

Date: February 17th, 2022
Location: TC REMEDIA, Romania
Participants:

Farmaceutica REMEDIA	Valentin-Norbert TARUS	Chairman of the Board of Administrators/ General Director
	Adrian-Marcel PARVU	Board of Adminsitrators Member
	Elena CODREAN	Board of Adminsitrators Member/ Financial Director
	Zoe CHIRITA	Investor Relations Director
	Ruxandra TICA Florin CADIA	FR&DL Administrator Investor Relations Specialist
Financial Analysts	Ovidiu SERDEAN	IFB Finwest
	Florin TURCAS	IFB Finwest
Journalists	Hannelore PETROVAI	PressHub
Shareholders	Adrian Dragos BADOIU	
	Dan SEGAL	
	Dan MANDRU	

The conference starts with the introduction of the participants, both REMEDIA representatives and guests - investors, journalists, financial analysts.

Mr. Valentin-Norbert TARUS, Chairman of the Board of Administrators, opens the conference and says that it is good that REMEDIA generates interest, that the shareholders/investors want to learn about the company, at the first evaluation of the activity from 2021.

It also announces that at the presentation of the final results for 2021, at the Annual General Meeting of Shareholders in April, it will be possible to discuss more issues and details about the activity in 2021 and the investment plans and projects for 2022.

Mr. TARUS, Chairman of the Board of Administrators, declares that REMEDIA is responsible towards the shareholders, therefore it will answer their questions and will take into account their suggestions and ideas.

Mr. Serdean, financial analyst, IFB Finwest, states that, from his point of view, the REMEDIA activity is looking good, with optimism, the results are good, he likes what he sees. He says that IFB Finwest's interest is to bring companies in front of the investors to understand the business, because informed investors make an investment easier when they understand the business.

Mrs. Petrovai, journalist, conveys that business journalism is a challenge for her, it is a new and interesting field, and Remedia is a special brand for the people from Deva.

Mr. Cadia, Investor Relations Specialist, presents the evolution of REMEDIA's shareholder structure in the last period, thus, in the last two years the number of shareholders has steadily increased, growing from 2798 shareholders at the end of 2020, to a total of 3297 shareholders in January 2022, increasing in particular the percentage of individual shareholders.

Mr. TARUS, Chairman of the Board, says that the preliminary financial results have been published and are available and known to all present, and proposes to move directly to the discussion and invites first of all the shareholders to submit their questions and ideas.

Mr. TARUS, Chairman of the Board, gives the floor to the shareholders for questions.

Mr. Mandru, shareholder, wants to know more about robots, how many are acquired, how many have been implemented, how many contracts there are for robots, considering that from the preliminary results, on the robot's segment there is a loss of about 250.000 lei.

Mr. TARUS, Chairman of the Board, briefly presents the company BD Rowa and how a robot is manufactured and how it works. In detail, a robot is very complex, for example the robot installed in the showroom of the REMEDIA pharmacy in Bucharest is smaller, with a capacity of up to 10.000 boxes of medicines, but there are also larger robots, the height can reach up to 3,5 m and the length up to 15 m, and the capacity can reach up to 40.000 boxes of medicines.

The advantages of a pharmacy robot are: a time saving for the pharmacist, who can use the time to advise patients, leading to an increase in their adherence to the pharmacy, accurate management of medicines, rigorous record keeping of inventory, expiry dates, better organization of medicines, higher density of medicines per shelf (1.8 higher than traditional shelves) which is important for space saving.

REMEDIA has installed the first robot in Romania in a functional pharmacy, at its headquarters in Bucharest, bd. Metalurgiei, no 78, sector 4.

Regarding contracts and installed robots, there is a contract with Dr Max for the installation of several robots, 4 are already installed, in Iasi, Timisoara, Ploiesti and Craiova, and by the end of the year it is estimated that at least 10 robots will be installed.

A pleasant surprise is the interest, openness and understanding for this automation process, from the pharmacists, who came to the showroom to see how the robot works, to find out how much it costs and how long it takes to design, build, install and commission the robot.

