



ANNUAL UNCONSOLIDATED REPORT 2022

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

Farmaceutica REMEDIA S.A.

Registered office: Deva 330040, 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 9.548.082
IBAN: RO61 BTRL RONC RT00 G713 3302, Transilvania Bank, Bucharest
IBAN: RO33 RZBR 0000 0600 0266 5747, Raiffeisen Unirii, Bucharest

ANNUAL UNCONSOLIDAT REPORT 2022

Board of Administrators

Farmaceutica REMEDIA S.A.

A. Denomination of the commercial society: **Farmaceutica REMEDIA S.A.**

Subscribed share capital: **9.548.082 Lei**
Paid up share capital: **9.6548.082 Lei**
Registered office: **DEVA, Bd. Nicolae Balcescu nr. 2,**
Tel / Fax: **0254 223 260 / 0254 226 197**
Registration no and date **J20/700/25.07.1991**
With the Trade Register of Commerce:
Tax registration no: **R02115198**
Securities: **RMAH shares (Registration certificate no. AC-1470-7/17.06.2021)**
Type: **Common Nominative**
Date of registration: **17.03.1997**
Nominal Value /share: **0.10 Lei**
Position in RNSC Register: **1636**
Total no of shares: **95.480.820**
RNSC code of shares: **16368**

	Data	Numar de actiuni	Valoarea emisiunii (Lei)	Explicatii
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.
7	09.06.2021	- 10.608.980	- 1.060.898,00	Reduction of share capital - repurchase of shares followed by their cancellation
	TOTAL	95.480.820	9.548.082,00	

Organized market on which securities are traded:

Bucharest Stock Exchange - Standard category

The total market value on 20.03.2023 is of 59.961.955 Lei, at a value of a 0,6280 Lei/RMAH share

1. Activity analysis

1.1. Overview

On **July 25th 1991**, it was established as a commercial company with fully state-owned capital by reorganization of Oficiul Farmaceutic Deva.

On **October 13th 2000**, V. TARUS RoAgencies S.R.L. purchased from FPS the majority shares package (55,802%).

On **January 1st 2006**, Farmaceutica REMEDIA S.A. merged by absorption with V. TARUS RoAgencies S.R.L.

According to Law 95/2006, republished in August 2015, companies were prohibited from carrying out, at the same time, wholesale and retail distribution of medicines. (Art. 800 paragraph 2). Therefore,

On **January 1st 2016** Farmaceutica REMEDIA S.A. completed the transfer to Farmaceutica REMEDIA Distribution & Logistics S.R.L., a new company, 100% owned, of the wholesale distribution activities of medicines together with related activities (logistic services, registration of pharmaceutical products, promotion and marketing of medicines, etc.), Farmaceutica REMEDIA S.A. kept the operation of the chain of pharmacies and local offices.

Following the change of the main activity object imposed by the above-mentioned legislation, the company had to redeem from the market (in 2015) a number of 300.100 shares at a price established by an authorized evaluator.

During 2022 Farmaceutica REMEDIA S.A. did not participate in mergers.

In **February 2022**, Farmaceutica REMEDIA SA sold 3 pharmaceutical licenses related to the pharmacies in Ghermanesti, Reviga, Motaieni and the office in Vulcana de Sus, and **in June 2022** it opened, in Deva, Drogheria HOREA.

In **April 2022**, Farmaceutica REMEDIA SA purchased a 50% participation in the share capital of the Romanian legal entity PHARMA EXPERTSPEDITION S.R.L., with registered office in Bucharest, Bd. Metalurgiei, nr. 130E, Sector 4, registered at the Commercial Register of Bucharest with nr. J40/20206/2005, with TIN 18178346, in order to develop and strengthen the distribution and logistics activity.

In this context, **on 31.12.2022** Farmaceutica REMEDIA S.A. held a majority participation (100%) in the company Farmaceutica REMEDIA Distribution & Logistics S.R.L. and a 50% participation in the company PHARMA EXPERTSPEDITION S.R.L.

1.2. General evaluation of the activity

The financial results of Farmaceutica REMEDIA S.A. for the financial year 2022 indicate:

- **2.916.026** Lei - net profit
- **18.307.055** Lei - net turnover

Other operating income (2.874.500 Lei) was recorded, mainly representing income from real estate investments, as well as financial income of 5.321.320 lei (mainly dividends, interest income and exchange rate differences).

- **23.586.849** Lei - Total costs (excluding income tax), of which:
 - o **23.565.548** Lei - Operating expenses, of which:
 - **12.981.677** Lei - Net cost of goods sold (including trade discounts received)
 - o **21.301** Lei - Financial expenses, of which:

- **21.301 Lei** - exchange rate difference

As of 31.12.2022, the company's liquid assets (available in bank accounts and cash in hand) amounted to Lei 8.897.395. On the same date the companies FR and FRDL had at their disposal a multi-currency credit line in the amount of 74,6 million Lei, used as at 31.12.2022 exclusively for bank letters of guarantee for tenders and for the good performance of contracts, as well as for guarantees for the payment of goods suppliers.

