.

The members of the Board of Administrators participated in person, by telephone, TC or e-mail, according to the Articles of Association and the Internal Regulation of the Board of Administrators, to these meetings in which the following were presented, discussed, and approved as appropriate:

- quarterly, half-yearly and annual financial reports;
- organisational chart of Farmaceutica REMEDIA SA;
- annual commercial policy, marketing and sales strategies;
- GMS convenings and resolutions;
- the transfer of 52 REMEDIA pharmacies to Help Net, member of the Phoenix German group on 31.07.2020, based on the approval of the Competition Council of 30.06.2020;
- risks and measures in organizing the activity in the Covid-19 pandemic context;
- activity of the Audit Committee: the Board of Administrators evaluated the internal control system, analysing the effectiveness and the coverage of the internal audit position, the degree of adequacy of risk management and internal control reports presented by the Audit Committee and the promptness and effectiveness with which the executive management settles problems or deficiencies identified following the internal control and the reports presented to the attention of the Board;
- activity of the Remuneration Committee: the reports of this committee describe the essential elements of the afferent remuneration policy and the updated occurred in 2019 in compliance with the company’s remuneration policy; updated according to

ARIR communication vectors;

Following the meetings of the Board of Administrators, a number of 26 (twenty-six) decisions were issued communicated to resort departments for implementation and fulfilment during 2020.

8. Accounting financial statement (unconsolidated statements)

Farmaceutica Remedia		
Income Statement	dec.-20	dec.-19
(RON)	unconsolidated	unconsolidated
Sales of goods	61.752.389	102.002.604
Discounts given	0	0
Net Sales	61.752.389	102.002.604
COGS	51.154.844	82.210.052
Discounts Received	-1.115.724	-1.512.291
Net COGS	50.039.120	80.697.761
Gross Margin	11.713.269	21.304.843
Gross Margin (%)	18,97%	20,89%
Other Operating Revenues	42.052.724	6.906.288
Personnel	-12.217.535	-18.515.966
Third Party Expenses		
Transport		
Consumables		
Maintenance		
Rent		
Other Operating Expenses	-9.683.801	-8.843.765
Total Operating Expenses	-21.901.336	-27.359.731
EBITDA	31.864.656	851.400
EBITDA Margin	51,60%	0,83%
Depreciation	-253.399	-324.583
Provisions - net		54.370
Bad debts lost	-6.468	-128.118
EBIT	31.604.789	453.069
EBIT Margin	51,18%	0,44%
Financial Revenues	1.017.644	2.226.990
Financial Expenses	-5.911	-10.715
Financial income	1.011.733	2.216.275
EBT	32.616.522	2.669.344
EBT Margin	52,82%	2,62%
Tax on Profit	-4.380.073	-106.138
Net Profit	28.236.449	2.563.206
Net Profit Margin	45,73%	2,51%
Avg. Discount Given		
Avg. Discount Received		

Own pharmacies profit/sales
Third parties' profit/sales
*including financial leasing

Farmaceutica Remedia

Balance Sheet (RON)

	dec.-20	dec.-19
	unconsolidated	unconsolidated
Total Assets	79.091.681	74.598.483
Cash	25.531.903	8.967.374
A/R (clients)	1.637.382	14.980.027
Inventory	1.793.844	12.667.433
Expenses in advance	990.057	54.346
Other Current Assets	413.355	279.056
Total Current Assets	30.366.542	36.948.236
Tangible Assets	36.238.276	32.094.496
Intangible Assets	213.719	5.008.564
Financial Investments	12.273.144	547.187
Total Long-Term Assets	48.725.139	37.650.247
A/P (suppliers)	2.773.247	25.921.795
Other ST payables	281.997	2.251.565
Payables to shareholders	117.155	209.353
ST Loans*	0	0
Current Liabilities	3.172.399	28.382.713
LT Loans*	0	0
Other LT liabilities	2.246.739	1.668.296
LT Liabilities	2.246.739	1.668.296
Provisions	0	0
Share capital	10.608.980	10.608.980
Reserves & others	34.827.114	31.375.288
Profit	28.236.449	2.563.206
Equity	73.672.543	44.547.474

Total Liabilities & Equity	79.091.681	74.598.483
Avg. Discount Given		
Avg. Discount Received		

Own pharmacies profit/sales

Third parties' profit/sales

*including financial leasing

The financial statements were audited by the independent financial auditor.

9. Economic-financial indicators

*Thousand Lei

LIQUIDITY AND WORKING CAPITAL	31.12.2020	31.12.2019
current liquidity (Current assets/Current liabilities)	9,26	1,3
Current assets *	29.376.485	36.894.000
Current liabilities *	3.172.399	28.383.000
degree of indebtedness (Borrowed capital / Equity x 100)	0%	0 %
Borrowed capital * (including leasing)	0	0
Equity *	73.672.543	44.547.000
turnover speed for client debit items (average customer balance/turnover*365)	52 days	44 days
Average client balance *	9.172.151	12.672.000
Net turnover *	63.833.250	104.201.000
Turnover speed of liabilities (average suppliers balance/cogs*365)	99 days	106 days
Average suppliers balance *	13.556.169	23.350.000
Cost of merchandise sold - net	50.039.120	80.698.000
Turnover speed of stocks (average stock balance/cogs * 365)	55 days	60 days
Average stocks balance	7.620.605	13.251.000
Cost of merchandise sold - net	50.039.120	80.698.000
turnover speed of fixed assets (turnover/fixed assets)	1,31	2,77
net turnover *	63.833.250	104.201.000
Fixed assets *	48.725.139	37.650.000
Gross profit margin (%) (gross profit/net sales)	51,09%	2,57%
Gross profit *	32.616.522	2.669.000
Net turnover *	63.833.250	104.201.000

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 liabilities based on receivables and cash availabilities. The indicator evolved positively both as compared to the same period last year.

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

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 liabilities to the company. Considering the dynamics of sales and the specificity of the collection of receivables in the distribution of drugs, we believe that the value of 52 days is normal under the given conditions.

4) **Turnover speed of liabilities** represents the average period in which suppliers are paid. In 2019, payments to suppliers were made much faster than in 2019.

5) The value of the **No. of days on hand indicator** (55 days), can be considered that it falls within the activity specificity. The indicator evolved positively as compared to the same period last year (60 days).

6) **Turnover speed of fixed assets** expresses the effectiveness of the management of fixed assets, by examining the turnover generated by a certain quantity of fixed assets.

Bucharest, 10 March 2020

Board of Administrators,
President
"TARUS" - Valentin Norbert TARUS e.U.