



CONSOLIDATED REPORT FOR THE 3rd QUARTER OF 2019

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

Farmaceutica REMEDIA S.A.

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

Branch office: Bucharest, 041836, sector 4, 78 Metalurgiei Bld., Telephone/fax: + 40 213 211 640
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Trade Register J20/700/1991, TIN: RO2115198; Share capital: RON 10.608.980

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

**Consolidated REPORT for the 3rd quarter of
according to F.S.A. Regulation No. 5/2018**

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

Subscribed share capital: 10.608.980 **Lei**
Paid-up share capital: 10.608.980 **Lei**
Registered office: **DEVA, No. 2 Nicolae Balcescu Bd. (former
43 Dorobanților Street), pc 330040**
Tel./fax.: **+40 254 223 260, +40 254 226 197**
No. and date of registration
with the Trade Register Office: **J20/700/25.07.1991**
Tax identification number: **RO2115198**

Securities: **RMAH shares**
(Registration certificate No. 1470/04.05.2009)
Type: **Common Nominative**
Date of registration: **17.03.1997**
Nominal value: **0,10 Lei**
Total number: **106.089.800**

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

Organised market on which securities are traded:

Bucharest Stock Exchange – Standard category

The total market value on 5.11.2019 is of 46.467.332,4 Lei

The value of a RMAH share is of 0,438 Lei. (on 05.11.2019)

1. Significant events to report

During the period 01.01.2019 – 30.09.2019, there were no significant events that would have a particular impact on the financial position of the company Farmaceutica REMEDIA S.A.

2. General description of the financial position and of the issuer's performances and of its branches afferent to the 3rd quarter of 2019

During the period 01.01.2019 – 30.09.2019 the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. No.	Indicator	Realisations January-September 2019 (Lei)	Realisations January-September 2018 (Lei)**	Evolution 2019/2018 (%)
1.	Net sales of goods *	324.082.940	331.142.486	- 2,14
2.	Other operating revenues	4.763.356	3.718.734	+ 28,09
3.	Total operating revenues	328.846.296	334.861.220	- 1,80
4.	Total operating costs *	326.304.941	331.733.956	- 1,64
5.	Operating result	2.541.355	3.127.264	- 18,74
6.	Financial result	-450.830	- 67.686	- 566,06
7.	Gross result	2.090.525	3.059.578	- 31,68

* Including commercial discounts granted/received

**Retreated according to IFRS 16

A breakdown of the net sales of goods by segment of activity is presented as follows:

Lei

REMEDIA Pharmacies	75.779.575	23,39%
Distribution	158.432.017	48,88%
Distribution of Hospitals & Clinics	75.333.710	23,25%
Other sales	14.537.638	4,48%
Total	324.082.940	100,00 %

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

- collected rents
- marketing services
- sales of assets
- logistics services
- other services

3. The financial statements on 30.09.2019 were not audited by the independent financial auditor.

4. Economic-financial indicators 30.09.2019

LIQUIDITY AND WORKING CAPITAL	FR	FRDL
Current liquidity (Current assets / Current debts)	1,28	1,02
Current assets	28.143.262	187.706.896
Current debts	22.022.595	184.552.366
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%	328,62%
Borrowed capital*	0	14.729.491
Equity	42.146.775	4.482.264
Turnover speed for client debit items (Average customer balance / turnover *270)	43 days	121 days
Average customer balance	12.422.593	134.346.625
Net turnover	77.442.112	300.499.448
Turnover speed of stocks (average stock/ net COGS)*270	62 days	64 days
Average stock	13.837.715	65.750.589
COGS net	59.854.302	276.651.594

*including financial leasing

Notes:

1) **Current liquidity** – indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that the companies are capable of covering their short-term debts based on receivables and cash availabilities. As compared to the same period of last year, the indicator evolved positively both for FR (from 1,2) and for FRDL (from 1,01).

2) **Degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in honouring the assumed commitments. In the case of FR, there is no risk, while for FRDL, the value of the indicator indicates an increased risk. As compared to the same period of last year, the indicator strongly degraded in the case of FRDL (from 1,56%). In the calculation of this indicator, the borrowed capital comprises both bank credits, and financial leasing debts.

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the indicator value is a normal one for both companies, in the given conditions. The dynamics of this indicator was for FR the following: 46 days on 30.09.2018 and 43 days on 30.06.2019. In the case of FRDL, we have: 109 days on 30.09.2018 and 128 days on 30.06.2019.

4) The value of the **Days on hand** indicator (62 days) can be considered as falling within the specifics of the activity, exceeding the limit imposed by the internal procedures of the company (45 days) in the case of FR. In the case of FR, the indicator had the following evolution: 67 days in the first 9 months in 2018 and 66 days on 30.06.2019. At FRDL, we have: 51 days for 9 months in 2018 and 74 days on 30.06.2019.