1.3. Evaluation of the company revenues

- **15.084.967 Lei** represents the income from the sale of goods (82 % of the turnover) with the following allocation by activity:

- 10.587.770 Lei - REMEDIA Pharmacies & E-commerce
- 4.497.197Lei - Sales of BD Rowa robots

- **2.664.089 Lei** - operating income from value added activities (invoiced to third parties) and rents of which:

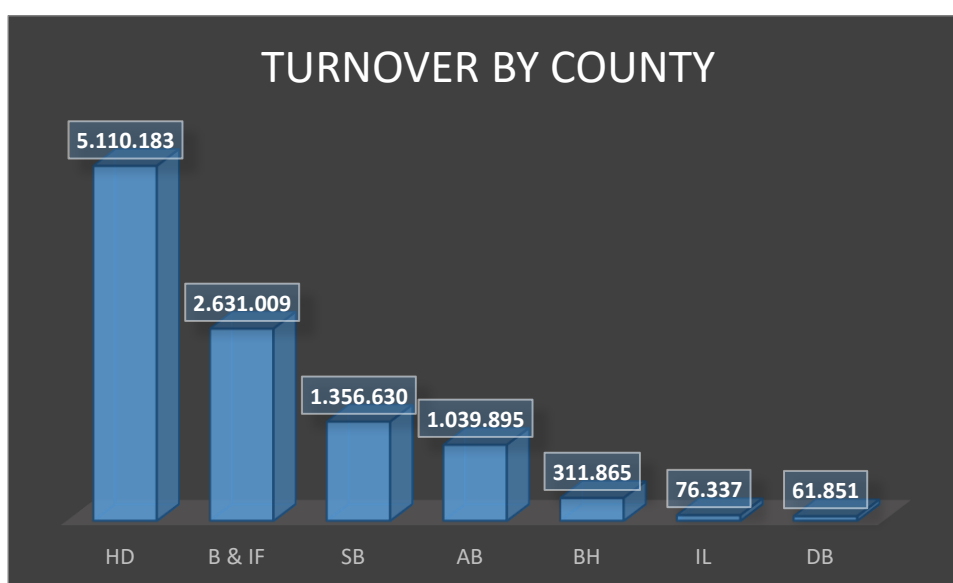
- 2.765.830 Lei rents
- 455.118 Lei BD Rowa services
- 1.140 Lei other services

1.4. Sales and marketing activities

10.587.770 Lei (value without VAT) were the sales made in 2022 through the 24 REMEDIA pharmacies in 5 (seven) counties, especially in Hunedoara, Alba and Sibiu.

4.371.887 Lei (excluding VAT), 42% of total sales, is the amount invoiced to health houses, the difference of 58% of total sales is the share of cash sales.

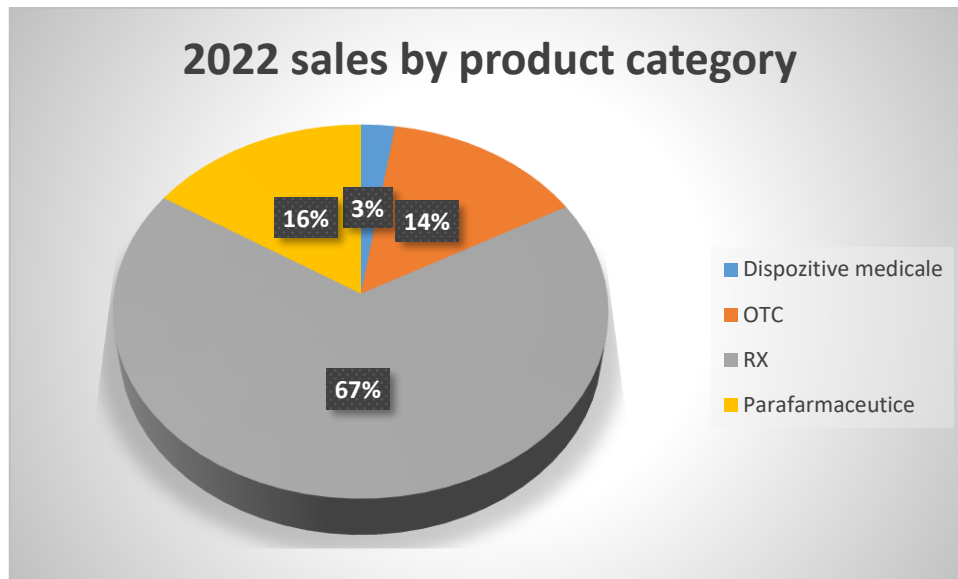
The turnover at county level is as follows:



