

Pursuant to the Articles 22 and 23 of the Article of Association „GALENKA – FITOFARMACIJA“ a.d. (hereinafter referred to as: The Company), Articles 5 and 7 of the Rules of Procedure of the General Meeting, The Board of Directors, at its meeting held on June 24th 2020, made the following

DECISION

1. The Annual, 25th General Meeting of the Company is hereby **CONVENED**, to be held on July 24th, 2020 in the Company's headquarters in Zemun, Batajnički drum bb, starting at 1 pm.
2. The Board of Directors has established the following

DRAFT AGENDA

of the Annual General Meeting

1. Adoption of the minutes from the previous Annual General Meeting held on June 24th 2019
 2. Adoption of the Annual Report for 2019
 3. Adoption of the Board of Directors Report for 2019
 4. Making a decision on profit distribution for 2019
 5. Making a decision on amendments and modifications of the Company's Articles of Association
 6. Making a decision on appointment of members of the Board of Directors of the Company
 7. Making a decision on Changes to the Dividend Policy
 8. Selection of an independent auditor for 2020
3. The date July 14th 2020 is determined as the shareholders' day.
4. The shareholders or proxies of shareholders who own at least 2,640 shares on the shareholders' day have the right to personal participation in the work of The General Meeting.
5. An integral part of this decision is the Invitation to shareholders to the General Meeting, which will be published on the Company's website (www.fitofarmacija.rs), as well as on the websites of the Belgrade Stock Exchange, Serbian Business Registers Agency, Central Securities and the Securities Commission.
6. A three-member voting committee is appointed, comprising of:
1. Bozana Crepulja Radivojevic, president
 2. Danka Kolarevic, member
 3. Bojana Mitic, member
- The rights and obligations of the Commission are regulated in detail in the Rules of Procedure of the General Meeting
7. The Chief Corporate Affairs Officer is tasked with organizing and conducting the convening of the General Meeting.

Note: The minutes from the previous General Meeting, held on June 24th 2019, was published on June 27th 2019 on the Company's website (www.fitofarmacija.rs) in the section: For Investors / Corporate Governance / Shareholders meeting

Pursuant to Article 47 of the Articles of Association of „GALENKA - FITOFARMACIJA" a.d. (hereinafter referred to as: the Company), the Board of Directors at its meeting held on June 24th 2020 proposed to the General Meeting to make the following

DECISION

The Company's Annual Report for 2019 IS ADOPTED. The Report includes:

1. The Annual Financial Report for 2019
2. The Auditor's Report for 2019
3. The Annual Report of the Company's Operations for 2019
4. Statement of persons responsible for preparing the Annual Report
5. Decision of supervisors on the adoption of the Annual Report (note)
6. Decision on profit distribution or loss covering (note)

Annual Report for 2019 is public document and can be found on Company's website, Belgrade Stock Exchange's website and Securities Commission website.

Explanation

The Board of Directors at its meeting held on June 24th 2020 concluded that the Annual Report for 2019:

- is prepared in accordance with Article 50 of the Law on Capital Market ("Official Gazette of the Republic of Serbia", no. 31/2011, 112/2015 and 108/2016) and in accordance with the Rules on the content, form and manner of publication of annual, semi-annual and quarterly reports of public companies ("Official Gazette of the Republic of Serbia", no.14/2012, 5/2015 and 24/2017);
- is approved by the Board of Directors;
- is published within the legally set deadline at the Company's website;
- is submitted to the Securities Commission and the Belgrade Stock Exchange (BSE) within the legally set deadline,

and therefore suggested that the General Meeting makes the decision as set forth in disposition.

Note: The Company's Annual Report for 2019 was published at the Company's website in the section: *For Investors - Information - Annual / Six month Reports*.

Pursuant to Article 339 of the Law on Business Companies (Official Gazette 36/2011, 99/2011, 83/2014 and 5/2015) and Article 47 of the Articles of Association of „GALENKA - FITOFARMACIJA“ a.d. (hereinafter referred to as: The Company), on the meeting held on June 24th 2020, the Board of Directors proposes to the General Meeting to issue the following

D E C I S I O N

TO ACCEPT the Board of Director's Report for 2019, in accordance with the Appendix which is an integral part of this decision.