Chairman of the Board of Administrators

“TARUS” Valentin Norbert TARUS e.U.

by representative

Valentin Norbert TARUS

Farmaceutica REMEDIA S.A.
STATEMENT OF FINANCIAL POSITION - consolidated (Lei)

	30-Sep-19	30-Sep-18
ASSETS		*
Fixed assets	39,829,645	40,624,497
Tangible assets	24,427,366	25,059,812
Real estate investments	6,343,153	5,652,468
Operational leasing assets	1,560,492	2,031,219
Software licences	218,597	76,162
Pharmacy licences	6,500,895	7,080,494
Participations held in group companies	289,520	289,520
Participations held in companies outside the group	5,316	5,316
Deposits and guarantees paid	484,307	429,506
Current assets	201,878,029	240,064,777
Stocks	58,292,286	89,034,548
Trade receivables	126,239,780	131,714,654
Other receivables	3,284,812	2,397,556
Cash and cash equivalents	14,061,152	16,918,019
Accrued expenses	456,089	302,462
TOTAL ASSETS	242,163,762	280,991,735
EQUITIES AND DEBTS		
Equities	46,700,183	46,085,747
Share capital	10,921,209	10,921,209
Share premiums	757,485	757,485
Reserves	29,415,394	28,786,159
Current result	1,623,783	2,609,911
Retained earnings	4,407,169	3,435,838
Retained earnings - retreatment	-312,229	-312,229
Profit distribution	0	0
Own shares	-112,628	-112,628
Long-term debts	2,979,567	3,480,925
Debts from financial leasing	0	64,219
Debts from operational leasing	1,605,368	2,051,085
Provisions	0	0
Debts with deferred income tax	1,374,199	1,365,621
Current debts	192,484,012	231,425,064
Bank loans	14,701,973	0
Debts from financial leasing	27,518	0
Suppliers and other similar debts	172,631,271	227,533,359
Provisions	0	0
Current tax debts	58,263	42,197
Other short-term debts	5,064,987	3,849,507
Total debts	195,463,579	234,905,989
TOTAL EQUITIES AND DEBTS	242,163,762	280,991,735

* retreated according to IFRS 16

Chairman of the Board of Administrators

"TARUS" - Valentin Norbert TARUS e.U.

by representative

Valentin – Norbert TARUS

Farmaceutica REMEDIA

STATEMENT OF COMPREHENSIVE INCOME - consolidated (Lei)

	30-Sep-19	30-Sep-18 *
Net turnover	326,632,160	333,240,853
Income from the sale of goods	325,274,539	332,266,213
Commercial discounts granted	-1,191,599	-1,123,727
Income from services provided and rents	2,549,220	2,098,367
Other operating income	2,214,137	1,620,367
OPERATING INCOME - TOTAL	328,846,296	334,861,220
Expenses with materials	289,464,461	299,013,718
Expenses regarding goods	290,907,718	302,311,851
Commercial discounts received	-5,018,114	-6,957,127
Expenses with raw materials and consumables	2,402,978	2,523,371
Other expenses with materials (inventory objects)	282,382	373,362
Energy and water expenses	889,496	762,260
Expenses with personnel	25,773,886	23,084,003
Salaries and allowances	23,259,175	20,822,347
Expenses with insurance and social protection	739,303	652,937
Other personnel expenses	1,775,408	1,608,719
Amortisations and provisions	928,496	655,614
Amortisations	937,212	767,629
Net provisions	-129,370	-182,778
Losses from receivables	120,655	70,764
Other operating expenses	10,138,097	8,980,622
Expenses on external services	8,325,941	7,939,762
Expenses with other taxes, charges and assimilated payments	509,373	601,996
Other expenses	1,302,783	438,864
OPERATING EXPENSES - TOTAL	326,304,941	331,733,956
OPERATING RESULT	2,541,356	3,127,264
Financial income	388,787	100,157
Interest income	10,477	5,066
Income from exchange rate differences	164,724	45,985
Income from dividends	204,905	2,851
Advance payment discounts	8,681	46,256
Other financial income	0	0
Financial expenses	839,617	167,843
Expenses regarding interests	434,834	11,681
Operational leasing interests (IFRS16)	64,570	29,986
Expenses due to exchange rate differences	145,710	60,860
Discounts received in advance	194,503	65,315
Other financial expenses	0	0
FINANCIAL RESULT	-450,830	-67,686

TOTAL INCOME	329,235,083	334,961,378
TOTAL EXPENSES	327,144,558	331,901,799

GROSS RESULT	2,090,525	3,059,578
Profit tax	466,742	449,667
TOTAL NET PROFIT of which distributable	1,623,783	2,609,911
Shareholders of the company	1,623,783	2,609,911
Minority interest		