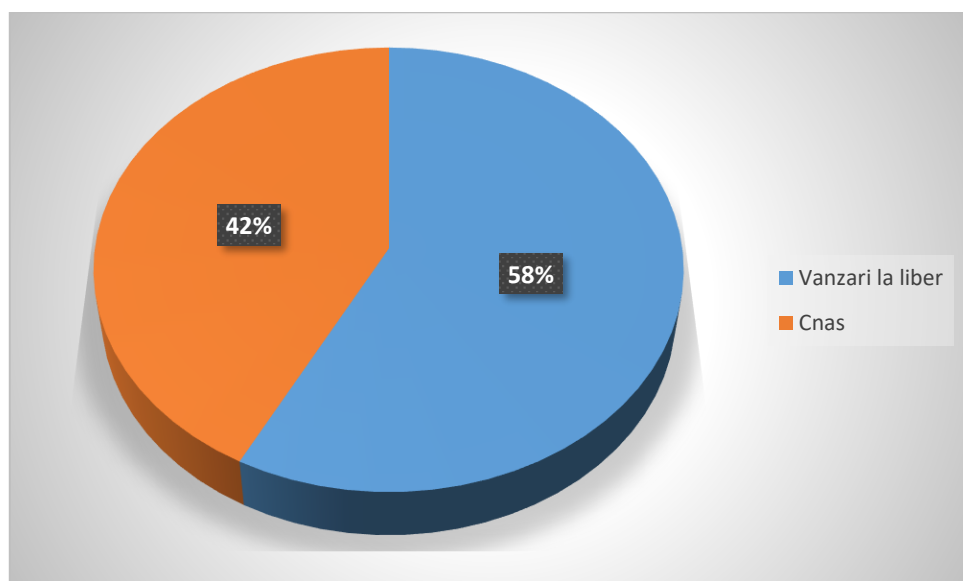
Throughout 2022 the following were followed:

- Stock optimization;
- Information and adequate training of staff;
- Promotional campaigns to liquidate stocks with critical expiry date.
- Promotional campaigns for the customers of REMEDIA pharmacies.

The share of sales by product category is shown in the graph below:



The structure of non-prescription versus prescription sales is shown in the graph below:



In 2021 Farmaceutica REMEDIA opened in Bucharest the first robotic pharmacy in Romania, in partnership with BD Rowa. One year later, the pharmacy staff made known at national level how the robot works, the contribution it brings to the pharmacy, plus the value it brings to pharmacists, presenting the benefits to students of 3 pharmacy faculties, at national level.

REMEDIA Pharmacy Metalurgiei 78, Bucharest, is the first automated pharmacy in Romania. The implementation of BD Rowa system revolutionizes the storage of medicines in the pharmacy, ensures stable and silent workflows, simple prescription and order picking, improved delivery capacity, efficient stock control, based on continuous evaluation of the goods, guarantees data and process security, optimizing the space in the warehouse but also the time of the pharmacy staff.

In 2022 the focus was also on developing online sales by implementing its own solution in partnership with companies specialising in e-commerce.

REMEDIA's online sales platform, www.farmacileredia.ro, is focused on customer satisfaction, providing an easy and fast shopping experience that allows easy browsing through all product categories, as well as promoting target products.

In parallel, campaigns were launched on social networks to ensure easier access to products, to inform customers about new products, promotions and campaigns run by the company, as well as the benefits of pharmacy automation processes through robots.

The activity of REMEDIA Pharmacies was based on sales and margin indicators, as well as on increasing the quality of services offered to patients. Thus, REMEDIA pharmacies joined the program of distribution of Potassium Iodide to the population, following the military conflict in Ukraine and joined the program of vaccination of the population in the pharmacy, sending staff to specialized training in this regard.

At the same time, continue the process of optimizing the activity of pharmacies through professional promotions, reduction of operating costs and rents, going as far as suspending/selling some locations that do not achieve positive results.

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

Providing safe medicines to patients is the standard conduct of REMEDIA. REMEDIA's strict adherence to the quality assurance mechanism resulted in reporting zero incidents of counterfeit products during 2022, in compliance with the European Directive No. 2011/62/EU on counterfeit medicines, i.e. the serialization process of medicines and maintained in 2022 GS1 license certificate.

Sales monitoring prioritizes pharmacy staff to increase efficiency and patient retention by providing associated recommendations and health advice, in partnership with patient health information and guidance centres.

1.5. Evaluation of the goods acquisition

REMEDIA pharmacies were mainly sourced through the distributor Farmaceutica REMEDIA Distribution & Logistic, with purchases through this distributor accounting for 90% of total purchases in 2022. This approach has resulted in a faster supply to pharmacies, by reducing delivery times and a better presence of scarce products in pharmacies.

Purchases were registered through 43 suppliers, distributors of pharmaceutical products and suppliers of parapharmaceuticals, childcare, technical-medical and dermatocosmetic products.

During 2022, efficiency indicators and stock turnover times were monitored in particular within the pharmacy network to reduce the volume of expired products and improve working capital.

The mechanism of the procurement planning strategy took into account the following requirements:

- ensuring the continuity of stock of products;
- evaluation of stock times and stock levels for the products in the portfolio;
- reducing the value of expired products

