

#### 1.4 Approval of achieving objectives and performance criteria for 2017 for the members of the Management Board

As a result of the financial statements of 2017, we submit the approval of the achievement of the **Objectives and performance criteria** of the members of the Management Board as follows:

Indicators of non-executive directors	Weighting degree	2017		Index	
		Planned	Achieved		
SALES INCOME (thousand lei)	0.15	340,188	336,905	0.990	0.15
GROSS PROFIT (thousand lei)	0.15	34,945	35,361	1.012	0.15
ARREARS (thousand lei)	0.25	0	0	1.000	0.25
TOTAL EXPENSES TO 1000 LEI REVENUE	0.15	899	899	1.000	0.15
Achievement of 3 social responsibility projects / year:	0.10	100%	100%	1.000	0.10
- "The School Orchard Project"		100%	100%		
- "Donate blood! Put soul for life!"		100%	100%		
- "Be generous, be Santa Claus!"		100%	100%		
Adapting the company's efficient development strategy	0.10	100%	100%	1.000	0.10
Monitoring of transparency and communication processes	0.10	100%	100%	1.000	0.10
TOTAL - MANAGEMENT BOARD					1.000

The achievement degree of the **Objectives and performance criteria** of the members of the Board for the financial year 2017 is 100%, the achievement degree fulfilled according to the Management Plan.

As a result of the financial statements of 2017, we submit the approval of the achievement of the Objectives and performance criteria of the Executive Director (General Manager) as follows:

INDICATORS OF EXECUTIVE DIRECTORS GENERAL MANAGER	Weighting degree	2017		Index	
		Planned	Achieved		
SALES INCOME (thousand lei)	0.15	340,188	336,905	0.990	0.15
GROSS PROFIT (thousand lei)	0.15	34,945	35,361	1.012	0.15
ARREARS (thousand lei)	0.25	0	0	1.000	0.25
TOTAL EXPENSES TO 1000 LEI REVENUE	0.15	899	899	1.000	0.15
Share of audits without critical observations	0.10	100%	90.9%	0.91	0.09
Achieving a level of customer satisfaction on the domestic market of at least 80%	0.10	80%	90.9%	1.14	0.11
The average number of hours of training continues on the employee	0.10	35	36.26	1.04	0.10
TOTAL – GENERAL MANAGER				1.008	

The achievement degree of the Objectives and performance criteria of the Executive Director (General Manager) for the financial year 2017 is 100.8% the achievement degree fulfilled according to the Management Plan.

It is subject to GMS approval to grant the variable indemnity to the members of the Board of Directors and to the executive director (general manager) for 2017 as approved by the OGM on 28.06.2017 by the Decision no. 2.

Deputy Chairman of the Board,  
General Manager,  
Ec. Ioan NANI

Economic Director,  
Ec. Paula COMAN

## THE ASSESSMENT OF THE ACTIVITY OF THE MANAGEMENT BOARD ACCORDING TO THE ADMINISTRATION PLAN FOR 2017

The Management Board of Antibiotice was elected in the OGAA dated 19.04.2016 when the mandate contracts for two non-executive members and one executive member were concluded; the other two members had the contracts concluded in 2014 and 2015 respectively. During the meeting on 28.06.2017 the objectives and criteria for performance and the level of remuneration were established according to the Ordinance no.109/2011.

During the year 2017 the Management Board gathered in 11 sessions when 66 decisions were adopted.

Upon the organization of the Management Board in the meeting of 19.04.2016 an administrator was elected among the non-executive members and three committees were set up as follows:

1. The Audit Committee: Mr. Ionut Iavor, Mr. Nicolae Stoian, Mrs. Elena Calitoiu.
2. The Nomination and Remuneration Committee: Mrs. Adela Neagoe, Mrs. Elena Calitoiu.
3. The Trade Policy Committee: Mr. Ionut Iavor, Mr. Nicolae Stoian.

The Audit Committee met during 5 meetings which had the following objectives:

- examining and verifying the fairness of the annual and interim consolidated financial statements of the Company and any other financial reports, before being forwarded to the Board for approval;
- analyzing and recommending to the Management Board the appointment, reappointment or revocation of external auditors;
- the periodic assessment of the external auditor's efficiency, independence and objectivity and monitoring of the relationship with the auditor;
- proposals for specific areas where additional audits may be required by the external auditor;
- analyzing and endorsing the tasks of the Internal Audit Bureau and monitoring the activity to ensure that it acts objectively and independently.