Negotiations are also underway with a warehouse in Bucharest and a quotation is being prepared for companies from the Republic of Moldova and Bulgaria.

The partnership with BD Rowa involves buying the robots and reselling them, adding margin, but the project is also supported by service, customers want to be assured of prompt operation and intervention. REMEDIA has to organize a functional and efficient service, which requires trained personnel, through trainings in Germany, for the time being it is not possible to support the efficient functioning of the service team from the service.

Worldwide there are about 11.000 robots, BD Rowa is not the only player, but it has about 80% of the robot market, the success is mainly due to the quality of service. BD Rowa requires the collaborators not to outsource service, to develop their own service

team, to buy spare parts in advance, that's why there is a loss, but the perspective is very good, and the results in the first semester and at the end of 2022 will be good, in Hungary, for example, there are more than 60 robots installed.

Mr. Mandru, shareholder, wants to know what were the personnel benefits for the REMEDIA pharmacy in Metallurgy, in terms of salary.

Mr. TARUS, Chairman of the Board, mentions that the robot should not be seen and presented as a threat to the employees, they contribute to the optimization of activities. In the Remedia pharmacy in Metalurgiei Blvd, there are 2 pharmacists, there is no question of reducing the number of pharmacists, but it does not require additional personnel, like pharmacy assistants. Pharmacists don't have to make extra trips to bring medicines and thanks to the optimization of processes they have more time for counselling patients.

Mr. TARUS, Chairman of the Board, informs that presentations, videos, events, about BD Rowa robots will be posted on REMEDIA's social media channels.

Mr. Mandru, shareholder, has noticed an increase in the value of stocks, wants to know if there are also robots and robot parts or only pharmaceuticals products.

Mr. TARUS, Chairman of the Board, said that the stock also includes parts for robots, but that mainly the stock of medicines has increased, to ensure an optimal supply flow, taking into account the current context (price increases, production problems due to lack of active ingredients or other components, delays on delivery chains). It is open to discussions on logistics and stock optimization.

Mr. Segal, shareholder, affirms that there is a need for initial investment, stocks, qualified personnel, for the new line of business, but asks if there is a medium/long term business case, details of plans, market estimates, medium/long term margin.

Mr. TARUS, Chairman of the Board, says that it is difficult to estimate a number of robots that it will be installed, but if Hungary managed in 4-5 years to install 60 robots, REMEDIA will manage to install at least 10-12 robots in the first year, and further increase, noting that this is the trend worldwide. BD Rowa is not the only robot manufacturer, but it has a dominant position, 80% of the market, and this business can generate a 10-15% margin, better than in the wholesale drug trade and even in pharmacy.

Mr. Badoiu, shareholder, states that he has never participated in events organized by REMEDIA and wanted to see how such meetings are held and mentions that he noticed the loss recorded on REMEDIA pharmacies.

Mr. TARUS, Chairman of the Board, explained that the pharmacies remaining after the sale of the 52 pharmacies to Help Net, located in rural areas, could not sustain the indirect costs.

Mr. Badoiu also mentions that he estimates a higher value for rents.

Mr. TARUS, Chairman of the Board, points out that, indeed, REMEDIA owns a number of its own rented locations at Help Net, but in the context of the pandemic, all tenants have asked for a decrease in rent in the whole Romanian market.

Mr. TARUS, Chairman of the Board, says that the profit was mainly from the distribution activity, but it was also affected by the deduction of sales between FR and FRDL from the total result.

Mrs. Codrean, CFO, reports that the consolidated result is decreased due to intra-group transactions and elimination of dividends received from FRDL, decreasing the consolidated result, and the pharmacies cannot sustain the indirect costs of the company.

Mr. Segal, shareholder, looking at margins over the last year and comparing operating income, which has increased quarterly, with operating profit, which has decreased, notes a downward trend in activity, asks if this pace will continue or margins will increase.