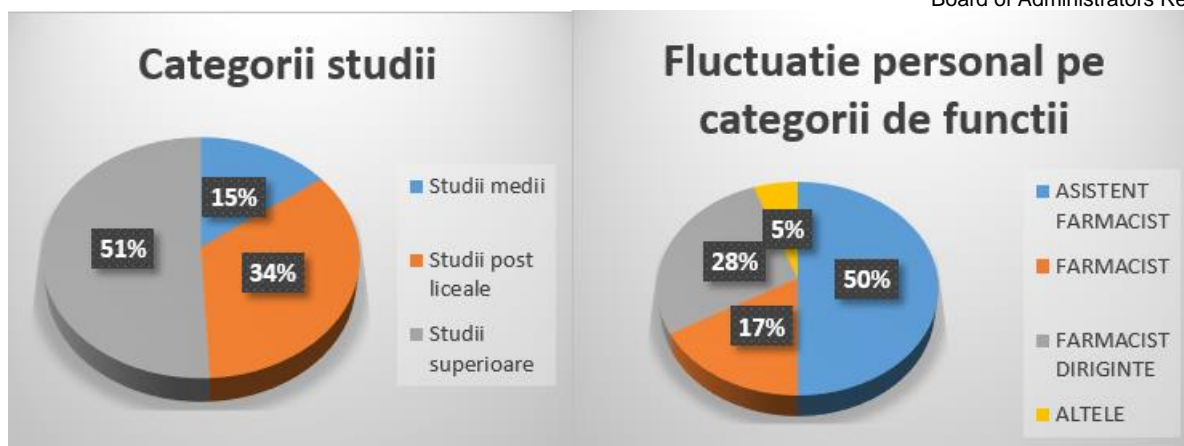
Procurement planning was carried out by product category and manufacturer to ensure continuity in stock of products and to focus the volume of purchases on strategic manufacturers.

As of 31.12.2022, the company's stocks, of which 93% are goods and 7% are parts and components dedicated to BD Rowa robots, amounted to 2.179.248 Lei.

1.6. Activities related to the human resources of the society

By the end of 2022, Farmaceutica REMEDIA S.A., had a total of 61 employees, of which 32 were pharmacy staff (52%), 4 staff for BD Rowa Service (7%) and the remaining 25 were employed in support and management services (41%).

Of the 61 employees, 31 have higher education (51% of the total employees), 20 have post-secondary education (34%) and the remaining 9 have secondary education (15%).



Out of the 31 employees with higher education, 14 (45%) are educated in pharmaceuticals, 9 (29%) in economics, 3 (10%) in technical fields, and 5 (16%) in other fields.

In 2022 the staff fluctuation indicator in Farmaceutica REMEDIA SA was 28,57%, half of this being due to the sale of the commercial assets of three pharmacies, Reviga, Ghermanesti, Motaieni and an office, Vulcana de Sus. The highest fluctuation was on the position of pharmacist assistant - 9 persons (50%), followed by the position of pharmacist manager - 5 persons (28%), pharmacist - 3 person (17%), other - 1 persons (5%)

In Farmaceutica REMEDIA SA there is no employees' union. They have an employee representative, who participates in the negotiation of the collective labour contract and represents the employees in their relations with the company.

1.7. The impact of society's core business on the environment.

Farmaceutica REMEDIA S.A. respects the legislation in the field of environmental protection. There are no litigations regarding the violation of the legislation on environmental protection.

The company contributes to the protection of the environment by selective collection of the waste resulting from its own activity, in order to recover it according to the legal regulations in force. All REMEDIA pharmacies collect waste selectively.

The national waste tracking and management services are outsourced to a specialized provider, who prepares the necessary documents and reports them on time to the regional county Environmental Protection Agency.

Farmaceutica REMEDIA collects expired medicines, including those taken from the population, handing them over centrally (annually about 0.5 tons) to the authorized companies for their destruction according to legal norms.

In accordance with the EU Directives adopted since April 2019, REMEDIA no longer purchased plastic carrier bags and biodegradable or recyclable bags were introduced, thus implementing measures to reduce waste and comply with the relevant legislation.

The partnership with BD Rowa offers digitalized solutions for the optimal functioning of the pharmacy and takes steps towards the pharmacy of the future: the "green pharmacy". Distribution and storage of medicines are processes that the BD Rowa robot takes over. We have installed such robots in eight pharmacies in Romania and 5 robots in pharmacies in Slovakia and we will continue to digitalize.

At REMEDIA Metalurgiei 78 pharmacy, the BD Rowa robot manages to free up pharmacists' time for customer counseling, during which time our customers can develop their creative side, simultaneously familiarizing themselves with the robot.

Farmaceutica REMEDIA SA has implemented an environmental management system according to SR EN ISO 14001:2015, which is to be certified in the first half of 2023.

1.8. Quality activity

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

In REMEDIA Pharmacies a quality management system is implemented in order to document the best practices to meet the requirements and expectations of patients in compliance with the Pharmacy Law no. 266/2008, as amended and supplemented, and all legal provisions in force issued by regulatory authorities in the pharmaceutical field, being certified ISO 9001: 2015 by RINA-SIMTEX OC. The management of REMEDIA has allocated the necessary funds to maintain the certification status and improve the SMC for the current year, 2023.

The Quality Manual is a basic document of quality management, which through its procedures defines responsibilities and working methods based on the rules of good pharmaceutical practice whose application guarantees that the services provided by pharmaceutical staff are appropriate, efficient and patient-oriented.

In 2022 the procedures were revised:

- a) which were the basis for the reauthorization of pharmacies by the College of Pharmacists
- b) operational

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

1.9. Evaluation of the risk management activity

The main risk categories identified in 2022 were:

- Risk of non-recovery of receivables
- Cash flow risk

More than 90% of REMEDIA pharmacies' sales to individual customers are reimbursed by the County Health Houses, Bucharest Health House, OPSNAJ. Thus, thanks to the respect of the payment deadline by the Health Houses, in 2022, we can say that the risk of non-payment is extremely low.