E x p l a n a t i o n

In line with the obligations stated in the Article 399 of the Law on Business Companies, the Board of Directors has prepared the Report for 2019

The submitted report particularly contains reports on accounting practice and Company's reporting practice, reports on compliance of the Company's business with the laws and other regulations, on the qualifications and independence of the Company's auditors.

The Board of Directors proposes to the General Meeting to decide as stated above.

Pursuant to Article 399 of the Law on Business Companies, and for the purpose of reporting to the shareholders at the regular Annual General Meeting, the Board of Directors of „GALENKA - FITOFARMACIJA“ a.d. (hereinafter referred to as: The Company) submits the

BOARD OF DIRECTORS REPORT FOR 2019

This report has been prepared on the basis of direct and indirect insights and analysis of all major aspects of the Company's business, which were performed by the Board of Directors during the reporting period. During the reporting year, the Board of Directors of the Company held four regular meetings and nine meetings in writing.

In accordance with the established practice, at each of the regular meetings of the Board of Directors, an obligatory item on the agenda was the Executive Directors' Report on current operations with interim financial statements for the previous period. Based on these statements, Board members had a continuous and detailed insight in the current operations of the Company.

The Board of Directors has also reviewed the regular Reports constituted and submitted for approval by the Audit Committee of the Company in accordance with its responsibilities: the implementation of accounting policies and risk management policies; application of accounting standards; evaluation of the content of financial statements of the Company; supervision over the work of the Internal Audit of the Company; implementation of the procedure of election of the independent auditor of the Company and evaluation of the audit procedure. Based on these reports, members of the Board of Directors had a continuous and detailed insight into the said aspects of Company operations.

The findings in this report have been finally formed also on the basis of the Company independent Auditor's report, PKF d.o.o., in which it is assessed that the individual and consolidated financial statements have been prepared in accordance with the accounting regulations of the Republic of Serbia and that they objectively present the state of assets and liabilities as of December 31st 2019.

1. Risk management and functioning of the system of internal controls

During the reporting period, the Internal Audit of the Company performed their duties in accordance with the adopted Work plan for 2019 and the general acts that regulate the domain of internal audit. The Audit Committee has reviewed, approved and submitted to the Board of Directors for adoption the reports on the engagement of internal audit, as well as reports on implementation of previously recommended measures of the internal audit. The Board of Directors has reviewed and approved the following:

- Annual internal audit report for 2018 at the meeting held on January 31st 2019;
- Internal audit report for the first quarter of 2019, at the meeting held on April 9th 2019;
- Internal audit report for second quarter of 2019, at the meeting held on July 10th 2019;
- Internal audit report for third quarter of 2019, at the meeting held on October 10th 2019;
- Internal audit report for fourth quarter of 2019, at the meeting held on January 27th 2020;
- Annual internal audit plan for 2020, at the meeting held on January 31st 2020.

During the reporting period, the Executive management prepared and submitted to the Audit Committee interim reports on risk management and functioning of the system of internal controls. These reports were approved by the Audit Committee and submitted to the Board of Directors for review and adoption. The Board of Directors has reviewed and approved the following:

- Annual Report on risk management and system of internal controls in 2018, at the meeting held on, January 31st 2019;
- Report on risk management and system of internal controls for the period January - June 2019, at the meeting held on July, 10th 2019;
- Report on risk management and system of internal controls for the period July - December 2019, at the meeting held on January, 27th 2020.

The Board of Directors finds that the Company adequately managed risks of its operations in the reporting period, keeping them at an acceptable level, and that it had a proactive attitude towards the upcoming events and changes in the business environment.

2. Accounting and financial reporting practice

Accounting policies which are being applied by the Company are described and disclosed in the notes, together with the financial statements.

The Board of Directors estimates that the Company's accounting policies have been established in accordance with the legislation of the Republic of Serbia, and that the Company's Annual and Six-month Reports are prepared and disclosed in accordance with legislation and internal Company's rules.

The Board of Directors has reviewed and approved:

- Company's individual and consolidated six-month financial statements for 2019, on a session held on August 14th 2019;
- Company's Annual financial statement for 2019, on a session held on April 29th 2020.

The Company's independent auditor, UHY d.o.o., Belgrade, has expressed its unreserved opinion in his report on Company's annual financial statement for 2019 (April 22nd 2020).

