

S.C. ANTIBIOTICE S.A. Iași



# Management Plan 2016 – 2020



Iași, 2018

# Contents

|   |    |
|---|----|
| <b>1. Institutional framework and evolution of Antibiotice SA Iași</b><br>.....   | 2  |
| 1.1. Legal framework .....  | 2  |
| 1.2. Corporate Governance System in the trading company Antibiotice Iasi<br>.....   | 2  |
| 1.3. Historical landmarks.....  | 5  |
| 1.4. Where we are .....   | 7  |
| 1.5. Patrimony administered and assessment of administrators with<br>respect to the Comapny's current commercial value                  | 12 |
| 1.6. Economic & financial indicators for the period 2010 – 2017 .....   | 14 |
| <b>2. Balanced and sustainable business development in the<br/>context of the specific activity object.....</b>                         | 15 |
| 2.1. Formulation Principles of the Management Plan of the trading company<br>Antibiotice SA Iași for the period 2018 – 2020<br>.....    | 15 |
| 2.2. SWOT analysis .....  | 16 |
| <b>3. Mission, vision and value system.....</b>   | 19 |
| <b>4. Strategic development goals and strategic market<br/>positioning of the company by 2020 .....</b>                                 | 20 |
| <b>5. Strategic development directions for the period 2016 – 2020</b><br>.....  | 22 |
| 5.1. Developing the international business component.....   | 22 |
| 5.2. Ensuring a sustainable and marketable portofolio sustenabil by<br>increasing the degree of innovation<br>.....                     | 23 |
| 5.3. Optimizing the operating costs and increasing the operating efficiency<br>.....  | 26 |
| 5.4. Motivating human resources and providing them with the necessary<br>skills to achieve the strategic objectives .....               | 26 |
| 5.5. Quality management for meeting the legal, national and international<br>requirements specific for the pharmaceutical industry..... | 27 |
| <b>6. Main economic &amp; financial indicators for 2016 – 2020</b><br>.....   | 28 |
| <b>7. Principles on dividend payments and estimates on other<br/>payments to be directed to the State</b>                               | 29 |

---

# **1. Institutional framework and evolution of SC Antibiotice SA Iași**

---

## **1.1. Legal framework**

The trading company Antibiotice SA Iași is a joint-stock company, with a majority state-owned capital, operating in accordance with the legislation in force:

- Decision of the Council of Ministers no.2980/1952, on the establishment of the Antibiotice Factory Iași;
- Government Decision no. 1200/1990, on the establishment of the trading company Antibiotice S.A. Iași;
- Law no. 31/1990, on the trading companies;
- Government Emergency Ordinance no. 109/2011, on the corporate governance of public enterprises;
- Articles of Association, drawn up in accordance with the provisions of Law no. 31/1990 and GEO no. 109/2011;
- Law no. 297/2004 on the capital market;
- Corporate Governance Code of Antibiotice Annex 1; Regulation of the Management Board, Annex 2; Assessment Regulation drawn up in accordance with the provisions of Law no. 297/2004 and with the recommendations of the Bucharest Stock Exchange.

## **1.2 Corporate Governance System of the trading company Antibiotice Iasi**

The corporate governance system of Antibiotice SA is in accordance with the provisions of Law 24/2017 on issuers of financial instruments and market operations, Law no. 31/1990 republished, with all subsequent amendments, CNMV Regulation no. 6/2009, Law no. 111/2016 for approving the Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises , BVB Code, the Corporate Governance Code of the BVB as well as the provisions of the Company's Articles of Association.

The corporate governance system of Antibiotice SA is based on:

- Management Board
- Advisory Committees
- Executive Management
- Code of Ethics
- Corporate Governance Code

Antibiotice is administered by a Management Board responsible for fulfilling all the tasks necessary to achieve the company's object of activity, except those provided by law for the General Meeting of Shareholders. There is a clear division of responsibilities between the Management Board and Executive Management.

The Management Board aims as its own decisions, those of the company's management and of the General Meeting of Shareholders as well as the internal regulations to be compliant with the legal requirements and properly implemented. The Board is responsible for monitoring the company's management on behalf of the shareholders.

The duties of the Management Board are described in the company's Articles of Association and in the relevant internal regulations available on the company's website under the Corporate Governance section.

Those five members of the Management Board guarantees the efficiency of the ability to supervise, analyze and evaluate the activity of the directors as well as the fair treatment of the shareholders.

Management Board is organized into working committees which are tasked with conducting activities and drafting recommendations to the Board in areas such as auditing, remuneration of administrators and directors, other activities deemed necessary by the Board.

The specialized advisory committees within the Board of Directors are:

- *Audit Committee;*
- *Nomination and Remuneration Committee;*
- *Trade Policy Committee.*

The Advisory Committees conducted investigations, analyses and elaborated recommendations for the Management Board in the specific areas and periodically submitted to the Board reports on their activities.

Antibiotice is represented by the General Manager, according to the prerogatives established by the law and by the company's Articles of Association. The Management Board represents the company in relationship with the appointed directors.

The executive management of Antibiotice is ensured by ten directors, one of whom is the General Manager and also the Vice President of the Board and nine specialty executives.

## **Code of Ethics**

The Code of Ethics of Antibiotice SA presents the ethical standards of conduct that establish and regulate the corporate values, business responsibilities and obligations of the organization and how it works.

The Code of Ethics provides rules in key areas relating to employees, human rights, environmental management, social responsibility and corporate governance and contains guidelines that help the company pursue its values.

The Code is a set of rules under which the company has developed, rules of ethical behavior in business and how to prevent illegal actions that might arise during the course of business affairs within the company. The Code is binding and applies to all structures and activities of the company.

The Code of Ethics is a fundamental commitment of our company to do its best in order to comply with high ethical standards and applicable legal requirements wherever it operates.

## **Code of Corporate Governance**

The Code of Corporate Governance of Antibiotice SA embraced the principles and recommendations of the BVB and represents the tool through which Antibiotice implements these principles and recommendations by observing the rules of corporate governance.

The aim of the Corporate Governance Code is to create the framework for establishing strong relationships with the shareholders and other holders of interests, as well as an effective and transparent, trust-based communication.

The Corporate Governance Code of Antibiotice SA is divided into four chapters:

Chapter I - Responsibilities of the Management Board

Chapter II - Risk Management and Internal Control System

Chapter III - Fair reward and motivation

Chapter IV - Investor relations

It also has two annexes:

Annex I - Management Board's Rules of Procedure

Annex II - Guidelines for assessing the Antibiotice's administrators

## **Rights of financial instruments holders**

The adopted and applied Corporate Governance Framework:

- protects the shareholders' rights;
- ensures the fair treatment of all shareholders;
- recognizes the role of third parties with interests in the company;
- guarantees the information and transparency;
- assures the Management Board's responsibility towards the company and shareholders.

The company provides all interested parties with regular and annual financial statements drafted in accordance with the legislation in force. The company meets also all the publishing requirements in accordance with the legislation for the trading companies and capital market.

## **General Meeting of Shareholders**

The General Meeting of Shareholders (GMS) represents the highest decision-making body of the company, where the shareholders participate directly and make decisions. Among other attributions, GMS decides the distribution of profit, elects the Management Board, appoints the auditors and set the remuneration for the members of the Management Board.

The General Meeting of Shareholders (GMS) approved the financial audit contract concluded with the Accountancy, Expertise and Accounting Consultancy Company - SOCECC Ltd. Bucharest, external financial auditor, for a three-year period;

## 1.3. Historical landmarks

### 1955

- Antibiotice starts its activity, producing *penicillin* for the first time in Romania and South-East Europe.
- Until 1990, our company produced predominantly active ingredients and sterile products for parenteral use (injectables), ointments and suppositories.

### 1990

- Antibiotice becomes a joint-stock company and takes over the patrimony of the former Antibiotice Enterprise Iasi (according to GD no. 1200 of November 12, 1990).