In order to counteract the risk of non-collection of receivables and cash flow management of Farmaceutica REMEDIA S.A. has taken a series of measures such as:

- Initiating and pursuing legal action against debtors as well as debt recovery.
- Strict control of costs, within the budgeted amounts, with a positive impact on cash flow.

1.10. Development and perspective activities of the society

Regarding the retail activity, the company aims to optimize the pharmacy network through possible relocations to nearby locations, where necessary, by continuing the process of professionalization of pharmacy staff, improving the IT infrastructure, increasing and diversifying the product portfolio and, last but not least, improving pharmaceutical services for the benefit of patients.

As a digital solution towards the automation and optimization of pharmaceutical processes, REMEDIA, in partnership with BD Rowa™, after the launch in October 2021 of the first Smart Robot installed at the REMEDIA pharmacy in Bd. Metalurgiei no. 78, Bucharest, continued during 2022 the implementation of 4 (four) more robotic systems in pharmacies in Romania worth about 5 million lei (excluding VAT).

REMEDIA provides installation, commissioning, and training of beneficiaries, as well as service and maintenance of robotic equipment with its own teams, specialized by BD Rowa manufacturer. The professionalism of our own technical team qualified REMEDIA to install 5 (five) more robots in private pharmacies in Slovakia.

BD Rowa™, with more than 12.000 robots installed in more than 60 countries, from Japan to Argentina, with a market share of about 65% globally, is currently the world leader in **pharmacy, warehouse and hospital automation solutions**.

REMEDIA sells solutions for pharmacies, tailored to space, customer or product needs, and offers configurable robot models, depending on the space available, identifying **customized** solutions to solve the problems pharmacies face.

Automation of processes in pharmacies by optimizing the flow supply, warehousing and delivery, increase patient access to care and reduce pressure on the NHS.

REMEDIA will continue, in partnership with BD Rowa, to implement robots for pharmacies, hospitals and pharmaceutical warehouses in Romania, Bulgaria and Moldova.

To this purpose, REMEDIA is developing the www.pharmacy-automation.ro platform both to facilitate communication with pharmacists and customers and to answer questions related to the advantages offered by robotic pharmacy, as well as to inform on the directions in the digital transformation and increase the safety and efficiency of medication management from pharmacy to bedside in hospital units.

Another priority objective of the company is to develop **online sales** by implementing its own solution in partnership with companies specialized in e-commerce.

The REMEDIA platform, www.farmaciiileremedia.ro, runs on a content management system with an e-commerce component that enables sales, product portfolio diversification and secure online transactions.

Communication with the company's own IT management system ensures the real-time transfer of data on products, orders, stock and customer invoicing.

The IT solution is based on software packages that are efficient in design and implementation and result in flexible products with very good response times. Customers will be able to choose the delivery method and subscribe to certain products with cyclical delivery according to preference (e.g. children's products), view order or subscription history.

Focused on customer satisfaction, the online sales platform ensures an easy and fast shopping experience that allows easy browsing through all product categories as well as promotion of target products. We also focus on displaying related products to allow customers to choose from a richer offering.

In parallel, social media campaigns have been launched to provide easier access to products, to inform customers about new products, promotions and campaigns run by the company, as well as the benefits of pharmacy automation processes through robots.

2. Fixed assets of the company

47.370.124 Lei - represents Non-current assets (at residual value) with the following structure :

40.032.752 Lei - Tangible fixed assets (land, buildings, equipment, means of transport, commercial furniture, etc.)

752.848 Lei - Intangible fixed assets (pharmacy licences and software licences)

6.584.524 Lei - Financial fixed assets (shares held in other companies, deposits, deposits, guarantees paid.

Within tangible fixed assets, buildings and land account for 95%. These are valued at market level each year by an authorised valuer. The valuation at the end of 2022 showed an appreciation of 1.534.563 lei for these fixed assets (land + 116.685 lei, buildings +1.417.879 lei).

3. Shares and shareholding

The shares issued by Farmaceutica REMEDIA SA were traded in 2022 on the regulated market of the Bucharest Stock Exchange, Standard category.

Farmaceutica REMEDIA S.A. shares are registered shares with a value of 0,1 Lei/share, in the number of 95.480.820 shares with the following synthetic ownership structure as of 31.12.2021, (information provided by the Central Depository):

Shareholders	No. of shares	Share from the share capital (%)
Valentin-Norbert TARUS	80.496.847	84,3068
Natural persons	13.075.139	13,6940
Legal entities	1.908.834	1,9992
Total	95.480.820	100

As of 31.12.2022, Farmaceutica REMEDIA SA had a total number of 3.341 shareholders, of which:

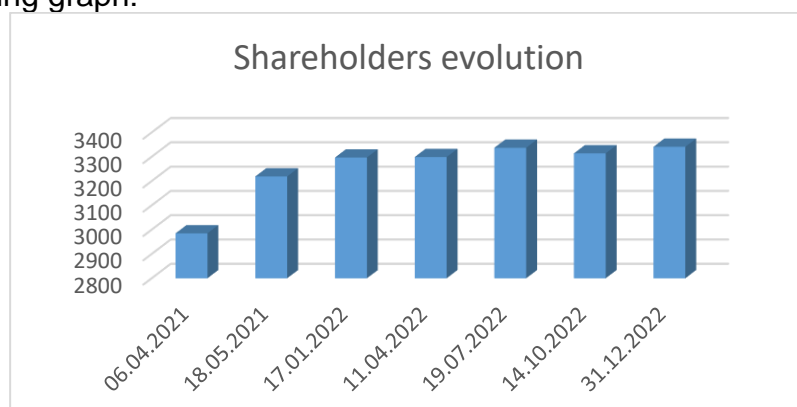
- 3.321 natural persons, with a total percentage of 98,01% of the share capital (of which 84,31% held by Mr. Valentin TARUS)
- 20 legal entities, with a total percentage of 1,99% of the share capital.