The Trade Policy Committee met during two sessions aiming at assessing the commercial activity upon the domestic and foreign markets.

The nomination and remuneration committee met in three meetings with the objective of observing the principles and criteria for remuneration, the assessment of the objectives and performance criteria for 2017.



In the Management Plan, the members of the Board stated the following:

- Antibiotice is the leading manufacturer of anti-infectious drugs in Romania with a portfolio of 140 products from 12 therapeutic classes, containing 100 active substances (International Nonproprietary Names - INN) - (MA valid on 01.01.2016).
- Antibiotice has 8 manufacturing lines for: injectable powders; penicillin capsules; penicillin and non-betalactamic capsules; cephalosporin capsules; tablets; ointments, creams, gels; suppositories; ovules; active substances obtained by biosynthesis.
- Antibiotice is a key manufacturer of anti-inflammatory, dermatological, digestive tract, cardiovascular system, oncological and central nervous system drugs.
- Antibiotice has internationally recognized certifications and authorizations: authorization by U.S.'s FDA for Nystatin and penicillin injectable products, the European Pharmacopoeia Compliance Certificate (CoS) for Nystatin, GMP (Good Manufacturing Practice Certificate) for all the manufacturing lines and the Integrated Management System.
- Antibiotice has a modern Research and Development Center.
- It is the sole Romanian company that produces active substances through biosynthesis processes.
- Antibiotice is prequalified and certified by the WHO for the manufacture of the range of essential anti-tuberculous drugs.

In order to fulfill the strategies for sustainability and development of the activity at Antibiotice, the Management Board through the 66 adopted decisions and the analyzes made by the committees established the achievement of the objectives at the operational level, as follows:

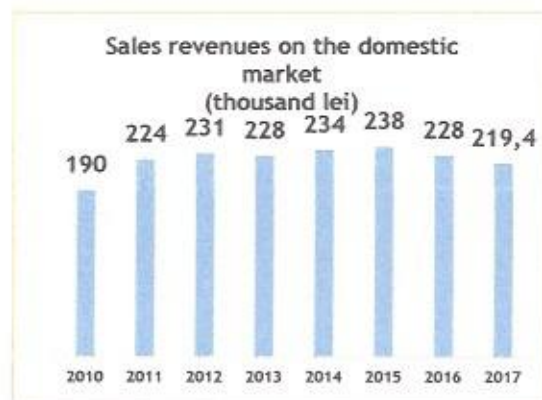
#### ***Performance on the domestic market***

During the year 2017, Antibiotice has achieved the following:

The consolidation of the leading position in the generic and OTC segment in Romanian hospitals (closed-circuit pharmacies, source: Cegedim 2017) with a market share of 17.43% (+4.02% compared to the value achieved in the similar period of 2016).

The 5.71% increase in sales in the retail segment (open-circuit pharmacies, higher than the increase during the year 2016 when the growth was 3.74%, source: Cegedim 2017).

The superior capitalization of the non-prescription drug portfolio (OTCs), which experienced a 26% increase compared to the same period in 2016, given the market increased by 18.8% over the same period of time;



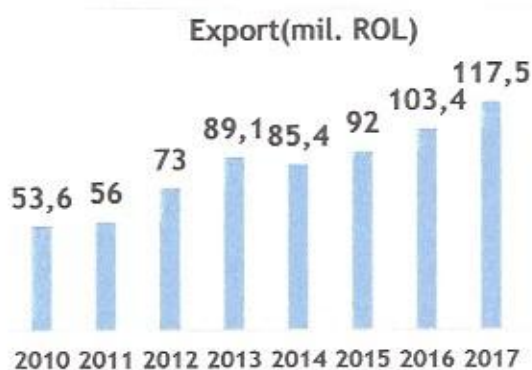
The strengthening of the leading position in the sale of injectable sterile powders on the anti-infective segment in hospitals (source: Cegedim 2017) - the increase of the market share from 72.1% in 2016 to 72.8% in 2017;

The maintaining of the leadership upon the suppository market both in terms of quantity (market share of 40.34% in 2017) and value (market share of 23.01% in 2017); source: Cegedim 2017;

The maintaining of the leading position upon the ointment market both in terms of quantity (market share of 27.03% in 2017) and value (market share of 12.3% in 2017); source: Cegedim 2017.