### 1992

- Antibiotice manufactures the first medicines in the form of tablets.

### 1993

- Ampicillin 250 mg and Oxacillin 250 mg are the first medicinal products in form of capsules manufactured by Antibiotice, on the penicillin manufacturing flow.

### 1997

- Since April 14, Antibiotice shares (ATB symbol) have been quoted at the first category of the Bucharest Stock Exchange; Antibiotice becomes a joint-stock company.
- SC Antibiotice SA implements a quality assurance system that involves the strict control of the manufacturing processes.

### 1999

- SC Antibiotice SA becomes the first manufacturer of medicines in Romania which obtains the good manufacturing practice (GMP) certificate for the manufacturing line for powders for injectable drugs and for finished oral products dosaged as capsules.

### 2000 - 2004

- Ample investment process (over 30 million EUR) for upgrading and purchasing modern and competitive equipment.
- The product Nystatin (active ingredient) obtains the FDA approval ( Food and Drug Agency in the US) which eventually propels the company as a world leader in the production of Nystatin (2002).

### 2005

- The new corporate brand identity is launched to mark at the image and communication level the development and positive changes of the company, its modern character, the brand mission and values.

### 2006

- Antibiotice heavily invests in the research & development of new products. Center of Drug Evaluation starts its activity which involves phase I clinical trials and bioequivalence studies, including for the third parties.

## **2007**

- Our Company obtains the Certification of the Integrated Management System (quality, environment, labour health and safety) according to the requirements of the standards EN ISO9001:2008, EN ISO 14001:2004 and OHSAS 18001:2007.
- Antibiotice enters the cardiovasculars market.

## **2010**

- Antibiotice delivers the first finished products in the US market . Until 2010, our company was present in this market, only with active ingredients.

## **2011**

- The FDA approval is obtained for another finished product for injection in two doses, which allows expanding the export for these injectable penicillin products in the US market.
- Antibiotice launches the first Central Nervous System (CNS) products.

## **2012**

- Antibiotice enters the oncological market and becomes the first European company prequalified by World Health Organization for the range of anti-tuberculosis drugs.
- Antibiotice SA increases its capacity to manufacture oral solid forms up to 400 million of tablets/year.

## **2013**

- Antibiotice is FDA reapproved and GMP recertified for the manufacturing flows of sterile injectable powders and for the manufacturing flow of Nystatin.
- Antibiotice ranks first in the world production of Nystatin API.
- The first export of Nafcillin in the American market is recorded.
- Antibiotice opens an international representation at Chişinău, Republic of Moldova.

## **2014 - 2015**

- Antibiotice exports in the US market Ampicillin 250 mg, 500 mg, 1 g and 2 g, powder for solution for injection/infusion and Nafcillin 1 g and 2 g, powder for solution for injection/infusion. During 2015, the development of the international market was supported by the completion of the authorization procedure in the US market for Ampicillin and Sulbactam 1,5 g și 3 g, powder for solution for injection/infusion.

Antibiotice extends its businesses in the Republic of Serbia through its partner, ATB Pharma which represents the company in the commercial relations.

- Authorization process on the foreign markets continues, our company obtaining 12 new marketing authorizations in five countries in Europe, Asia, Africa. Our company consolidates its businesses by reauthorizing 10 products.
- The European (decentralized) procedure that allows simultaneous authorization in several EU countries is completed for Zatinex (duloxetine) 30 mg and 60 mg, capsules (medicine for the treatment of depression and neuropathic pain).

## **2016**

- The international representation in Vietnam is opened.

- The international expansion of the business continues by obtaining 25 new marketing authorizations in 6 countries in Europe, Asia and Africa and 2 decentralized European procedures (DCP) for simultaneous authorization in EU countries are initiated.

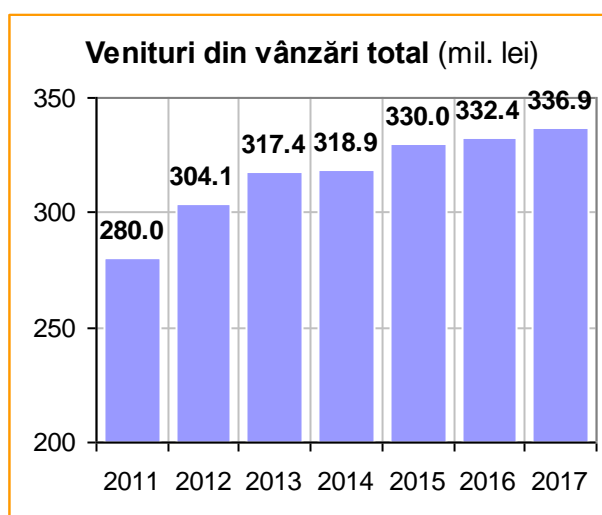
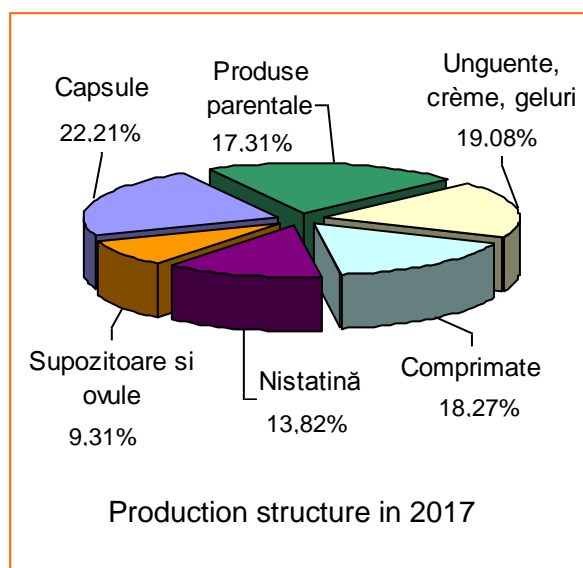
## 2017

- Antibiotice doubles its sales volume in the US market, the world's most important market both in value and quantity terms;
- Nystatin API produced by Antibiotice becomes a reference standard to the American Pharmacopoeia.

## 1.4. Where we are

Currently, Antibiotice ...

- is the main manufacturer of anti-infective medicines in Romania;
- has a portfolio of 157 products in 12 therapeutic classes, containing 100 active ingredients (International Non-Proprietary Names – INN) - (MAS valid at 31.12.2017);
- has 8 manufacturing flows producing: penicillin injectable powders, non-beta-lactam capsules, cephalosporin capsules, tablets, ointments, creams, gels, suppositories, pessaries, active ingredients obtained by biosynthesis;
- is an important manufacturer of cardiovasculars, dermatologicals, non-steroidal anti-inflammatory medicines, central nervous system medicines;
- has internationally recognized certifications and authorizations: US FDA authorization for Nystatin and penicillin products for injection, Certificate of Suitability (CoS) with the European Pharmacopoeia for Nystatin, Good Manufacturing Practice (GMP) certificate for all the manufacturing flows, Integrated Management System;
- has a modern Research & Development Center;
- is the only Romanian company that manufactures active ingredients by biosynthesis processes;
- Precalificați OMS și certificate prequalified and has WHO certifications for the range of essential anti-tuberculosis drugs;
- has 1,420 employees.