According to the territorial criteria, in the top 5 counties where REMEDIA shareholders come from are the following counties:

- Hunedoara: 1.816 shareholders
- Bucharest: 383 shareholders
- Alba: 244 shareholders
- Cluj: 111 shareholders
- Iasi: 55 shareholders

Over the last 2 years the number of REMEDIA shareholders has steadily increased, so that while in 2021, at the reference date for the AGM on 15.04.2021, 2985 shareholders were registered, at the end of 2022 a total of 3341 shareholders were registered with the Central Depository.

The evolution of the number of shareholders over the last 2 years is shown in the following graph:



The company has no subsidiaries and has not issued bonds or other debt securities.

4. Dividends

For 2022, the Board of Administrators has proposed the distribution of 4.615.815 Lei to dividends, in order to grant a gross dividend of 0,05 lei/share.

Thus, the Board of Administrators proposed the distribution of the net profit obtained in 2021 in the amount of Lei 2.916.026 to dividends, as well as the distribution to dividends of Lei 1.699.789 from the 2021 year's profit.

In the medium term, the company intends to maintain the policy of distributing at least 50% of the net profit to dividends.

The amount of dividends due (distributed from profit), paid and accrued (unpaid) is as follows:

	2016	2017	2018	2019	2020	2021	2022	2023
Initial ballance	217.459	205.414	214.756	241.226	209.353	117.155	327.582	379.265
Brotto dividends distribution	0	700.927	1.060.898	1.591.347	2.121.796	14.277.108	4.759.036	4.615.815 *
Tax on the paid dividends	0	34.415	52.675	78.995	104.900	711.866		
Paid dividends	12.045	657.170	981.753	1.544.225	2.109.093	13.354.815		
Dividends to be paid	205.414	214.756	241.226	209.353	117.155	327.582		

* 2.916.026 din profitul anului curent

* 1.699.789 din profitul anului anterior

5. Management of Farmaceutica REMEDIA S.A.

During the financial year 2022, Farmaceutica REMEDIA S.A. was led by a Board of Administrators with the following composition:

Nr.crt.	01.01.2022 – 31.12.2022
1	"TARUS" - Valentin Norbert TARUS e.U., Represented by Mr. Valentin-Norbert TARUS
2	NIPA CONSULTANCY SRL (formerly NIPA STEURBERATUNG SRL), Represented by Mr. Adrian-Marcel PARVU
3	Elena CODREAN

1. 'TARUS' - Valentin Norbert TARUS e.U.– Chairman of the Board of Administrators represented by Valentin Norbert TARUS, executive director, non-independent, member of the Audit Committee and Chairman of the Remuneration and Nomination Committee for the period 15.04.2021-30.04.2023

In the 1990s he laid the foundation for the first companies in Romania specialized in distribution, import, export, consulting and marketing of pharmaceutical products. In 2000 he acquired from FPS the majority of shares of Farmaceutica REMEDIA S.A., developing a successful business with national coverage and integrated services: marketing and distribution of medicines, as well as retail through the REMEDIA chain of pharmacies (taken over in 2020 by Phoenix Group).

He studied Chemical Engineering - Technologies for Organic and Pharmaceutical Substances at the Polytechnic Institute of Bucharest and completed postgraduate studies in Foreign Trade, with a dissertation on world trade in medicines.

In the last 5 years he has served as a director in the trading company:
"TARUS" - Valentin Norbert TARUS e.U., Leopold Moses G. 4/2/46.

He has not been associated with bankruptcy, receivership or liquidation proceedings in the capacity of member of an administrative, management or supervisory body or general partner. Has not been convicted of fraud within the last 5 years and has not had an official public sanction pronounced against him. Has never been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from interfering in the management or conduct of the affairs of an issuer during the last 5 years.

As of 31.12.2022 he owned 84,3068% of the shares of Farmaceutica REMEDIA S.A.

2. NIPA CONSULTANCY SRL (formerly NIPA STEURBERATUNG SRL), represented by **Adrian-Marcel PARVU** member of the Board of Administrators, non-executive director, independent, Chairman of the Audit Committee, member of the Remuneration and Nomination Committee for the period 15.04.2021-30.04.2023.

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

He has not been associated with bankruptcy, receivership or liquidation proceedings in the capacity of member of an administrative, management or supervisory body or general partner. He has not been convicted of fraud within the last 5 years, nor has he had an official public sanction pronounced against him. Has never been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from interfering in the management or conduct of the affairs of an issuer during the last 5 years.

As of 31.12.2022, he did not hold any shares in Farmaceutica REMEDIA S.A.