Other elements of comprehensive income	0	0
Revaluation of tangible assets		
Tax related to other elements of comprehensive income		
Minority interest		
COMPREHENSIVE INCOME AFFERENT TO THE PERIOD - TOTAL of which a	1,623,783	2,609,911
Shareholders of the company	1,623,783	2,609,911
Minority interest		

Earnings per share (in Lei)		
- basic	0.0153	0.0246
- diluted	0.0153	0.0246
* retreated according to IFRS 16		

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

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.09.2019

NOTE 1 INFORMATION ABOUT THE COMPANY

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

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

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

In this context, on 30.09.2019, Farmaceutica REMEDIA S.A. held majority holdings (100%) at the Farmaceutica REMEDIA Distribution & Logistics S.R.L. company.

During a period of 9 months of 2019, Farmaceutica REMEDIA S.A. did not attend in mergers.

During the same period, the company did not alienate assets of significant values (buildings, lands, shares etc), except for a held in Târgoviște City and the second pharmacies licences of Bucharest.

NOTE 2 BASES FOR DRAFTING THE FINANCIAL STATEMENTS

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

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

For all the periods until the year concluded on 31 December 2011, inclusive, the company prepared the financial statements in compliance with the Romanian Accounting Standards (RAS). The financial statements for the year concluded on 31 December 2012, are the first financial statements drafted in compliance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

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

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.09.2019

based on the fair value of the counterperformance carried out in exchange for the assets.

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

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

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

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

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

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

The companies whose financial statements are consolidated are:

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

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

Financial statements consolidated on 30.09.2019 were not audited by the independent financial.

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.09.2019

NOTE 3 SALES REVENUES AND OTHER OPERATING REVENUES

During the period 01.01.2019 – 30.09.2019, the commercial company Farmaceutica REMEDIA S.A. recorded the following consolidated financial results:

Crt. No.	Indicator	Realisations January-September 2019 (Lei)	Realisations January-September 2018 (Lei)**	Evolution 2019/2018 (%)
1.	Net sales of goods *	324.082.940	331.142.486	- 2,14
2.	Other operating revenues	4.763.356	3.718.734	+ 28,09
3.	Total operating revenues	328.846.296	334.861.220	- 1,80
4.	Total operating costs *	326.304.941	331.733.956	- 1,64
5.	Operating result	2.541.355	3.127.264	- 18,74
6.	Financial result	-450.830	- 67.686	- 566,06
7.	Gross result	2.090.525	3.059.578	- 31,68

* Including commercial discounts granted/received

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

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

- Logistics services
- rents
- clinical studies
- marketing services
- sales of assets
- other services
- plusses of inventory/adjustments accounting accounts.

Farmaceutica REMEDIA S.A. – Consolidated
financial statements concluded on 30.09.2019

NOTE 4 ECONOMIC-FINANCIAL INDICATORS

LIQUIDITY AND WORKING CAPITAL	FR	FRDL
Current liquidity (Current assets / Current debts)	1,28	1,02
Current assets	28.143.262	187.706.896
Current debts	22.022.595	184.552.366
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%	328,62%
Borrowed capital	0	14.729.491
Equity	42.146.775	4.482.264
Turnover speed for client debit items (Average customer balance / turnover *270)	43 days	121 days
Average customer balance	12.422.593	134.346.625
Net turnover	77.442.112	300.499.448
Turnover speed of stocks (average stock balance/COGS net)*270	62 days	64 days
Average stock balance	13.837.715	65.750.589
Net COGS	59.854.302	276.651.594

*including financial leasing

Notes:

1) **Current liquidity** – indicator level reflects a good payment capacity, therefore a reduced risk for creditors, certifying that companies are capable of covering their debts on a short time based on receivables and cash availabilities. As compared to the same period of last year, the indicator positively evolved both for the FR (from 1,2) as well as for FRDL (from 1,01).

2) **Degree of indebtedness** expresses the effectiveness of credit risk management, indicating potential financing, liquidity problems, with influences in honouring the assumed commitments. In the case of FR, there is no such risk, while for FRDL, the indicator value indicates a high risk. As compared to the same period of last year, the indicator strongly degraded in the case of FRDL (from 1,56%). In the calculation of this In the calculation of this indicator, the borrowed capital comprises both bank credits, and financial leasing debts.

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the indicator value is a normal one for both companies, in the given conditions. The dynamics of this indicator was for FR the following:46 on 30.09.2018 and 43 days on 30.06.2019. In the case of FRDL, we have:109 days on 30.09.2018 and 128 days on 30.06.2019.