## Internal market performance

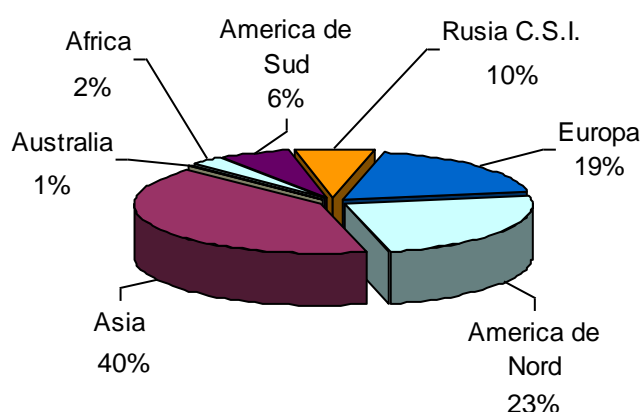
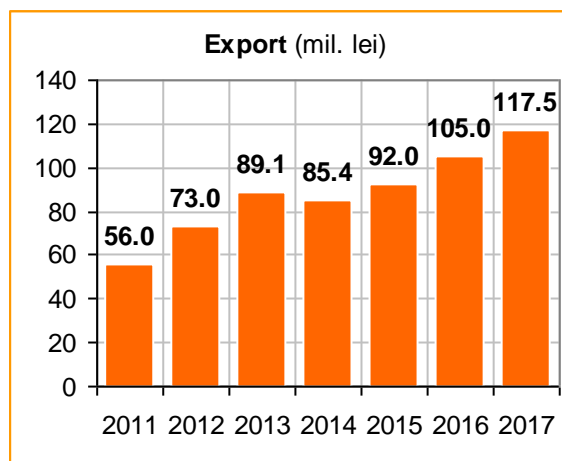
In 2017, Antibiotice :

- strengthened its leadership position in the segment of generic medicines in the Romanian hospitals (closed circuit pharmacies; source: Cegedim 2017) with a 17.43% market share ;
- increased its sales by 5,71% on the retail segment (open- circuit pharmacies; source: Cegedim 2017)
- sold under the most advantageous conditions the OTC portfolio which recorded a 26% increase as compared to 2016 while the market grew by 18.8% in the same period;
- strengthened its leadership position in selling the sterile injectable powders in the segment of antiinfectives in hospitals (source: Cegedim 2017) – value market share of 70.7% în 2017;
- maintained its leading position in the market of suppositories, both in terms of quantity (40.34% market share în 2017) and in terms of value (23.01% market share in 2017);
- maintained its leading position in the market of ointments in terms of quantity ( 27.03% market share în 2017)

## Active presence in the external market

- leader in the world production of Nystatin;
- 35% of the turnover is represented by the export (2017);
- 70 products exported;
- 120 business partners 60 countries around the world;
- 6 finished products for injection delivered in the US, following the FDA approval;
- In 2017, the turnover obtained from the sale of Nystatin API and medicines in the external markets represented 35% of the company's turnover.

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



**Geographical breakdown of exports in 2017**

**Antibiotice SA, a performance company** characterized by:

- **A complex and diversified portfolio**

The Antibiotice portfolio is complex, being structured on the following classes: **antiinfectives for systemic use** (including the medicines for treating the tuberculosis); **cardiovascular medicines; preparations for dermatology, medicines for the central nervous system, products for self-medication** (prophylactics, adjuvants in certain diseases with increased incidence, maintenance of health - from the category of food supplements, dermatocosmetics, medical devices and OTC medicines).

In 2017 the product portfolio included:

- 157 (MAs valid at 01.12.2017) medicines of human use from 12 therapeutic areas
- food supplements, cosmetics, medical devices
- active ingredients (Nystatin)

37 medicines from the Antibiotice portfolio are essential medicines according to the World Health Organization classification, i.e. medicines that meet the health needs of the majority of the population, being used in the treatment of the most widespread diseases.

- **Internationally certified quality**

The Quality Management System within Antibiotice meets the EU GMP, cGMP – SUA, ISO 9001/2008 requirements as well as the requirements of the other guides applicable to the pharmaceutical industry, corresponding to the pharmaceutical forms in the portfolio.

The main forms of quality certification of Antibiotice products:

- **Good Manufacturing Practice** for all the 8 manufacturing flows,
- **Certificate of Suitability with the European Pharmacopoeia** (COS) and
- **Food and Drug Administration** (FDA) approval for Nystatin and 8 penicillin products for injection.

All the 8 manufacturing flows are GMP certified, being periodically recertified by the National Agency for Medicines and Medical Devices (NAMMD)

Quality of Nystatin is confirmed by the FDA approval.

The integrated Management System (Quality, Environment, Occupational Health and Safety) of Antibiotice is certified.

- **Research, a continuous concern**

The Research and Development Center has an interdisciplinary team of 110 specialists from all the fields involved in development and testing the medicinal product: doctors, pharmacists, chemists and chemical engineers, biologists, who carry out activities of Pharmaceutical Development, Clinical Studies, Regulatory Affairs, Pharmacovigilance, Biotechnological Research.

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

The Center for Drug Evaluation (CDE) conducts bioequivalence studies both for the Antibiotice products in research and for external collaborators. Among the projects started in 2017 by the CDE, we can enumerate the initiation of the clinical pharmacodynamic studies in accordance with the European legislation and FDA rules. These studies are necessary to demonstrate the efficacy of dermatological products containing topical corticosteroids and antifungals.

In 2017, 7 new Marketing Authorizations were obtained (Betahistina 8 mg and 16 mg tablets; Clobetazol cream; Zifex complex pessaries; Caspofungin 50 mg and 70 mg powder ; Tigeciclina for injection

Research and development of Antibiotice medicines is oriented towards those molecules valuable for the patients' health, which provide prospects for consolidating the company' core portfolio (antiinfective and topical medicines) but also towards specialized therapeutic classes (cardiovasculars and CNS medicines). To support the goal of

internationalization of the business, formulas of the medicines from the portfolio are permanently adapted to the registration requirements in other countries.

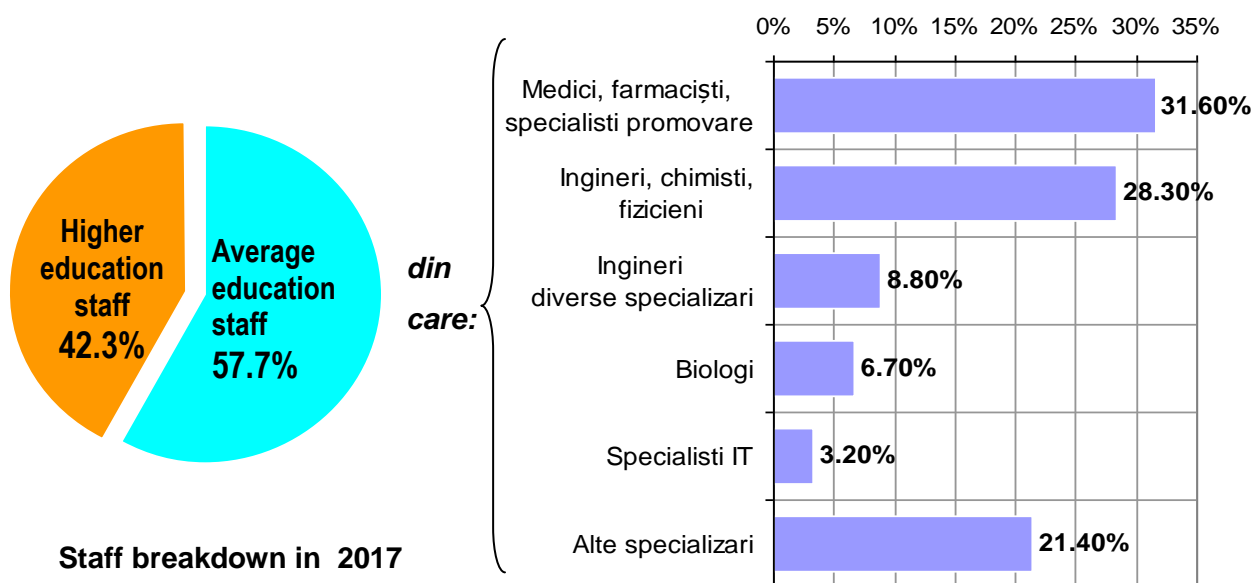
**- Innovative and competitive spirit**

The company's vision as regards the human resource is to motivate every employee to believe and act in the spirit of innovation and collective performance. Our organizational culture encourages proactivity, the exchange of ideas and solutions, and team spirit to be better individually and collectively.