3. Company's compliance with Laws and other regulations

The Board of Directors estimates that the Company's business is in compliance with Laws and other regulations and that the established internal control mechanisms are efficient and effective.

During 2019, the Corporate Governance Code was improved by adding provisions related to social issues and environmental protection, as well as by revising the existing provisions related to corporate governance. Also, during 2019, the Company's Code of Ethics was adopted and published on the Company's internal portal, which is made based on many years of business practice and ethical values that the Company nurtures.

As the Company's activity is of high risk, the Company pays special attention to safety at work, health and environmental protection.

During 2019, the Board of Directors did not identify any cases of Company's non-compliance with the laws and other regulations.

4. Qualification and independence of the Company's auditor with respect to the Company

By the decision of the Annual General Meeting from June 24th 2019, the Company has contracted UHY d.o.o. from Belgrade, to audit its financial statements for the year of 2019.

UHY d.o.o. (originally EKI Revizija d.o.o) was founded in 2000 by the Institute of Economic Sciences in Belgrade. In 2012, it became a member of UHY Internacional, a global network of independent accounting and consulting firms, providing audit, accounting, and tax and business consulting services.

UHY d.o.o. is an independent legal entity with respect to the Company. During 2019, UHY d.o.o. did not provide other services to the Company.

5. Contracts concluded between the Company and the directors, as well as related parties

In 2019, the Company did not conclude transactions of personal interest with the directors and related parties.

Pursuant to Article 270 of the Law on Business Companies and Article 12, 13, 15 and 47 of the Articles of Association of „GALENKA - FITOFARMACIJA" a.d. (hereinafter referred to as: the Company), the Board of Directors at its meeting held on June 24th 2020 proposed to the General Meeting to make the following

DECISION
on the distribution of profits for 2019

The distribution of profits for 2019 is hereby adopted as follows:

1. The gross profit for the current year amounted to 687.796.246,24 RSD.
2. Into mandatory reserves is distributed 12.241.110,00 RSD (in accordance with Article 13 of the Articles of Association).
3. The remaining amount of profit amounts to 675.555.136,24 RSD and this amount remains unallocated.

Explanation

After considering the Annual Report for 2019 as well as planned development and investment activities, the Board of Directors decided to propose to the General Meeting of Shareholders to distribute the profits from 2019 in the manner as shown in the disposition.

Pursuant to Article 13 of the Articles of Association, mandatory reserves make 5% of net profit from the current year, until the value of this reserves reaches at least 10% of the fixed capital. By allocation of the amount from the disposition of this decision, the value of these reserves is 10% of the value of fixed capital of the Company.

According to the distribution of profits for 2019, the capital of the Company will look like in the table below:

FIXED ASSETS ON JANUARY 1 st 2020	3,511,200,000.00
<i>Mandatory reserves on December 31st 2019</i>	<i>338,878,890.00</i>
<i>Increase of mandatory reserves based on the distribution of profit in 2019</i>	<i>12,241,110.00</i>
MANDATORY RESERVES ON JANUARY 1 st 2020	351,120,000.00
SPECIAL RESERVES FOR DEVELOPMENTAL PURPOSES	500,000,000.00
SPECIAL RESERVES FOR BUY-OFF OF OWN SHARES	158,000,000.00
REVALUATION RESERVES	23,072,600.00
UNREALIZED LOSSES FOR SECURITIES	1,837.44
<i>Undistributed profits from earlier years</i>	<i>2,829,220,085.46</i>
<i>Undistributed profits from the current year</i>	<i>675,555,136.24</i>
UNDISTRIBUTED PROFITS	3,504,775,221.70
TOTAL CAPITAL	8,048,165,984.26

Pursuant to Article 47 of the Articles of Association of „GALENKA - FITOFARMACIJA" a.d. (hereinafter referred to as: the Company), the Board of Directors at its meeting held on June 24th 2020 proposed to the General Meeting to make the following

DECISION
ON AMENDMENTS AND MODIFICATIONS TO THE ARTICLES OF ASSOCIATION
OF THE COMPANY

I The Article of Association of "GALENKA- FITOFARMACIJA " a.d. Belgrade, dated June 24th, 2016, is amended in Articles 35, 36, 48 and 55, now reads as follows:

Article 35

The director can be any business capable person with relevant professional experience.