3. Elena CODREAN, member of the Board of Administrators, non-independent executive administrator, member of the Audit Committee, Remuneration and Nomination during 23.12.2020-30.04.2023

Graduate of the Bucharest University of Economic Studies, Bucharest, specialization 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 31.12.2022 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 2021, the executive management was provided by Mr. **Valentin - Norbert TARUS**.

6. Affiliated persons to the trading 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.
- TARUS MEDIA S.R.L.
- IMOBILIARA MAGHERU S.R.L.
- PHARMA EXPERTSPEDITION SRL

7. Corporate governance

In 2022 the corporate governance structures operated normally, the Company administration and representation being within the competence and responsibility of the members of the Board of Administrators (BA) and the General Manager.

Farmaceutica REMEDIA 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.

Farmaceutica REMEDIA is among the companies that have offered the **highest dividend yields in recent years**, the average dividend yield offered was 5,26% over the last 10 years, 5,51% over the last five years and 7,66% over the last three years. REMEDIA ranks fourth in a ranking of stocks that have offered the highest dividend yields over the past three years.

Company's website - <https://corporate.remédia.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.

In 2022, Farmaceutica REMEDIA obtained, for the second consecutive year, **the maximum score, 10**, for meeting the **VEKTOR criteria**, an assessment conducted by ARIR (Association for Investor Relations on the Romanian Stock Exchange), which examines the adoption of good corporate governance practices and communication with investors.

The **Investor Relations section**, www.remedia.ro/investitori/ has been **updated in 2022** according to ARIR communication **vektors** for shareholders and potential investors as follows:

- **Shareholder information** - the section includes information about the upcoming General Meetings and OGM/EGM Resolutions, Financial Calendar, Dividends and Shareholders' rights, Farmaceutica REMEDIA SA encouraged shareholders to exercise their right to vote by mail and to use electronic means of remote interaction

- **Financial information** - this section includes the Board of Administrators' Reports and the quarterly, half-yearly and annual Financial Statements for the years 2012-2022, both in electronic IRIS, IFRS EXCEL and ESEF formats;

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

- **Current reports**, published in accordance with ASF Regulation no. 5/2018;

- **Share evolution** - online price of RMAH shares, with direct link to the BVB website;

- **Events and presentations** - 4 (four) teleconferences organized quarterly with investors, shareholders, financial analysts, representatives of the press, as well as participation in an event organized by the Investors Club on the capital market on 17.05.2022;

- **News**, featuring internal and press news about the issuer;

- **Corporate governance**, which includes all documents according to ARIR communication provisions and guidelines:

a) Updated Articles of Incorporation;

b) Status of compliance with the BVB Corporate Governance Code for the period 2016-2022;

c) Board of Administrators; which in addition to the presentation of the Board also includes the Regulations of the Audit, Remuneration and Nomination Committees;

d) Policies and Vektors:

- Remuneration policy;
- Internal rules of the Board of Administrators;
- Policy on transactions with companies with which Farmaceutica REMEDIA SA has close relations whose value is equal to or greater than 5% of net assets;
- Dividend distribution policy, updated on 12.09.2022;
- Corporate Governance Regulations;
- Code of Conduct and Ethics, updated on 29.07.2022;
- Policy on the support of various forms of artistic and cultural expression, sports,

educational or scientific activities;

- Measures and procedures for the prevention of fraud and corruption, updated on 29.07.2022;
- Policy on financial forecasting and risks;
- Internal regulations of the Board of Administrators of Farmaceutica REMEDIA
- Environmental Policy of the company, updated on 12.09.2022.

Constantly concerned with improving the company's sustainability performance, within the Corporate Governance section, the ESG subsection includes information related to the company's activities in the areas of Environmental, Social and Governance, where non-financial / sustainability reports are also published. Farmaceutica REMEDIA SA has an **ESG Risk Rating of 16.7** according to the Sustainalytics assessment, classified as a LOW risk of facing a significant financial impact due to ESG factors..

During the financial year 2022, the President of the Board of Directors convened 21 (twenty-one) meetings, statutorily convened, of the Board of Administration.

The members of the Board of Administrators attended these meetings in person, by telephone, teleconference or e-mail, in accordance with the Articles of Incorporation and the Rules of Procedure of the Board of Administrators, where they were presented, discussed and approved as appropriate:

- - quarterly, half-yearly and annual financial reports;
- - annual commercial policy, marketing and sales strategies;
- - AGM notices and resolutions;
- - the sale of four pharmacy licenses, the opening of a drugstore in Deva, the closure of the logistics center in Timisoara;
- - marketing of hospital pharmacy robots in partnership with BD Rowa;
- - the launch of a share buy-back operation to run a Stock Option Plan to reward and retain employees.

- the work of the **Audit Committee**: The Board of Directors evaluated the system of internal control, reviewing the effectiveness and comprehensiveness of the internal audit function, the adequacy of risk management and internal control reports presented by the Board's Audit Committee, and the timeliness and effectiveness with which executive management addresses issues or deficiencies identified through internal control and reports presented to the Board;

- The activity of the **Remuneration and Nomination Committee**: the reports of this committee describe the essential elements of the related remuneration policy and the updates occurred in 2022 in accordance with the remuneration policy of the company, the Remuneration Committee has prepared a Remuneration Report, which presents the activities carried out in 2022, analyzing, evaluating, implementing and monitoring the elements of the Remuneration Policy and provides an overview of the remuneration granted in 2022.