In this purpose, Antibiotice implements a series of projects, such as: Process Improvement System, Organizational culture orientation system etc.

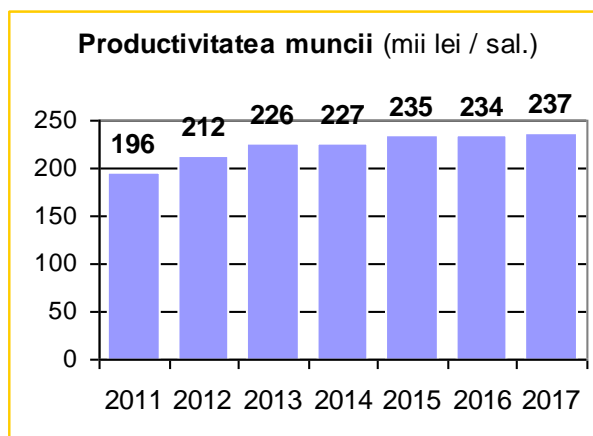
**- A team of knowledge-oriented experts**

Our staff is continuously motivated and encouraged to apply for a career and attend training programs, to improve the skills and abilities, which has resulted in an increase in labor productivity.



Antibiotice's employees behave responsibly, being committed to others by developing social programs such as: Power of Deed!, "Science and Soul" Scholarships, Be Pro Nature! Put Soul!", "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 and cultural projects.

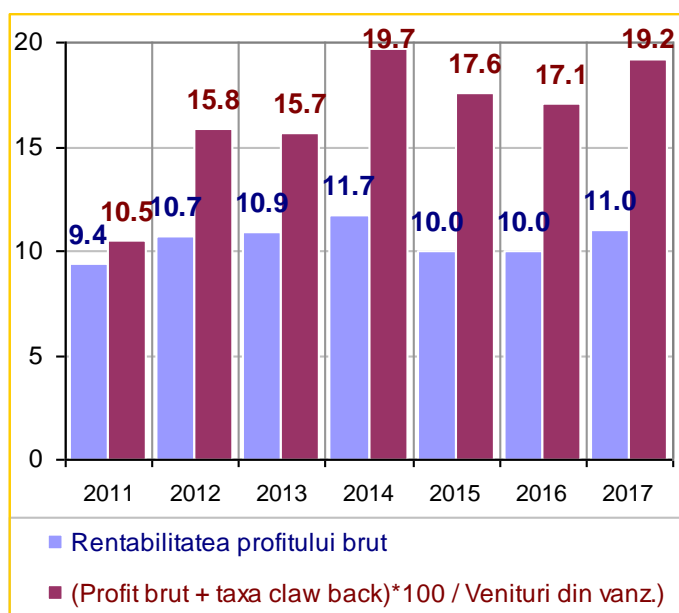
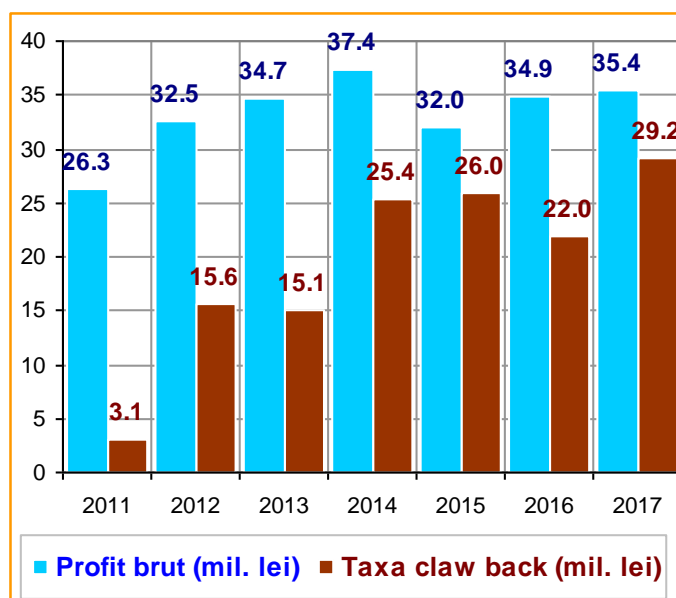


## Antibiotice, a profitable company

Investments in research, quality and modernization of manufacturing technologies made Antibiotice a profitable, dynamic and attractive company for investors. Antibiotice was included in Top 100 of the most valuable active companies in Romania, put together by Ziarul Financiar, based on stock market capitalization.

Antibiotice's shares are listed on the Bucharest Stock Exchange, 1<sup>st</sup> category, in April 1997. In the same year, the company's shares were included in the Bucharest Exchange Trading Index (BET) index. Since 2005, ATB's shares are included in the structure of the Vienna Traded Index of the Vienna Stock Exchange, and in 2007 in the Dow Jones Wilshire Global Market Index of the New York Stock Exchange.

Currently, on the BSE market, Antibiotice shares are included in the BET-XT index (reflecting the trend of the 25 most liquid companies) and in the BET-C (composite index, which records the evolution of the prices of all listed companies, except SIFs). Traded under the ATB symbol, Antibiotice shares are issued in dematerialized form and are freely transferable. The Register of shareholders and shares of Antibiotice Iasi is maintained by the Central Depository Bucharest.



Gross profit (THS lei)

Claw back tax (THS lei)

Gross profit yield

(Gross product + claw back)\*100/ Sales revenues

## 1.5. Patrimony administered and assesment of the trading value of the company

Accounting net asset, presented in the table below, stands for **the patrimonial value of the company.**

- Million LEI -

|                                  | 2016        |     | 2017        |     | 2018        |     | 2019         |     | 2020        |     |
|----------------------------------|-------------|-----|-------------|-----|-------------|-----|--------------|-----|-------------|-----|
|                                  | million lei | %   | million lei | %   | million lei | %   | millions lei | %   | million lei | %   |
| ACCOUNTING NET ASSET             | 409.07      |     | 416.88      |     | 431.79      |     | 433.37       |     | 434.06      |     |
| VAT,<br>of which:                | 166.9       |     | 169.6       |     | 173.5       |     | 182.6        |     | 197.2       |     |
| + expenses with fees and charges | 43.8        | 26% | 49.1        | 29% | 37.8        | 22% | 38.4         | 21% | 40.2        | 20% |
| + Payroll expenses               | 57.8        | 35% | 66.0        | 39% | 83.0        | 48% | 84.3         | 46% | 85.1        | 43% |
| + Amortization                   | 19.2        | 12% | 17.4        | 10% | 20.1        | 12% | 23.7         | 13% | 26.5        | 13% |
| + Bank interest                  | 1.0         | 1%  | 1.3         | 1%  | 3.0         | 2%  | 4.7          | 3%  | 4.7         | 2%  |
| + Net Profit                     | 30.4        | 18% | 33.6        | 20% | 33.6*       | 19% | 33.6*        | 18% | 33.6*       | 17% |

\*Estimated net profit is the result of the deductibility of reinvested earnings in technology equipment under the investment plan. The positive growth trend reflects a healthy economic situation because the company's assets grow faster than the debt accumulated by it.