The director cannot be a person:

- 1) who is a director or a member of the supervisory board in more than five companies;
- 2) who has been convicted of a criminal act against the economy, over a period of five years, counting from the day of final judgement, but during that period does not count the time spent serving the prison sentence;
- 3) who has been issued a security measure, prohibiting the performing of an activity that represents the predominant activity of the company for the duration of that prohibition.

Article 36

The Company has five directors, who constitute the Board of Directors of the Company.

Three members of the Board of Directors are non-executive, one of which is independent of the Company (independent director).

Two members of the Board of Directors are executive directors, one of which is the General Director of the Company.

Article 48

The Directors elect one of the non-executive directors for the President of the Board and one for the Deputy President of the Board.

The President of the Board of Directors convenes and chairs the meetings of the Board, proposes the agenda and has the responsibility to keep minutes of the meetings of the Board.

The Board of Directors may dismiss and elect a new President of the Board at any time without giving any reason.

In the case of the absence of the President of the Board, each of the directors may convene the meeting, and by a majority of votes of the directors present, one of the directors, who must be a non-executive director, is elected as chairman at the beginning of the meeting.

The President of the Board of Directors represents the Company in relation to the executive directors in the manner determined by the decision of the General meeting or by unanimous decision of the non-executive directors.

The President of the Board of Directors shall be registered in accordance with the Registration Law.

In the event that the President of the Board of Directors is prevented, the Deputy President of the Board of Directors is authorized to assume the rights, obligations and responsibilities of the President of the Board of Directors.

Article 55

I Authorization and jurisdiction of the General Director of the Company:

- 1) Representing the Company, without restriction;
- 2) Organizing the business operations of the Company, coordinating the work of the executive directors and other members of management;
- 3) Leading the preparation of financial and operating reports established by the Board of Directors;
- 4) Concluding the Collective Agreement and passing general acts of the Company which are of the labor legal nature;
- 5) Deciding on individual rights and obligations of employees of the Company;
- 6) Proposing general and individual acts from the jurisdiction of the Board of Directors;
- 7) Deciding on material expenses within the adopted annual financial plan and investment plan;
- 8) Deciding on investments whose value does not exceed 20% of the value of total capital;
- 9) Deciding on the extent of the Company's indebtedness and taking short-term loans if the extend of the Company's debt does not exceed 20% of the value of the total capital of the Company;
- 10) Implementing decisions of the Board of Directors and the General Meeting of Shareholders;
- 11) Conducting other activities in accordance with the special laws and Company's Regulations.

II The remain part of The Article of Association of "GALENIKA-FITOFARMACIJA" a.d. stays unchanged.

III The General Director of the Company is authorized to draft the revised text of the Company's Articles of Association and to carry out the registration procedure with the Business Registers Agency.

E x p l a n a t i o n

In order to organize operating business more efficiently, the Board of Directors has proposed amendments to the Articles of Association by which the number of members of the Board of Directors is reduced from seven to five, the institution of Deputy Chairman of the Board is introduced and the maximum amount of investment for which the General Manager can make a decision independently is increased, so it is proposed to the General Meeting of Shareholders to adopt these amendments.

Pursuant to Article 47 of the Articles of Association of „GALENKA - FITOFARMACIJA" a.d. (hereinafter referred to as: the Company), the Board of Directors at its meeting held on 24th 2020 proposed to the General Meeting to make the following

DECISION
ON THE APPOINTMENT OF DIRECTORS

I Appointed directors of "GALENKA- FITOFARMACIJA " a.d. Belgrade, for a period of four years, starting on July 24th,2020 are:

1. Dusan Mojsilovic, Kragujevac, (Personal No 0207960720036);
2. Nikola Mojsilovic, Kragujevac, (Personal No 0812992720020);
3. Mirjana Bogicevic, Belgrade, (Personal No 2704956719016);
4. Dragan Nenadovic, Belgrade, (Personal No 0901964710055),
5. Slavica Pekovic, Belgrade, (Personal No 2112969715163);

II The Directors constitute the Board of Directors

III Non-executive directors of the directors mentioned above are:

1. Dusan Mojsilovic;
2. Nikola Mojsilovic;
3. Mirjana Bogičević, a director and an independent director;

IV Executive directors of the directors mentioned above are:

1. Dragan Nenadovic;
2. Slavica Pekovic;

V At the constitutive meeting of the Board of Directors, the Directors shall appoint one of the non-executive directors as President of the Board and one as Deputy President of the Board of Directors of the Company.