4) The value of the **Days on hand** indicator (62 days) can be considered as

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.09.2019

falling within the specifics of the activity, exceeding the limit imposed by the internal procedures of the company (45 days). In the case of FR, the indicator had the following evolution: 67 days in the first 9 months in 2018 and 66 days on 30.06.2019. In FRDL we have: 51 days for 9 months in 2018 and 74 days on 30.06.2019.

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.09.2019

NOTE 5

Reporting on activity segments

	Hospitals & Clinics	Distribution	Other sales**	REMEDIA Pharmacies	Provided services and rents	Other operations	TOTAL * 30.09.2019
Net turnover	75,333,710	158,432,017	14,537,638	76,221,044	2,107,750	0	326,632,159
Income from the sale of goods		159,184,325	14,976,929	75,779,575	0	0	325,274,539
Commercial discounts granted		-752,308	-439,291	0	0	0	-1,191,599
Income from services provided and rents			0	441,469	2,107,750		2,549,219
Other operating income	0	0	0	0	0	2,214,137	2,214,137
OPERATING INCOME - TOTAL	75,333,710	158,432,017	14,537,638	76,221,044	2,107,750	2,214,137	328,846,296
Expenses with goods	68,307,949	144,545,271	14,638,489	59,854,302	0	-1,456,407	285,889,604
Expenses regarding goods	70,259,673	145,643,582	15,011,710	61,034,590	0	-1,041,837	290,907,718
Commercial discounts received	-1,951,724	-1,098,311	-373,221	-1,180,288	0	-414,570	-5,018,114
Gross margin from sales of goods	7,025,761	13,886,746	-100,851	15,925,273	0	1,456,407	38,193,336
Other operating costs	4,520,571	13,660,627	691,018	18,832,954	375,686	2,334,481	40,415,337
Direct costs	1,007,724	5,119,243	3,141	15,054,141	297,666	709,852	22,191,767
Logistics costs	2,003,104	5,270,744	377,339	0	0	0	7,651,187
Indirect costs	1,509,743	3,270,640	310,538	3,778,813	78,020	1,624,629	10,572,383
OPERATING EXPENSES - TOTAL	72,828,520	158,205,898	15,329,507	78,687,256	375,686	878,074	326,304,941
Operating result	2,505,190	226,119	-791,869	-2,466,212	1,732,064	1,336,063	2,541,355
Financial result							-450,830
Gross result							2,090,525
Profit tax							466,742
Net profit							1,623,783

* includes non-allocated amounts

** repository+Pentron+various

Farmaceutica REMEDIA S.A. – Consolidated financial statements concluded on 30.09.2019

NOTE 6

CAPITALS CHANGES

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Share premiums	Retained earnings	Profit distribution	Current result	Own shares	TOTAL
Balance on 01.01.2019	10,921,209	1,623,470	15,898,760	11,453,349	757,485	3,132,403	-109,859	3,048,136	112,628	46,612,325
Restoration of profit account retreatments 2018						-2,000,000		2,079,479		79,479
Profit transfer 2018 (FR) to retained earnings						2,031,162		-2,031,162		0
Profit distribution 2018(FR) to dividends						-1,591,347				-1,591,347
Profit distribution 2018(FR) to other reserves				439,815		-439,815				0
Account closure 129 (legal reserve 2017) FR							109,859	-109,859		0
Profit transfer 2018 (FRDL) to retained earnings						2,986,594		-2,986,594		0
Profit distribution 2017(FRDL) at dividends						-2,000,000				-2,000,000
Retreatment of FRDL dividend ->FR 2018						2,000,000				2,000,000
Accounting result 2019 FR + FRDL								3,525,781		3,525,781
Legal reserve 2019 FR		0						0		0
Retreatment of profit account 2019							0	-1,901,998		-1,901,998
Outputs of buildings + lands			0							0
Revaluation of buildings and lands			0							0
Deferred tax			0							0
Retreatment of operational leasing (IFRS 16)								-24,057		-24,057
Balance on 30.09.2019	10,921,209	1,623,470	15,898,760	11,893,164	757,485	4,094,940	0	1,623,783	112,628	46,700,183

Farmaceutica REMEDIA S.A. – Consolidated financial
statements concluded on 30.09.2019

NOTE 7 TREASURY FLOWS STATEMENT (RON)