The company added value is growing, representing accumulating value by the company and an assesment of the performance and efficiency of the use of production factors

### Financial balance indicators

| Name of indicators   | 2016   | 2017   | 2018   | 2019   | 2020   |
|--|--------|--------|--------|--------|--------|
| Floating capital<br>( <i>Permanent capital – Fixed assets</i> )  | 213.62 | 201.20 | 171.96 | 176.33 | 168.02 |
| Need for global floating capital<br>( <i>Stocks + Debtors - TS Creditors</i> )                                   | 261.95 | 261.75 | 245.00 | 251.00 | 249.00 |
| Net Treasury<br>( <i>Floating capital - Need of Floating capital</i> )<br>or ( <i>Availability- Credits TS</i> ) | -48.32 | -60.55 | -73.04 | -74.67 | -80.98 |
| General Liquidity rate (>1.8)<br>( <i>Current assets / current liabilities</i> )                                 | 3.08   | 2.49   | 1.99   | 2.00   | 1.87   |
| Immediate Liquidity Rate ( (>1.3)<br>( <i>Current assets- Stocks)/ Current liabilities</i> )                     | 2.49   | 1.99   | 1.57   | 1.58   | 1.48   |
| Debt rate (<0.5)<br>( <i>Debt/Total Asset</i> )  | 0.23   | 0.27   | 0.36   | 0.40   | 0.40   |

The net treasury is the result of an investment policy. The company expands its operations and needs temporary short-term funding sources for the working capital.

The liquidity and indebtedness ratios are influenced by the investment loan to be contracted in 2018, which is necessary to achieve the planned investments.

#### Patrimonial structure rates

| Rate                       | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------|------|------|------|------|------|
| Fixed Assets / Total Asset | 41%  | 41%  | 48%  | 51%  | 50%  |
| Stocks/ Total asset        | 11%  | 12%  | 11%  | 10%  | 10%  |
| Creante / Total asset      | 45%  | 46%  | 41%  | 38%  | 39%  |
| Equity /Total Capital      | 77%  | 73%  | 63%  | 59%  | 58%  |
| Suppliers /Total Capital   | 9%   | 10%  | 9%   | 8%   | 9%   |

The analysis of rates of patrimonial structure reflects a careful management of assets and liabilities.

#### The analysis of bankruptcy risk : CONAN and HOLDER MODEL

|  |     |           | 2016    | 2017    | 2018    | 2019    | 2020    |
|--|-----|-----------|---------|---------|---------|---------|---------|
| Current assets                           | LEI | Ac        | 316,554 | 336,585 | 346,457 | 352,834 | 360,524 |
| Stocks                                   | LEI | S         | 60,195  | 67,265  | 72,000  | 74,000  | 76,000  |
| Current assets- Stocks                   | LEI | Ac-S      | 256,359 | 269,320 | 274,457 | 278,834 | 284,524 |
| Total debt                               | LEI | Dt        | 124,329 | 156,058 | 239,500 | 286,500 | 292,500 |
| Permanent capital                        | LEI | Cpm       | 430,464 | 437,549 | 496,791 | 543,368 | 534,058 |
| Total assets                             | LEI | At        | 533,396 | 572,936 | 671,291 | 719,868 | 726,558 |
| Financial expenses                       | LEI | Chf       | 10,811  | 10,016  | 10,314  | 11,955  | 18,701  |
| Turnover                                 | LEI | Ca        | 334,991 | 337,629 | 360,240 | 370,214 | 380,134 |
| Expenses with staff/payroll expenses     | LEI | Chp       | 71,317  | 81,311  | 85,762  | 87,028  | 87,898  |
| Gross operating surplus                  | LEI | Ebe       | 69,777  | 56,261  | 59,214  | 65,548  | 77,221  |
| Added value                              | LEI | Va        | 166,894 | 169,568 | 173,537 | 182,637 | 197,180 |
| R1                                       | %   | Ebe/Dt    | 56.12%  | 36.05%  | 24.72%  | 22.88%  | 26.40%  |
| R2                                       | %   | Cpm/At    | 80.70%  | 76.37%  | 74.01%  | 75.48%  | 73.51%  |
| R3                                       | %   | (Ac-S)/At | 48.06%  | 47.01%  | 40.88%  | 38.73%  | 39.16%  |
| R4                                       | %   | Chf/Ca    | 3.23%   | 2.97%   | 2.86%   | 3.23%   | 4.92%   |
| R5                                       | %   | Chp/Va    | 42.73%  | 47.95%  | 49.42%  | 47.65%  | 44.58%  |
| Z=0,24XR1+0,22xR2+0,16XR3-0,87XR4-0,1XR5 |     |           | 0.32    | 0.26    | 0.21    | 0.21    | 0.20    |

**Z > 0.16 Very good financial situation**

| INVESTMENT<br>(million lei) | 2016    |          | 2017    |          | 2018   | 2019  | 2020  |
|-----------------------------|---------|----------|---------|----------|--------|-------|-------|
|                             | Planned | Obtained | Planned | Obtained |        |       |       |
|                             | 54.78   | 20.11    | 72.09   | 41.02    | 116.28 | 33.76 | 34.28 |

## 1.6. Financial indicators for 2011 – 2017

The main financial indicators obtained during 2010 – 2017 are presented in the table below:

| Nr. crt | Indicator  | MU                | 2011  | 2012  | 2013  | 2014  | 2015 | 2016    |          | 2017    |         |
|---------|--|-------------------|-------|-------|-------|-------|------|---------|----------|---------|---------|
|         |  |                   |       |       |       |       |      | Planned | Obtained | Planned | Prelim. |
| 1       | Sales revenue  | Mil lei           | 280,0 | 304,1 | 317,4 | 318,9 | 330  | 339     | 332,4    | 340     | 336.9   |
| 1.1     | <i>Domestic</i>  | Mil lei           | 224,0 | 231,1 | 228,3 | 233,5 | 238  | 245     | 227,4    | 225     | 219.4   |
| 1.2     | <i>Export</i>  | Mil lei           | 56,0  | 73,0  | 89,1  | 85,4  | 92   | 94      | 105      | 115     | 117.5   |
| 1.3     | Share of exports in turnover                                     | %                 | 20,0  | 24,0  | 28,1  | 26,8  | 28   | 27      | 32       | 34      | 35      |
| 2       | Gross profit   | Mil lei           | 26,3  | 32,5  | 34,7  | 37,4  | 32   | 34      | 34,9     | 34.9    | 35.4    |
| 3       | Equity   | Mil lei           | 326,7 | 346,5 | 348,7 | 364,3 | 393  | 380     | 409      | 413     | 417     |
| 4       | Total debt   | Mil lei           | 160,3 | 186,2 | 162,9 | 139,3 | 152  | 163     | 124      | 138     | 156     |
| 5       | Total Asset  | Mil lei           | 487,0 | 514,3 | 511,6 | 503,6 | 545  | 550     | 533      | 561     | 573     |
| 6       | Degree of debt (Total debt / Total Asset)                        | %                 | 32,9  | 36,2  | 31,8  | 27,7  | 28   | 29      | 23       | 25      | 27      |
| 7       | Liquidity (Total Asset/ Total debt)                              |                   | 3,0   | 2,8   | 3,1   | 3,6   | 4    | 3,37    | 4,3      | 4.1     | 3.7     |
| 8       | Total expenses to 1000 lei income                                |                   | 913,1 | 899,6 | 899,1 | 889,7 | 908  | 902     | 899      | 899     | 899.    |
| 9       | Labor productivity (operating income. / average no of employees) | Mil lei lei/ wage | 196   | 212   | 226   | 227   | 235  | 235.2   | 234      | 241     | 237     |
| 10      | Fees and taxes, of which:  | Mil lei           | 37,0  | 44,0  | 60,6  | 80,2  | 61   | 63,7    | 79       | 83      | 76      |
| 10.1    | - claw back tax  | Mil lei           | 3,1   | 15,6  | 15,1  | 25,4  | 26   | 32      | 22       | 25      | 29.2    |
| 11      | VAT  | Mil lei           | 128,1 | 145,5 | 158,5 | 173,2 | 173  | 161,8   | 167      | 156     | 170     |
| 12      | Gross profit rentability (Gross profit/ sales income )           | %                 | 9,4   | 10,7  | 10,9  | 11,7  | 10   | 10      | 10       | 10%     | 10.5%   |