VI Directors shall appoint one of the Executive Directors as the General Director of the Company at the constitutive meeting of the Board of Directors.

VII Executive Directors are legal representatives of the Company with the authority to represent the Company without restriction.

VIII The decision on the appointment of the Board of Directors and Executive Directors as legal representatives of the Company shall be entered in the Business Registers Agency for Business Registers in accordance with the Law.

IX The Constitutive meeting of the Board of Directors is convened and chaired by the oldest appointed director.

X The rights, obligations and responsibilities of each of the directors will be regulated in accordance with the adopted model of a special contract, in accordance with the Articles of Association of the Company and the Company's Compensation and Reward Policy.

XI General Director of the Company is authorized to sign special contracts with the members of the Board of Directors on behalf of the Company.

The President of the Board of Directors of the Company is hereby authorized to sign the contract with the General Director of the Company on behalf of the Company.

XII This Decision shall come into effect on the day of its adoption.

Explanation

Since the members of the Board of Directors expired four-year term to which they were appointed by the decision of the General Meeting of Shareholders of June 24, 2016, the Board of Directors proposes to the General Meeting to appoint new members for the same term.

Having in mind the successful business so far, the Board of Directors has proposed the composition of the new Board, in which the majority will be consisted of directors from the previous composition, with one member that should new.

Pursuant to Article 47 of the Articles of Association of „GALENKA - FITOFARMACIJA" a.d. (hereinafter referred to as: the Company), the Board of Directors at its meeting held on June 24th 2020 proposed to the General Meeting to make the following

DECISION

ON CHANGES TO THE DIVIDEND POLICY

I Dividend policy of "GALENKA-FITOFARMACIJA" a.d. Belgrade, as of January 19, 2012, is amended in the section " Proposal of Resolution on Disbursement of Dividends" now reads as follows:

„The Board of Directors proposes the manner of distribution of the profit realized in the previous year in accordance with the provisions of the Article of Association of the Company and the Law, at its session dedicated to consideration and approval of the Business Report for the preceding year.

The proposal of the resolution on disbursement of dividends may also make an integral part of the proposal from the previous paragraph.

When deciding whether to propose a dividend payment and in what amount, the Board of Directors considers the results of the ongoing operations of the Company, its liquidity, business plans and planned investment activities, as well as general economic circumstances.

The amount proposed by the Board of Directors for disbursement of dividends cannot exceed 20% of the realized net profit in the previous year, which remained for distribution after mandatory earmarking in accordance with the Law and the Article of Association”.

II The remain part of the provisions of the Dividend Policy stays unchanged.

III The General Director of the Company is authorized to draft the revised text of the Company's Dividend Policy.

E x p l a n a t i o n

Taking into account the development plans of the Company, the Board of Directors proposes to the General Meeting to change the existing Dividend Policy so that the dividend payment is limited to 20% of the realized profit in the previous year, instead of the current limit of 30%.

Pursuant to Article 47 of the Articles of Association of „GALENKA - FITOFARMACIJA" a.d. (hereinafter referred to as: the Company), the Board of Directors at its meeting held on June 24th 2020 proposed to the General Meeting to make the following

D E C I S I O N
on the selection of an independent auditor for the business year 2020

1. UHY REVIZIJA d.o.o. Belgrade, ID No.: 17082175, is selected for an independent auditor to perform audit work in the business year 2020
2. The Chief Executive Officer of the Company is authorized to conclude the Contract on the performance of an audit work, which will specify the mutual rights and obligations of the contractor with the selected auditor from this Decision.

E x p l a n a t i o n

The Board of Directors has considered the Audit Committee's proposal to choose UHY REVIZIJA d.o.o. from Belgrade as its independent auditor for business year 2020

The Audit Committee, in its proposal, has determined that the offer submitted by UHY REVIZIJA d.o.o. has met the most professional and economic demands established by the Company for external audit.

At the same time, UHY REVIZIJA d.o.o. meets legal requirements of professionalism and independence, which are required from an independent Auditor of the public corporation.

Based on the above, it has been decided as in the enacting terms.