	Consolidated 9 months 2019
Cash flows from operating activities	
Collections from the sale of goods and from the provision of services	389,364,746
Other cash inflows	1,673,904
Payments to suppliers of goods and services	(345,204,747)
Payments to and on behalf of employees (incl. taxes on salaries)	(24,403,332)
Corporate tax payments	(601,994)
Payments to other taxes and fees	(17,450,657)
Paid interests	(433,688)
Collected interests (current account)	10,477
Other cash outflows	(7,097,896)
Total operating cash flow	(4,143,187)
Cash flow from investment activities	
Proceeds from the sale of long-term assets and financial investments	1,839,907
Collected interests (from deposits)	0
Collected dividends	204,905
Payments for the purchase of long-term assets	(530,592)
Total cash flow from investments	1,514,220
Cash flow from financing activities	
Used of Short-term loan withdrawals (incl. interests)	14,701,973
Net foreign exchange differences	6,495
Funding received from shareholders	0
Repayments of long-term loans, including interest	0
Payments to shareholders (dividends)	(1,544,220)
Payments of own shares	0
Total cash flow from financing	13,164,248
Total cash flow	10,535,281
Cash at the beginning of the period	3,525,871
Cash at the beginning of the period	14,061,152

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



UNCONSOLIDATED REPORT FOR THE 3rd QUARTER OF 2019

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

Farmaceutica REMEDIA S.A.

Registered office: Deva 330160, No. 2 Bld. Nicolae Balcescu (former 43 Dorobantilor Street),

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

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

**Unconsolidated REPORT for the 3rd quarter of 2019
According to F.S.A. Regulation No. 5/2018, Annex 14**

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

Subscribed share capital: 10.608.980 Lei
Paid-up share capital: 10.608.980 Lei
Registered office: **DEVA, No. 2 Nicolae Balcescu Bd., pc
330040**
Tel./fax.: **+40 254 223 260, +40 254 226 197**
No. and date of registration
with the Trade Register Office: **J20/700/25.07.1991**
Tax identification number: **RO2115198**

Securities: **RMAH shares**
(Registration certificate No. 1470/04.05.2009)
Type: **Common Nominative**
Date of registration: **17.03.1997**
Nominal value: **0,10 Lei**
Total number: **106.089.800**

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

Organised market on which securities are traded:

Bucharest Stock Exchange – Standard category

The total market value on 5.11.2019 is of 46.467.332,4 Lei

The value of a RMAH share is of 0,438 Lei. (on 05.11.2019)

1. Significant events to report

During the period 01.01.2019 – 30.09.2019, there were no significant events that would have a particular impact on the financial position of the company Farmaceutica REMEDIA S.A.

2. General description of the financial position and of the issuer's performances and of its branches afferent to the 3rd quarter of 2019

During the period 01.01.2019 – 30.09.2019 the commercial company Farmaceutica REMEDIA S.A. recorded the following financial results:

Crt. No.	Indicator	Realisations January-September 2019 (Lei)	Realisations January-September 2018 (Lei)	Evolution 2019/2018 (%)
1.	Net sales of goods *	75.779.575	70.088.100	+ 8,12
2.	Other operating revenues	3.236.449	3.164.892	+ 2,26
3.	Total operating revenues	79.016.024	73.252.992	+ 7,87
4.	Total operating costs *	79.526.169	73.058.162	+ 8,86
5.	Operating result	-510.145	194.830	-361,85
6.	Financial result	2.216.660	2.067.926	+ 7,2
7.	Gross result (profit)	1.706.515	2.262.756	- 24,59

* Including commercial discounts granted/received

The depreciation of the operating result and, implicitly, of the gross result, despite the increase of sales, is based on two factors:

- Increase of salary costs
- The reduction by 0,73 pp of the gross margin obtained from the sale of goods.
- The operating result is influenced in the sense of the decrease and due to the cost resulting from unloading of the sold assets, because in 2018 the cost related to the sale of assets was 13% of the sale price, and in 2019 of 39%

The financial result is based almost exclusively on collected dividends.

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

- collected rents – 37,68 % from "other operating revenues"
- marketing services – 13,64 %

- sales of assets – 45,63 %
- other revenues – 3,05 %

3. Financial statements on 30.09.2019 were not audited by the independent financial auditor.

4. Economic-financial indicators

LIQUIDITY AND WORKING CAPITAL	30.09.2019
Current liquidity (Current assets / Current debts)	1,28
Current assets	28.143.262
Current debts	22.022.595
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%
Borrowed capital	0
Equity	42.146.775
Turnover speed for client debit items (Average customer balance /turnover *270)	43 days
Average customer balance	12.422.593
Net turnover	77.442.112
Turnover speed of stocks (average stock/ net COGS)* 270	62 days
Stocks average inventory	13.837.715
Net COGS	59.854.302

Notes:

1) **Current liquidity** – 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 cash availability. The indicator evolved positively as compared to the same period last year (1,2) as well as compared to June 2019 (1,15).

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

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the value of 43 days is a normal one under the circumstances. (46 days on 30.09.2018 and 43 days on 30.06.2019)

4) The value of the **Days on hand** indicator (62 days) can be considered as falling within the specifics of the activity, exceeding the limit imposed by the internal procedures of the company (45 days). The indicator regressed as compared with the same period last year (67 days) as well as compared to 30.06.2019 (66

days).