### *Active presence on the foreign market*

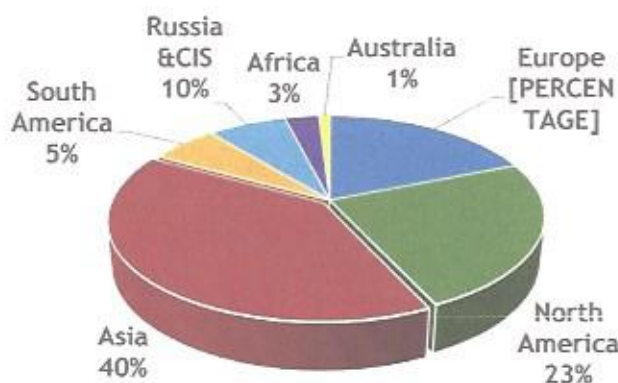
- Leading position in the worldwide production of Nystatin;
- 34.9% of sales represent exports (2017);
- 70 products for export;
- 120 partners in 76 countries worldwide;
- 6 finished injectable products delivered to the U.S. following the FDA approval.



In order to promote the business opportunities among the world manufacturers, Antibiotice also participated in 2017 with its own stand at the most important pharmaceutical fair, CPhI Worldwide,

### *Complex and diversified portfolio*

The Antibiotice portfolio is complex and it is structured primarily on the **systemic class of Anti-infective drugs**, of which the drugs for the treatment of tuberculosis are a special segment, the class of **Cardiovascular Medicines**, the **Dermatology class**, the **Central Nervous System diseases** and the products for the prophylaxis of certain diseases in the category of dietary supplements, dermato-cosmetics, medical devices and OTC medicines.



In 2017 the product portfolio includes:

- 157 (MAs valid from 31.12.2017) drugs for human use from 12 therapeutic areas
- Food supplements, cosmetics, medical devices
- veterinary medicines
- active substances (Nystatin)

37 drugs in the Antibiotice portfolio are **essential medicines**, according to the World Health Organization classification, that is, medicines that meet the health needs of the majority of the population and are used in the treatment of the most widespread diseases.



Thus, Antibiotice's portfolio is a strategic portfolio for supporting the health system, providing:

- 25 essential Anti-infective medicines for systemic use, both for the treatment of serious, multidrug-resistant and hospital infections as well as community infections. Of these, medicines for the treatment of tuberculosis, in the pharmaceutical forms and concentrations recommended by the World Health Organization (8 molecules on the WHO list of essential medicines, of which 2 for multi-drug resistant tuberculosis) should be mentioned;
- a range of drugs for non-communicable chronic diseases, mainly cardiovascular diseases and other diseases with increased incidence in Romania (10 molecules for the treatment of cardiovascular diseases with various concentrations, 5 drugs for digestive diseases, 7 molecules destined for the Central Nervous System diseases). The cardiovascular diseases are the leading cause of death in Romania, with 57% of all deaths recorded nationwide;
- a range of 19 topical molecules (ointments, creams, gels) that are recommendations in medical guidelines for psoriasis, osteoarthritis/osteoarthrosis, skin infections and other dermatological conditions. Among the topical molecules, an important category is the non-steroidal corticosteroids and anti-inflammatory drugs which, through the possibility of home treatment in diseases with a high medical, social and economic impact, have a favorable cost/benefit ratio, allowing the early recovery and reintroduction of patients in society, with benefits for the economic system;
- a range of 6 food supplements, proprietary blends of standardized extracts, vitamins and minerals to support a healthy lifestyle or the prophylaxis of diseases with increased incidence among adults;

#### ***Internationally certified quality***

The Quality Management System of SC Antibiotice observes the requirements of EU GMP, cGMP - U.S.A., ISO 9001/2008, as well as the requirements of other guidelines applicable to the pharmaceutical industry, corresponding to the pharmaceutical forms in the portfolio.

All the 8 manufacturing streams are GMP certified and they are periodically subject to recertification inspections by the National Regulatory Authority, NAMMD.

For Nystatin, the quality is supported by the FDA approval.

SC Antibiotice has the Integrated Management System (Quality, Environment, Occupational Health and Safety) certificate.