Mr. TARUS, Chairman of the Board, says that it is difficult for the margins to increase, considering that 70-80% of all medicines sold are prescription medicines, paid for by Public Health Insurance Houses, and these are priced by the Romanian State. Also, in the case of supply of medicines to hospitals, through public procurement procedures, margins are below 0.5% or even 0.2%.

That is why there is the problem of developing pharmaceutical services, at the institutional level in Romania, the development of some services in pharmacies is being considered, and some services, such as testing and vaccination as well as other services, are under legislative approval.

About what REMEDIA has now and what its development plans are:

- the development of the e-commerce section, for the moment it is a timid presence, we have an authorized pharmacy for e-shop but this must also be supported by a real, physical pharmacy, with a pharmacist responsible for online orders, and online you cannot sell prescription drugs.
- existing pharmacies do not produce much, keeping them is expensive, it is planned to sell the less effective ones
- the acquisition of a 50% participation in the transport company is decided and will take place in the next period, giving comfort and stability to the business
- the robot project is a priority, with development dimensions
- depending on certain investments in the warehouses in Bucharest and Deva, distribution capacities will be increased
- there are discussions with a medical clinic for the acquisition of shares
- suggestions from shareholders are welcome

Mr. Serdean, financial analyst, wants to know if the acquisition of shares in the transport company or the clinic will be done through a capital increase, a raising of money from the stock exchange, or from the company's own existing sources.

Mr. TARUS, Chairman of the Board, says that REMEDIA is handling from its own sources for these directions, but other opportunities may appear, 2021 proved that when REMEDIA had financial liquidities it had better result than in previous years (excluding extraordinary income).

REMEDIA needs financing, especially for the provision of guarantees, e.g. companies in Switzerland do not deliver without guarantees equal to the contract value, for tenders

obtained from hospitals, performance guarantees are required, and REMEDIA has a credit line which it is used mainly for guarantees.

Any funds are welcome, but a capital increase or other capital raising actions can be discussed at any time.

Mr. Serdean, financial analyst, wants to know if REMEDIA maintains also for this year the policy of distributing dividends in a percentage of 50% of the profit, as it has been accustomed to the shareholders in the last period.

Mr. TARUS, Chairman of the Board, stated that the declared dividend policy of distributing 50% of the profit will be maintained and if there is an exceptional opportunity, this modification will be submitted to the shareholders' vote at the AGM.

In 2021 an analyst article was published in which REMEDIA was included in the top 10 companies as a result of dividend yield paid. The only thing that needs to be fixed is the free float increase.

Mr. Serdean, financial analyst, says that REMEDIA share is not the most priced, but it deserves all the attention and the indicators are good and promising.

Mr. TARUS, Chairman of the Board, recalls that the REMEDIA share reached a value of over 1 leu at one point and there is hope that it will increase.

Mr. Segal, shareholder, thinks that the projects are good but believes that the market would appreciate a more visible growth perspective, a better communication to the market would be appropriate. Growth perspectives exist but are not communicated in a way that the market understands. This growth outlook would also give a boost to share value. REMEDIA has a decent PER, it is a company that does its job and delivers consistent long-term results, but when the growth perspectives are clearer than accepted valuations will be different.

Mr. TARUS, Chairman of the Board, says that a clearer presentation of growth perspectives will be made by the commercial and marketing departments.

Mr. Mandru, shareholder, wants to know if pharmaceutical licenses have been purchased, noting the increase in the value of the licenses from about 200.000 lei to about 600.000 lei.

Mr. TARUS, Chairman of the Board, states that pharmacies will be sold and bought, REMEDIA aims for locations that are expanding.

Mrs. Codrean, CFO, reports that REMEDIA purchased license for the pharmacies in Bucharest.

Mr. TARUS, Chairman of the Board, invites everyone to visit the REMEDIA pharmacy in Bd. Metalurgiei, Bucharest, at the showroom, to get to know the Smarty robot, all BD Rowa robots receiving name and birth certificate upon installation.

In conclusion Mr. TARUS, Chairman of the Board, thanks everyone for their participation, ideas and suggestions.