Following the meetings of the Board of Directors, a total of 32 (thirty-two) decisions were issued and communicated to the relevant departments for implementation and fulfilment during 2022.

8. Accounting financial statement (unconsolidated statements)

Farmaceutica Remedia		
Income Statement	dec.-22	dec.-21
(RON)	unconsolidated	unconsolidated
Sales of goods	15.084.967	11.849.099
Discounts given	0	0
Net Sales	15.084.967	11.849.099
COGS	13.058.243	9.705.229
Discounts Received	-76.566	-31.753
Net COGS	12.981.677	9.673.476
Gross Margin	2.103.290	2.175.623
Gross Margin (%)	13,94%	18,36%
Other Operating Revenues	6.096.588	3.092.640
Personnel	-4.417.169	-3.741.748
Third Party Expenses		
Transport		
Consumables		
Maintenance		
Rent		
Other Operating Expenses	-3.450.029	-2.160.691
Total Operating Expenses	-7.867.198	-5.902.439
EBITDA	332.681	-634.175
EBITDA Margin	2,21%	-5,35%
Depreciation	-2.717.999	-153.554
Provisions - net	9.191	
Bad debts lost	-7.865	-5.992
EBIT	-2.383.993	-793.721
EBIT Margin	-15,80%	-6,70%
Financial Revenues	5.321.320	1.665.974
Financial Expenses	-21.301	-13.098
Financial income	5.300.018	1.652.876
EBT	2.916.026	859.155
EBT Margin	19,33%	7,25%
Tax on Profit	0	0
Net Profit	2.916.026	859.155
Net Profit Margin	19,33%	7,25%

Avg. Discount Given		
Avg. Discount Received	0	
Profit/sales own pharmacies		
Profit/sales third parties		

Farmaceutica Remedia		
Balance Sheet(RON)	dec.-22	dec.-21
	neconsolidat	neconsolidat
Total Assets	62.514.723	67.749.548
Cash	8.897.395	12.930.332
A/R (clients)	3.085.858	4.188.251
Inventory	2.179.248	2.479.331
Expenses in advance	439.812	1.941.105
Other Current Assets	542.286	338.679
Total Current Assets	15.144.599	21.877.698
Tangible Assets	40.032.752	39.798.787
Intangible Assets	752.848	724.436
Financial Investments	6.584.524	5.348.628
Total Long-Term Assets	47.370.124	45.871.850
A/P (suppliers)	5.531.838	8.976.082
Other ST payables	502.023	574.707
Payables to shareholders	327.582	327.582
ST Loans*		
Current Liabilities	6.361.443	9.878.371
LT Loans*	0	0
Other LT liabilities	3.175.842	2.544.268
LT Liabilities	3.175.842	2.544.268
Provisions		
Share capital	9.548.082	9.548.082
Reserves & others	40.513.331	44.919.672
Profit	2.916.026	859.155
Equity	52.977.439	55.326.909
Total Liabilities & Equity	62.514.723	67.749.548
* including financial leasing		
A/R Days		
A/P Days	0	0
Stock Days		
Cash cycle		

The unconsolidated financial statements were audited by the independent financial auditor.

9. Indicatori economico-finanziari 2022

*mii lei

LIQUIDITY AND WORKING CAPITAL	31.12.2022	31.12.2021
Current liquidity (Current assets/Current liabilities)	2,24	2,02
Current assets	14.367.922	19.936.593
Current liabilities	6.402.052	9.878.372
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%	0%
Borrowed capital (including leasing)	0	0
Equity	52.586.442	55.326.909
Turnover speed for client debit items (average customer balance/turnover *365)	64 days	60 days
Average customer balance	3.232.502	2.383.346
Net turnover	18.307.055	14.513.188
Turnover speed of liabilities (average suppliers balance/cogs*365)	208 days	224 days
Average suppliers balance	7.410.150	5.957.020
Cost of merchandise sold	12.981.677	9.673.476
Turnover speed of stocks (average stock balance/cogs * 365)	68 days	75 days
Average stocks balance	2.406.105	2.010.796
Cost of merchandise sold	12.981.677	9.673.476
Turnover speed of fixed assets (turnover/fixed assets)	0,38	0,32
Net turnover	18.307.055	14.513.188
Fixed assets	47.370.124	45.871.850
Gross profit margin (%) (gross profit/net sales)	16 %	5,92 %
Gross profit	2.918.586	859.155
Net turnover	18.307.055	14.513.188

Note:

1) **Current liquidity** – the indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the companies are capable of covering their short-term liabilities based on receivables and cash availabilities. The indicator evolved positively 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 honoring the assumed commitments. The value of 0% indicates that the company has no credit problems. 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 consider that the value of 64 days is normal under the given conditions.
- 4) **Turnover speed of liabilities** represents the average period in which suppliers are paid.
- 5) The value of the **No. of days on hand** indicator (68 days) can be considered that it falls within the specifics of the activity.
- 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.

20.03.2022

Board of Administrators,
President

“TARUS” - Valentin Norbert TARUS e.U.