---

---

## 2. Balanced and sustainable business development

---

---

### 2.1. Principles for the Management Plan of Antibiotice Iași for 2016 – 2020

The development of a sustainable and balanced business can be achieved through the implementation of these principles:

- **Synergy**, coordination of the actions of the various organizational components in order to achieve common results, established through plans and schedules, with an economy of means;
- **Interdependence**, mutual conditioning between activities carried out by various organizational entities and associated results;
- **Planning, standardizing activities and measuring progress.**

Consistent with the sustainable development strategy, Antibiotice SA Iasi aims for the period 2016 - 2020 to strengthen the foundation of activities based on the following principles:

- Increasing competitiveness by intensifying research-development-innovation activities
- Portfolio to determine sales growth rates (internal and international market), to generate profit and maximize the use of production capacities;
- Strengthen the current therapeutic classes (antiinfectives, cardiovascular system, central nervous system, dermatological preparations) to offer options and treatment alternatives to patients;
- Increasing the economic impact of the portfolio through the internationalization of business on strategic markets;
- making partnerships through investments and cooperation to ensure the premises of medium and long term development;
- Adapt production to current technical and technological trends by investing in new production capacities, and upgrading and refurbishing existing flows;
- Correlation of the personnel needs with the specialties / competencies necessary for the pharmaceutical industry with the strategic development directions of the company;
- Continue updating and keeping the Quality Management System in check in accordance with legal requirements specific to the pharmaceutical industry;
- Optimizing processes to reduce operating costs;
- Continuous concern in respecting and improving process conditions in order to minimize the impact on the environment and the protection of personnel;
- Proactive monitoring of risk impacting on the activities and achievement of the objectives;
- Supporting social responsibility projects and constant concern that, through all its activities, the company contributes to protecting the environment, improving the life and health of people, creating a climate of trust in shareholder relations.



For the development of the management system of Antibiotice Iasi, the following **principles** are considered:

- increase of the reactivity to the natural and regulated developments of the global pharmaceutical market, including by increasing the computerization of activities.
- Developing the current management systems that leads to an increased focus on learning, improvement and innovation.
- Balanced management of the quality management system, as well as quality improvement and compliance with industry regulations;
- Continuous optimization of management systems imposed by regulatory requirements in order to control the costs generated by them;
- Developing the system components needed to better integrate with our partners' management systems.

## **2.2. SWOT analysis**

In developing the Business Plan for 2016 - 2020, Antibiotice started from the SWOT analysis, which took into account the current situation of the company (strengths and weaknesses) as well as the analysis of the economic environment and the pharmaceutical products market both in Romania and globally (opportunities and threats).

The measures envisaged:

- **capitalizing on strengths and potential opportunities offered by the domestic and international business environment;**
- **eliminating / diminishing weaknesses and negative impacts of threats in the business environment through a detailed risk management system.**

## Strengths

- Valuable, well trained human capital;
- a company with tradition and reputation, listed on the Bucharest Stock Exchange since 1997 at a rate of 46.98%;
- complex manufacturing structure of 8 production lines for various pharmaceutical forms;
- European and international certifications:
  - EU GMP certification of all manufacturing lines;
  - Certificate of Compliance with European Pharmacopoeia for Nystatin;
  - GCP, GLP of the Center for drug evaluation, US-FDA approval for the active substance Nystatin and eight finished injectable products,
  - World Health Organization certification for the essential antituberculous range;
  - certification of the integrated management system;
- Center for Drug Evaluation for Phase I clinical trials and bioequivalence trials ;
- Leader on the domestic market for:
  - Antiinfectives injectable powders;
  - ointments, creams, gels;
  - suppositories;
- The second largest oral capsules manufacturer in the domestic market;
- Partner of the Ministry of Health in the National Program for Fighting and Treatment of Tuberculosis;
- World leader in the production of Nystatin.

## Weaknesses

- the portfolio contains valuable therapeutic products with declining profit margins due to intense price competition;
- portfolio oriented predominantly to prescription medication subject to continual price erosion;
- The speed of assimilation of products is lower than that of competition;
- High degree of dependence on the domestic market;
- the controlling system is not supported by an integrated computer system;
- Extensive and oversized infrastructure in relation to the company's practical needs;
- On some upgraded lines there is outdated equipment;
- A long term to collect receivables.

| Opportunities  | Threats  |
|--|--|
| <ul style="list-style-type: none"> <li>• Health expenditures per capita will continue to increase in Romania;</li> <li>• Pressure on health budgets may favor the consumption of generics;</li> <li>• Increase consumption of OTCs and food supplements (prophylaxis;)</li> <li>• Increase / maintaining individual performance, life-style drugs;</li> <li>• Increased consumption of cardiovascular or central nervous system diseases, digestive tract and metabolism - caused by increased life expectancy;</li> <li>• The possibility of attracting European funds for R&amp;D-innovation, the modernization / refurbishment of the manufacturing lines, the control laboratories and the related utilities, the modernization of the infrastructure and the informatics system;</li> </ul> | <ul style="list-style-type: none"> <li>• Investment resources limited by national legislation compared to other pharmaceutical companies;</li> <li>• Excessive increase of the Claw Back tax and lack of transparency on the tax level;</li> <li>• Authorization through a very slow national procedure of products in Romania;</li> <li>• Strategic alliances between active substance manufacturers and / or drug manufacturers (mergers and acquisitions)</li> <li>• Increasing the cost of raw materials;</li> <li>• Accelerated price drop of prescription generics;</li> <li>• instable and difficult to predict fiscal and legislative environment;</li> <li>• Orientation of therapy to biological drugs and vaccines;</li> <li>• Certain suppliers lost their quality of authorized sources;</li> <li>• The risk of partners' insolvency;</li> <li>• Political and/or economic instability of foreign markets;</li> <li>• Protective legislative barriers in some countries.</li> </ul> |

---

## 3. Mission and values

---

### *Mission*

We make valuable medicines more accessible and in order to do this we always put science and soul in the service of those who need our support.

We act with respect and loyalty in our relationships with our partners, building trust, stability and continuity. We believe that a valuable drug is an effective and safe one that people can afford and for that we invest in carefully selected people, technology and partnerships.

### *Vision*

We believe that the main engines of business growth are research and development of valuable therapeutic drugs and strengthening the presence on international markets. We will act in this direction, continuing to invest in people, technology and partnerships, contributing to the satisfaction of our customers and increasing the company's value.

### *Values*

We value the efficiency, knowledge and spirit of cooperation that allow us to be oriented towards the changing needs of our customers.

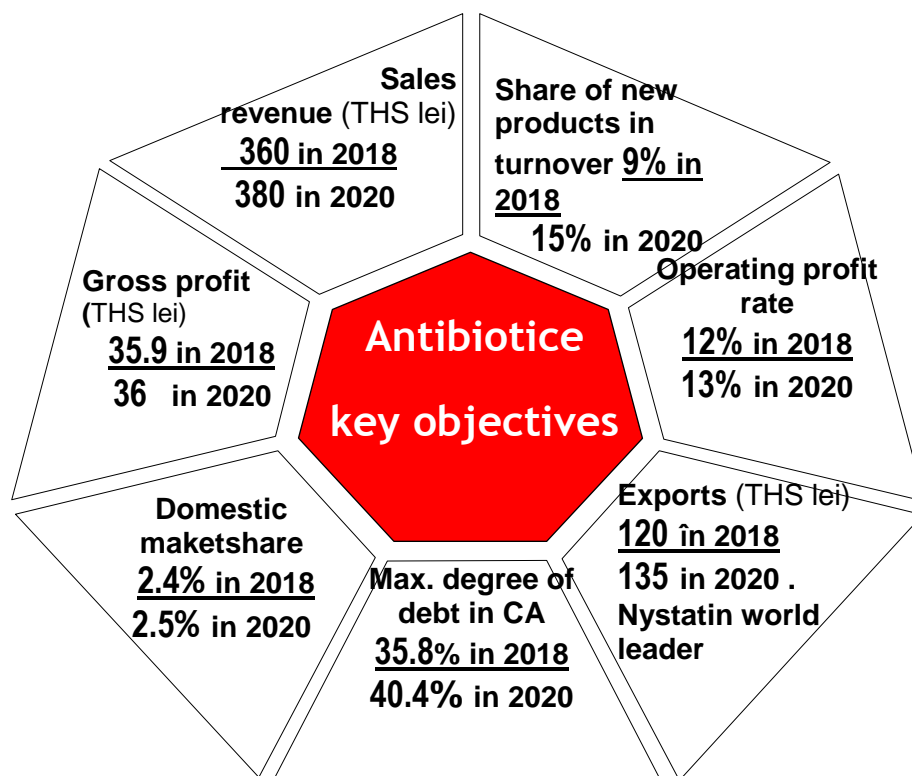
In our company we put the right man in the right place at the right time.