The main certification forms of the quality of the Antibiotice products:

- **Good Manufacturing Practice** for all 8 manufacturing lines
- **European Pharmacopoeia Compliance Certificate (COS)** and
- **Food and Drug Administration (FDA)** approval for Nystatin and for 8 penicillin injectable products

### ***The research, a perpetual concern***

The Research and Development Center has an interdisciplinary team of 110 specialists from all the fields involved in the drug development and testing: physicians, pharmacists, chemists and chemical engineers, biologists who carry out Pharmaceutical Development activities, Clinical Studies, Regulatory Affairs, Pharmaco-vigilance and Biotechnology Research activities.

38 new products that will receive marketing authorization between 2017-2020 are currently in various stages of research.

Within the Center for Drug Evaluation Center (CDE), the bioequivalence studies are conducted both for the Antibiotic products undergoing research as well as for external collaborators. Amongst the new projects launched in 2017 within the CDE, there is the initiation of clinical pharmacodynamics trials, in line with the European legislation and the Food and Drug Administration, to demonstrate the efficacy of dermatological products containing topical corticosteroids and antifungals.

The research-development activity of generic drugs at Antibiotic is geared towards those valuable molecules for the health of the patients that provide prospects for the consolidation of the Company's core portfolio (Anti-infective and topical medicines), as well as specialized therapeutic classes (cardiovascular drugs, Central Nervous System drugs). In order to support the goal of internationalization of the business, we constantly adapt the portfolio formulations to the registration requirements in other countries.

In 2017, 7 new marketing authorizations were obtained (Betahistin 8 mg and 16 mg tablets; Clobetazol cream; Zifex complex ovules; Caspofungin 50 mg and 70 mg powder; Tigecycline injectable;

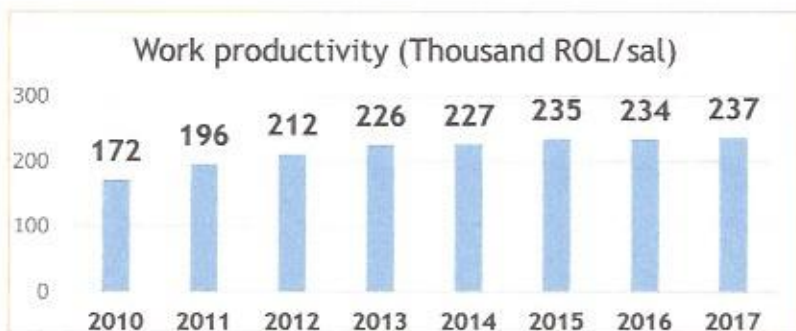
### ***An innovative and competitive spirit***

The Company's vision upon the human resources is to motivate each employee to believe and act in the spirit of collective innovation and performance. Our organizational culture encourages the proactivity, the exchange of ideas and solutions and the team spirit to self-indulge both individually and collectively.

For this purpose, SC Antibiotic implements a series of projects such as: the "Process Improvement System", the "Organizational Culture Orientation system", etc.

### ***A team of knowledge-oriented experts***

The staff is permanently motivated and encouraged to apply a career plan and to pursue professional training programs to improve skills and abilities, which has resulted in increased work productivity.





The Antibiotice employees have behaved responsibly and they are committed to others by developing social programs such as: “The Power of the Deed”, the “Science and Soul” Scholarships, “Fii Pro Natura! Pune Suflet!”, “Donate Blood, Save a Life!”



At the end of 2010, Antibiotice founded the “*Antibiotice - Science and Soul*” Foundation, through which it carries out charitable, humanitarian, educational as well as cultural projects.

### ***Antibiotice SA, a profitable company***

The investments in research, quality and the modernization of manufacturing technologies have made Antibiotice to be a profitable, dynamic and attractive company for investors. For three consecutive years SC Antibiotice has been included in Top 100 of the most valuable companies in Romania, made by “Ziarul Financiar”, based upon stock market capitalization.

SC Antibiotice shares are listed upon the Bucharest Stock Exchange, the Premium category, since April 1997. In the same year, the shares of the Company were included in the Bucharest Exchange Trading Index (BET).





Currently, on the BSE market, the Antibiotic shares are included in the BET-Plus and BET-BK index.

Traded under the ATB symbol, the Antibiotic shares are issued in dematerialized form and are freely transferable. The Register of the shareholders and shares of Antibiotic Iasi is maintained by the Depozitarul Central SA Bucuresti (Central Depository SA Bucharest).