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

Farmaceutica REMEDIA S.A.
STATEMENT OF FINANCIAL POSITION - unconsolidated (Lei)

	30-Sep-19	30-Sep-18
ASSETS		
Fixed assets	37,225,257	37,868,358
Tangible assets	23,843,706	24,545,492
Real estate investments	6,343,153	5,652,468
Software licences	5,214	11,603
Pharmacy licences	6,500,895	7,080,494
Participations held in group companies	292,320	292,320
Participations held in companies outside the group	5,316	5,316
Deposits and guarantees paid	234,654	280,665
Current assets	28,142,971	32,167,288
Stocks	11,831,417	14,464,459
Trade receivables	10,976,650	11,873,945
Other receivables	489,846	350,927
Cash and cash equivalents	4,845,058	5,477,957
Accrued expenses	175,050	83,466
TOTAL ASSETS	65,543,279	70,119,112
EQUITIES AND DEBTS		
Equities	42,146,775	42,009,341
Share capital	10,921,209	10,921,209
Share premiums	757,485	757,485
Reserves	29,186,423	28,557,189
Current result	1,706,515	2,198,315
Retained earnings	0	0
Retained earnings - retreatment	-312,229	-312,229
Profit distribution	0	0
Own shares	-112,628	-112,628
Long-term debts	1,374,199	1,365,621
Debts from financial leasing	0	0
Provisions	0	0
Debts with deferred income tax	1,374,199	1,365,621
Current debts	22,022,304	26,744,149
Bank loans	0	0
Debts from financial leasing	0	0
Suppliers and other similar debts	20,087,065	24,847,343
Provisions	0	0
Current tax debts	0	0
Other short-term debts	1,935,239	1,896,807
Total debts	23,396,503	28,109,771
TOTAL EQUITIES AND DEBTS	65,543,279	70,119,112

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

Financial Controller
 Robert - Mihail PELOIU

Farmaceutica REMEDIA S.A.
STATEMENT OF COMPREHENSIVE INCOME - unconsolidated (Lei)

	30-Sep-19	30-Sep-18
Net turnover	77,442,112	71,698,110
Income from the sale of goods	75,779,575	70,088,100
Commercial discounts granted	0	0
Income from services provided and rents	1,662,537	1,610,010
Other operating income	1,573,912	1,554,882
 OPERATING INCOME - TOTAL	 79,016,024	 73,252,992
 Expenses with materials	 61,015,320	 56,112,913
Expenses regarding goods	61,034,591	56,896,943
Commercial discounts received	-1,180,289	-2,050,636
Expenses with raw materials and consumables	542,474	549,868
Other expenses with materials (inventory objects)	81,996	247,925
Energy and water expenses	536,548	468,814
Expenses with personnel	13,830,468	12,416,944
Salaries and allowances	12,340,359	11,029,807
Expenses with insurance and social protection	394,403	334,213
Other personnel expenses	1,095,706	1,052,924
Amortisations and provisions	314,926	328,037
Amortisations	248,687	324,427
Net provisions	-54,370	-60,783
Losses from receivables	120,609	64,393
Other operating expenses	4,365,456	4,200,268
Expenses on external services	3,375,834	3,571,153
Expenses with other taxes, charges and assimilated payments	311,996	338,290
Other expenses	677,626	290,825
 OPERATING EXPENSES - TOTAL	 79,526,169	 73,058,162
 OPERATING RESULT	 -510,145	 194,830
 Financial income	 2,224,473	 2,071,206
Interest income	1,344	2,383
Income from exchange rate differences	12,535	482
Income from dividends	2,204,905	2,002,851
Advance payment discounts	5,689	65,490
Other financial income	0	0
 Financial expenses	 7,814	 3,280
Expenses with interests	0	0
Expenses due to exchange rate differences	4,034	571
Discounts received in advance	3,780	2,709
Other financial expenses	0	0
 FINANCIAL RESULT	 2,216,660	 2,067,926

TOTAL INCOME	81,240,498	75,324,198
TOTAL EXPENSES	79,533,983	73,061,442
GROSS RESULT	1,706,515	2,262,756
Profit tax	0	64,441
TOTAL NET PROFIT of which distributable	1,706,515	2,198,315
Shareholders of the company	1,706,515	2,198,315
Minority interest		
Other elements of comprehensive income	0	0
Revaluation of tangible assets		
Tax related to other elements of comprehensive income		
Minority interest		
COMPREHENSIVE INCOME AFFERENT TO THE PERIOD - TOTAL of which	1,706,515	2,198,315
Shareholders of the company	1,706,515	2,198,315
Minority interest		
Earnings per share (in Lei)		
- basic	0.0161	0.0207
- diluted	0.0161	0.0207

"TARUS" - Valentin Norbert TARUS e.U.

by representative
Valentin – Norbert TARUS

Financial Controller

Robert - Mihail PELOIU

Farmaceutica REMEDIA S.A. – Unconsolidated financial statements concluded on 30.09.2019

NOTE 1 INFORMATION ABOUT THE COMPANY

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

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

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

In this context, on 30.09.2019, Farmaceutica REMEDIA S.A. held majority holdings (100%) at the Farmaceutica REMEDIA Distribution & Logistics S.R.L. company.