We mutually recognize our purpose and value, which connects one another and gives us the chance to overcome limits and obstacles.

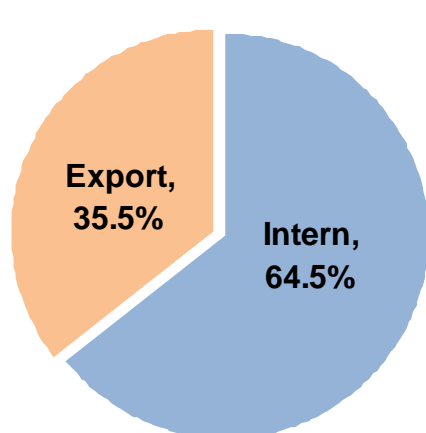
As people care about those around us, we seek to be close to them, and we always think about how to improve things that are important to them.

## 4. Key development objectives and strategic positioning on the market by 2020

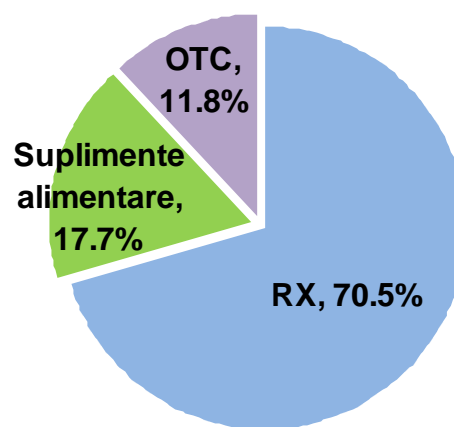
In order to satisfy the expectations of its shareholders, to increase their confidence in Antibiotice and its stock market capitalization - Executive Management has set the following strategic objectives for the years 2018 - 2020:



Following the upgrading of the portfolio and the efficiency of the whole activity, Antibiotice tends to have the following **strategic positioning on the market** in 2020:



Venituri din vanzari intern + export 2020



Venituri din vanzari intern 2020 - tip prescriptie

Exports/Domestic market

Sales revenue on the domestic market +exports 2020

Dietary supplements 17.7%

Sales revenue on the domestic market 2020 - type of prescription

---

## 5. Strategic development directions for the period 2016 - 2020

---

### 5.1. Developing the international business component

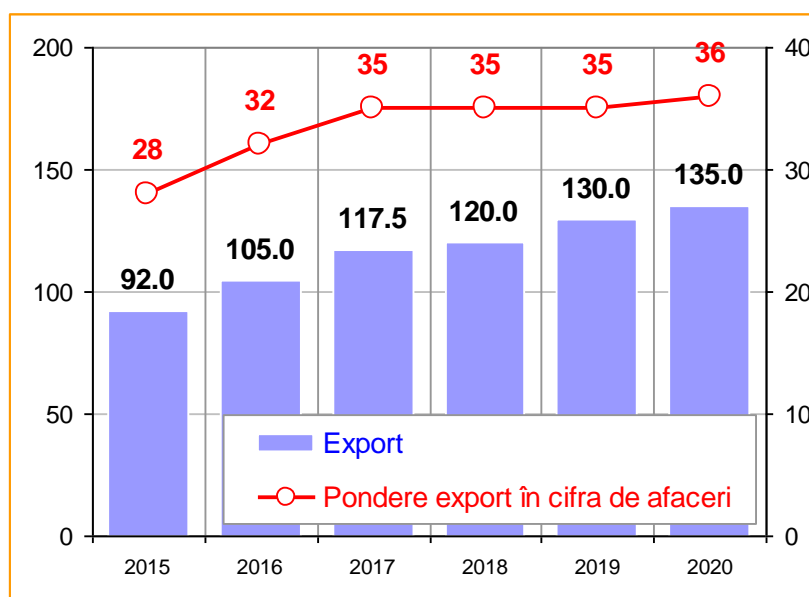
The business development on the international markets is a strategic priority for Antibiotice in the medium and long term. The internationalization of business is characterized by a high degree of complexity that requires the adaptation of the approach, trade policies and product portfolio to target markets to maximize the benefits and opportunities provided by the foreign markets.

The main directions for the growth of exports for the next period are as follows:

- The strengthening of the presence in the current markets through existing partnerships and the development of new partnerships;
- The identification of new markets both among the developed and emerging markets;
- The strategic development of the export of penicillin sterile injectable powders;
- The strategic development of the export of topical products (ointments, creams, gels) and semi-solid products (suppositories, pessaries);
- The maximizing of the sales of Nystatin active substance and assessing of the product streamlining capabilities through the vertical integration;
- The initiating of product development partnerships in co-operation, co-marketing and promotion;
- The adapting of the product portfolio to the requirements of international markets.

**The contribution of the strategic direction 1 to achieving the 2020 targets:**

- Export : RON 135 milion
- Export percentage in total turnover : 36 %
- Worldwide leader for Nystatin



These objectives will be achieved through the following strategies:

**Strategy 1. Maximizing the presence of ATB on the current markets**

**Strategy 2. The penetration of ATB into new markets with potential for the ATB products**

**Strategy 3. Developing partnerships to attract new products into the portfolio for the domestic market and international markets**

## **5.2. Ensuring a sustainable and profitable portfolio by increasing the degree of renewal**

The Antibiotice portfolio is complex and it is structured mainly upon:

- the **class of Anti-infective drugs for systemic use**, of which the medicines intended for the treatment of tuberculosis are a special segment,
- **the Cardiovascular medication class**,
- **the Dermatology class**,
- **the class of drugs intended for the Central Nervous System diseases**
- **the products intended for self-medication** (prophylaxis, adjuvants in certain diseases with high incidence, the maintenance of health - from the category of food supplements, dermato-cosmetic products, medical devices and OT medicines).

37 drugs in the portfolio of Antibiotice 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 to treat the most widespread diseases.

Antibiotice will continue to identify itself in the international market as one of the manufacturers of anti-infective products for systemic use that complies with the European and FDA standards, continuing to invest in the development of a portfolio that provides both treatments for hospital infections or health system-related infections as well as for the treatment of community infections.

The portfolio intended for the treatment of cardiovascular diseases is in continuous development being represented by drugs from all the therapeutic sub-classes recommended by the first intention in international guides and protocols, given that the cardiovascular disease is the leading cause of death in Romania, with 57% of all national deaths; Antibiotice will develop its current portfolio of 10 molecules with different therapeutic concentrations so as to become a complete alternative for professionals in health and an affordable option for patients.

The class of topical preparations used in Dermatology is one of the pillars of Antibiotice's international development, the investment in the production capacities for this class, allowing for the compliance with international standards. Thus, the range of 19 topical molecules (ointments, creams, gels) that are recommended in medical guides for psoriasis, osteoarthritis/osteoarthritis, skin infections and other dermatological conditions will be developed, especially through the internationalization of topical corticosteroid preparations and skin antifungal products.



