

THE FORECASTING POLICY

The forecast is a method of research and knowledge of reality in order to predict a future action based upon rationality criteria.

The purpose of this policy is to create a framework at a general level to support the preparation and publication of forecasts and estimates used by the management in assessing the future performance.

The available information is structured in forecasting and budgeting models, generating a likely scenario for the company's performance and activity evolution on the short, medium and long run.

In order to comply with the requirements of the Corporate Governance Code of the Bucharest Stock Exchange, Antibiotice decided to adopt a policy regarding the forecasts.

Within the company, the forecasting tools perform several functions such as: the planning function, the control function, the function of ensuring profitability, liquidity, financial balance, and the optimal capital management.

According to the provisions of the Constitutive Act, the approval of the strategic objectives of the company, the approval of the management plan, as well as the approval of the revenue and expenditure budget are the competence of the GMS, while the establishment of the main directions of activity and development of the company are within the competence of the Management Board.

The forecast is presented as follows:

- ✓ The medium and long term strategic forecast refers to the competitive, technological and strategic aspects of the company management and involves a longer time horizon (administration plan, management plan);
- ✓ The short-term forecast consists of drawing up annual revenue and expenditure budgets.

The Management Plan is drawn up for the Management Boards' term of office, which includes the main strategies for the achievement of performance indicators and criteria.

Antibiotice SA Iasi has a business plan for a 4-year period and strategic guidelines for the additional 4-year period, which present the development

directions of the company.

The forecasts underlying these documents represent an estimate of the company's evolution at the time of the preparation thereof, based upon the conditions and substantiation data considered in the estimation of the indicators and upon the centralized data from the specialized departments within the company.

According to the provisions of the business plan (administration), the company prepares the income and expenditure budget annually, subject to the approval of the Management Board and the approval of the GMS according to the legal provisions.

The annual revenue and expenditure budget substantiates the level of the indicators according to the legal provisions applicable for that financial year and is accompanied by a forecast of the indicators for the two years to come.

The Income and Expenditure Budget as well as aspects regarding the priority directions of the investment program for the current year are published on the company's website, within the documents related to the GMS session in which the draft budget is submitted for approval.

The forecast of the indicators for the following two years following that for which the annual budget is being prepared shall be updated in accordance with the legislation in force at the time of drafting the budgets for these years.

All of these projections or estimates concerning the company's activity will be in line with the objectives and strategy set by the Management Board and will be based upon the most recent variables, available at the macro, sectoral and company level.

The executive management monthly monitors the budget execution for the current year in order to analyze the current performance compared to the current year's budget and implicitly to determine the degree of achievement of objectives and also to initiate actions if negative deviations occur.

Within this monitoring process, Antibiotice SA Iasi takes into account the financial results from the beginning of the financial year and the forecasts for the rest of the year.

The forecasting policy may be revised and/or updated whenever necessary, in compliance with applicable legal regulations or in the event of binding regulations or legal provisions on the subject matter of the policy.