During a period of 9 months of 2019, Farmaceutica REMEDIA S.A. did not attend in mergers.

During the same period, the company did not alienate assets of significant values (buildings, lands, shares etc), except for a held in Târgoviște City and the second pharmacies licences of Bucharest.

NOTE 2 BASES FOR DRAFTING THE FINANCIAL STATEMENTS

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

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

For all the periods until the year concluded on 31 December 2011, inclusive, the company prepared the financial statements in compliance with the Romanian Accounting Standards (RAS). The financial statements for the year concluded on 31 December 2012, are the first financial statements drafted in compliance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

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

Farmaceutica REMEDIA S.A. – Unconsolidated financial statements concluded on 30.09.2019

based on the fair value of the counter performance carried out in exchange for the assets.

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

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

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

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

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

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

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

Financial statements on 30.09.2019 were not audited by the independent financial auditor.

Farmaceutica REMEDIA S.A. –Unconsolidated financial statements concluded on 30.09.2019

NOTE 3 SALES REVENUES AND OTHER OPERATING REVENUES

During the period 01.01.2019 – 30.09.2019, the commercial company Farmaceutica REMEDIA S.A. recorded the following financial results:

Crt. No.	Indicator	Realisations January-September 2019 (Lei)	Realisations January-September 2018 (Lei)	Evolution 2019/2018 (%)
1.	Net sales of goods *	75.779.575	70.088.100	+ 8,12
2.	Other operating revenues	3.236.449	3.164.892	+ 2,26
3.	Total operating revenues	79.016.024	73.252.992	+ 7,87
4.	Total operating costs *	79.526.169	73.058.162	+ 8,86
5.	Operating result	-510.145	194.830	-361,85
6.	Financial result	2.216.660	2.067.926	+ 7,2
7.	Gross result (profit)	1.706.515	2.262.756	- 24,59

* Including commercial discounts granted/received

The depreciation of the operating result and, implicitly, of the gross result, despite the increase of sales, is based on two factors:

- Increase of salary costs
- The reduction by 0,73 pp of the gross margin obtained from the sale of goods.
- The operating result is influenced in the sense of the decrease and due to the cost resulting from unloading of the sold assets, because in 2018 the cost related to the sale of assets was 13% of the sale price, and in 2019 of 39%

The financial result is based almost exclusively on collected dividends.

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

- collected rents – 37,68 % from “other operating revenues”
- marketing services – 13,64 %
- sales of assets – 45,63 %
- other revenues – 3,05 %

Farmaceutica REMEDIA S.A. –Unconsolidated
financial statements concluded on 30.09.2019

NOTA 4 ECONOMIC-FINANCIAL INDICATORS

LIQUIDITY AND WORKING CAPITAL	30.09.2019
Current liquidity (Current assets / Current debts)	1,28
Current assets	28.143.262
Current debts	22.022.595
Degree of indebtedness (Borrowed capital / Equity x 100)	0,00%
Borrowed capital	0
Equity	42.146.775
Turnover speed for client debit items (Average customer balance /turnover *90)	43 zile
Average customer balance	12.422.593
Net turnover	77.442.112
Turnover speed of stocks (average stock balance/cogs)*90	62 zile
Average stock balance	13.837.715
Net COGS	59.854.302

Notes:

1) **Current liquidity** – 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 cash availability. The indicator evolved positively as compared to the same period last year (1,2) as well as compared to June 2019 (1,15).

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

3) **Turnover speed for client debit items** expresses company effectiveness in collecting its receivables, respectively the number of days until the date on which debtors pay their debts to the company. Considering the dynamics of sales and the specific of collecting receivables in the distribution of drugs, we believe that the value of 43 days is a normal one under the circumstances. (46 days on 30.09.2018 and 43 days on 30.06.2019)

4) The value of the **Days on hand** indicator (62 days) can be considered as falling within the specifics of the activity, exceeding the limit imposed by the internal procedures of the company (45 days). The indicator regressed as compared with the same period last year (67 days) as well as compared to 30.06.2019 (66 days).