Since the beginning of 2017 the ATB shares have increased by 3.5% after the completion of 5.664 transactions with a cumulative value of ROL 12 million. In 2017, the market value of the Company increased by 10.92% with a stock market capitalization at the end of this year of ROL 363 million.

#### Economic and Financial Indicators for 2010-2017

The main economic and financial indicators achieved during the period 2010 - 2017 are presented in the table below:

No.	Indicator	MU	2010	2011	2012	2013	2014	2015	2016	2017
1	Total sales revenue	Mil ROL	243,6	280,0	304,1	317,4	318,9	330	332,4	336,9
1.1	Domestic	Mil ROL	190,0	224,0	231,1	228,3	233,5	238	227,4	219,4
1.2	Export	Mil ROL	53,6	56,0	73,0	89,1	85,4	92	105	117,5
1.3	Export share in turnover	%	22,0	20,0	24,0	28,1	26,8	28	32	35
2	Gross profit	Mil ROL	18,5	26,3	32,5	34,7	37,4	32	34,9	35,4
3	Equities	Mil ROL	309,1	326,7	346,5	348,7	364,3	393	409	417
4	Total debt	Mil ROL	129,9	160,3	186,2	162,9	139,3	152	124	156
5	Total assets	Mil ROL	442,5	487,0	514,3	511,6	503,6	545	533	573
6	Level of indebtedness (Total Debt/Total Assets)	%	29,4	32,9	36,2	31,8	27,7	28	23	27
7	Liquidity (Total Assets/Total Debt)		3,4	3,0	2,8	3,1	3,6	4	4,3	3,7

8	Total expenses per ROL 1000 revenue		929,6	913,1	899,6	899,1	889,7	908	899	899
9	Labor Productivity (Sales Income/Employee Average Number)	Thousand ROL/sal	172	196	212	226	227	235	234	237
10	Taxes and duties, of which:	Mil ROL	35,0	37,0	44,0	60,6	80,2	61	79	76
10.1	- claw back tax	Mil ROL	0,6	3,1	15,6	15,1	25,4	26	22	29,2
11	Added value	Mil ROL	128,7	128,1	145,5	158,5	173,2	173	167	170
12	Profitability of Gross Profit (Gross Profit/Sales Income)	%	7,6	9,4	10,7	10,9	11,7	10	10	10,5

The objectives and performance criteria of the members of the Management Board were as follows:

INDICATORS	Degree of weighting	YEAR 2017		Index	
		Planned	Achieved		
SALES INCOME	0.15	340,188	336,905	0.990	0.15
GROSS PROFIT	0.15	34,945	35,361	1.012	0.15
ARREARS	0.25	0	0	1.000	0.25
TOTAL EXPENDITURE ON 1000 REVENUES	0.15	899	899	1.000	0.15
Achievement of 3 social responsibility projects/year:	0.10	100%	100%	1.000	0.10
- "School orchard project"		100%	100%		
- "Donate blood! Save a life!"		100%	100%		
- "Be generous! Be Santa Claus !"		100%	100%		
Adapting the company's efficient development strategy	0.10	100%	100%	1.000	0.10
Monitoring of transparency and communication processes	0.10	100%	100%	1.000	0.10
TOTAL MANAGEMENT BOARD					1.000

The objectives and performance criteria of the General Manager were as follows:

INDICATORS	Degree of weighting	YEAR 2017		Index	
		Planned	Achieved		
VENITURI DIN VANZARI	0.15	340,188	336,905	0.990	0.15
PROFIT BRUT	0.15	34,945	35,361	1.012	0.15
ARIERATE	0.25	0	0	1.000	0.25



CHELT.TOTALE LA 1000 VENITURI	0.15	899	899	1.000	0.15
Share of audits without critical observations	0.10	100%	90.9%	0.91	0.09
Achieving a level of customer satisfaction upon the domestic market of at least 80%	0.10	80%	90.9%	1.14	0.11
The average number of hours of constant training per employee	0.10	35	36.26	1.04	0.10
TOTAL GENERAL MANAGER					1.008

The Management Board and General Manager of Antibiotice SA Iasi have fulfilled the objectives and performance criteria according to the mandate contracts for the financial year 2017 so that they are entitled according to the approval of the Ordinary General Meeting of the Shareholders of June 28, 2017 through the decision No. 2 to collect the full variable indemnity.

**PRESIDENT OF THE MANAGEMENT BOARD**  
**Legal Adviser IONUT IAVOR**