Farmaceutica REMEDIA S.A. –Unconsolidated
financial statements concluded on 30.09.2019

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

Farmaceutica REMEDIA S.A. –Unconsolidated financial statements concluded on 30.09.2019

NOTE 5 Reporting on activity segments

	WEST Region	CENTRE Region	BUCHARES T Region	SOUTH- EAST Region	Other sales	Other operation s	Rents for spaces/aut o	Provided services	TOTAL * 9 months 2019
Net turnover	37,275,045	10,683,370	20,464,577	7,637,598	160,454	0	1,219,226	1,007	77,441,277
Income from the sale of goods	37,071,635	10,626,787	20,333,094	7,587,605	160,454	0	0	0	75,779,575
Commercial discounts granted	0	0	0	0	0	0	0	0	0
Income from services provided and rents	203,410	56,583	131,483	49,993		0	1,219,226	1,007	1,661,702
Other operating income						1,574,748			43,747
OPERATING INCOME - TOTAL	37,275,045	10,683,370	20,464,577	7,637,598	160,454	1,574,748	1,219,226	1,007	79,016,025
Expenses with goods	29,221,000	8,211,576	16,435,795	5,919,524	66,407	0	0	0	59,854,302
Expenses regarding goods	29,735,506	8,353,924	16,739,087	6,019,405	168,668		0	0	61,034,590
Commercial discounts received	-532,506	-142,348	-303,292	-99,881	102,261	-	0	0	-1,180,288
Gross margin from sales of goods	7,850,635	2,415,211	3,897,299	1,668,088	94,047	0	0	0	15,925,273
Other operating costs	7,945,094	2,238,135	6,604,000	2,045,725	0	709,852	129,040	20	19,671,866
Direct costs	6,066,424	1,765,905	5,526,003	1,695,809	0	709,852	104,886	0	15,868,879
Logistics costs	0	0	0	0	0		0	0	0
Promotion costs	0	0	0	0	0		0	0	0

Farmaceutica REMEDIA S.A. –Unconsolidated financial statements concluded on 30.09.2019

Indirect costs	1,878,670	472,230	1,077,997	349,916	0	0	24,154	20	3,802,987
	37,166,09	10,449,71		7,965,24					79,526,16
OPERATING EXPENSES - TOTAL	4	1	23,039,795	9	66,407	709,852	129,040	20	8
Operating result	108,951	233,659	-2,575,218	-327,651	94,047	864,896	1,090,186	987	-150,143
Financial result									2,216,658
Gross result									-1,706,515
Profit tax									0
Net profit									1,706,515

* includes unallocated amounts

NOTE 6 CAPITALS CHANGES

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Share premiums	Retained earnings	Current result	Profit distribution	Own shares	TOTAL
Balance on 01.01.2019	10,921,209	1,622,910	15,898,760	11,224,939	757,485	-312,229	2,141,021	-109,859	-112,628	42,031,608
Profit transfer 2018 to retained earnings						2,031,162	-2,031,162			0
Profit distribution 2018 to dividends						1,591,347				-1,591,347
Profit distribution 2018 to other reserves				439,815		-439,815				0
Result 2019							1,706,515			1,706,515
Legal reserve 2019										0
Account closure 129 (legal reserve 2018)							-109,859	109,859		0
Outputs buildings + lands										0
Revaluation of buildings and lands										0
Deferred tax										0
Balance on 30.09.2019	10,921,209	1,622,910	15,898,760	11,664,754	757,485	-312,229	1,706,514	0	-112,628	42,146,775

Farmaceutica REMEDIA S.A. –Unconsolidated financial
statements concluded on 30.09.2019

NOTA 7 TREASURY FLOWS STATEMENT (RON)

unconsolidated

	2019 9 months
Cash flows from operating activities	
Collections from the sale of goods and from the provision of services	89,943,184
Other cash inflows	1,367,264
Payments to suppliers of goods and services	(73,062,171)
Payments to and on behalf of employees (incl. taxes on salaries)	(13,009,707)
Corporate tax payments	0
Payments to other taxes and fees	(2,659,692)
Paid interests	0
Collected interests (current account)	1,344
Other cash outflows	(2,558,908)
Total operating cash flow	21,316
Cash flow from investment activities	
Proceeds from the sale of long-term assets and financial investments	1,757,417
Collected interests (from deposits)	0
Collected dividends	2,204,905
Payments for the purchase of long-term assets	(177,195)
Total cash flow from investments	3,785,128
Cash flow from financing activities	
Used of Short-term loan withdrawals (incl. interests)	0
Net foreign exchange differences	9,494
Funding received from shareholders	0
Repayments of long-term loans, including interest	0
Payments to shareholders (dividends)	(1,544,220)
Payments of own shares	0
Total cash flow from financing	(1,534,726)
Total cash flow	2,271,718
Cash at the beginning of the period	2,573,340
Cash at the end of the period	4,845,058

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