The self-medication for maintaining health or as an adjunct and prophylaxis in certain diseases is a current development trend and is beneficial in terms of fair consumer information. The portfolio development on this segment will be performed by completing the current range of 6 food supplements to support the Company's core portfolio. The automation for the self-medication portfolio will be personalized with its own blends of standardized extracts, vitamins, minerals and other active principles, such as dietary supplements, dermato-cosmetical products and OTC drugs.

By investing in research, Antibiotice's portfolio will grow to a structure correlated with the evolution of the pharmaceutical market (70% prescription products and 30% non prescription products) and a degree of innovation that in 2020 is equivalent to 15% new products in the total turnover.

**The contribution of Strategic Directorate 2 to achieving the strategic objectives in 2020:**

Income from domestic sales (mil. LEI) ..... 245;  
 Domestic market share (%) ..... 2.5%;  
 Gross profit (mil. LEI) .....15.2

(mil. LEI)

| Indicators of achievement:                   | Achieved |      |       |       | Plan |      |      |
|--|----------|------|-------|-------|------|------|------|
|  | 2014     | 2015 | 2016  | 2017  | 2018 | 2019 | 2020 |
| Income from Domestic Market Sales (mil. LEI) | 234.9    | 239  | 228.7 | 219,6 | 240  | 242  | 245  |
| Internal market share (%)                    | 2.10     | 2.45 | 2.32  | 2.24  | 2.41 | 2.45 | 2.5  |

**5.2.1. The development of R & D structures for the sustainable adaptation and consolidation of the company portfolio**

- Strategy 1. The structuring of the strategic framework of research, for the development of the company on the domestic and international market**
- Strategy 2. The stimulation of the innovation in the development of generic molecules**
- Strategy 3. The development of the microbiological research to support the investments in the Nystatin development**
- Strategy 4. The process computerization and document management at the level of Medical Unit in terms of data safety**
- Strategy 5. The development of systems for the training, evaluation and motivation of the staff specific to the research-development activity**

**5.2.2. Capitalizing of the core portfolio (anti-infective drugs) and the therapeutic classes and strategic brands to maintain the Company's competitive position upon the domestic market**

**Strategy 6: Strengthening the company's Basic Portfolio: the anti-infective drugs**

**Strategy 7. The capitalization and development of the portfolio for the chronic non-communicable diseases**

**Strategy 8. The capitalization and development of the portfolio for dermatology**

**Strategy 9. The development of the portfolio for the treatment of inflammation and pain**

**Strategy 10. The portfolio development to increase the quality of life (including OTC products and dietary supplements)**

### ***5.2.3. Supporting the portfolio by upgrading and developing the production capacities***

**Strategy 11. The medium and long-term development through the investment in new facilities**

Given that Antibiotice SA Iași is a recognized manufacturer of anti-infective drugs, it proposes that the development of the investment direction in the manufacturing facilities to complete the range of this therapeutic class.

**The investments and contribution to the strategy 8 to achieve the 2020 strategic objectives:**

|                |                 |                    |
|----------------|-----------------|--------------------|
| - investments  | EUR 40 million  | (period 2018-2020) |
| - turnover     | LEI 380 million |                    |
| - gross profit | LEI 36 million  |                    |

#### **Measures:**

##### ***1. The achievement of a new production capacity for ointments and suppositories***

Objectives of the investment: - the proper construction and endowment of the Authorized Ointment and Suppositories Plant subject to GMP (Good Practice of Manufacturing) and FDA (Food and Drug Administration) licensing; the qualification of utility systems and manufacturing equipment; the process validation within the new plant; the certification of the new plant built by the National Agency for Medicines and Medical Devices.

Cost of the investment: - EUR 15.500.000 euro valoare without VAT

Duration: - 4 years.

---

##### ***2. Upgrading, diversifying the range of production capacities***

Objectives of the investment: - increased turnover and higher value of production.

Cost of the investment: - EUR 8 million without VAT

Duration: - 36 months expected to begin in 2019.

---

##### ***3. The compliance with the EU Directive 2011/62/EU and the US Drug Quality and Security Act, on combating the placing on the market of counterfeit medicines***

|                               |  |
|-------------------------------|--|
| Objectives of the investment: | - the alignment with the European legislation by purchasing and installing in the production lines from the production and finished product warehouses serialization systems |
| Cost of the investment:       | - EUR 3.75 million without VAT.  |
| Duration:                     | - deadline in February 2019  |

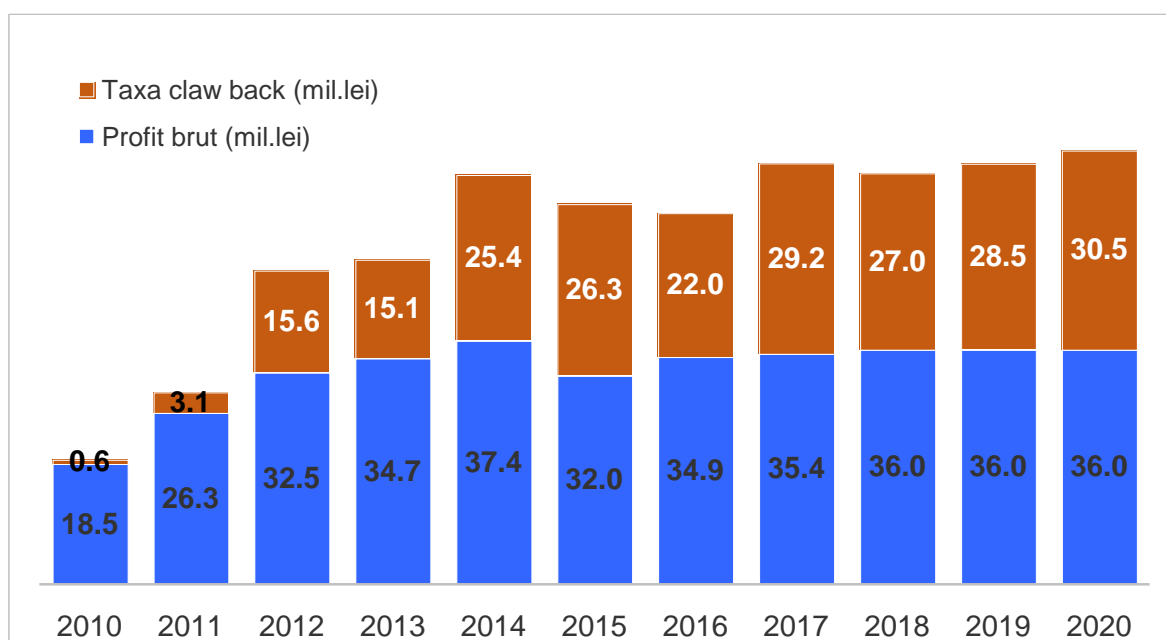
#### 4. Upgrading utilities to support the work and investment on the platform

|                               |  |
|-------------------------------|--|
| Objectives of the investment: | - the modernization of the production and distribution systems, in order to assure the utilities to the necessary parameters for the manufacturing processes |
| Cost of the investment:       | - EUR 2.4 million without VAT.   |
| Duration:                     | - per year according to the investment program (2018-2020)   |

### 5.3. Optimizing the operating costs and increasing the operating efficiency

The contribution of the strategic directorate 3 to achieving the strategic objectives in 2020:

- Gross profit: LEI **35.97** million
- Total expenses per LEI 1000 total revenues: LEI **907**
- Degree of indebtedness: **40%**



These objectives will be achieved through the following strategies:

**Strategy 1. Managing activities based upon revenue and expense budgets (cost centers, profit centers)**

Strategy 2. Ensuring financial balance

Strategy 3. Heritage management

## 5.4. Adapting the human resources and providing the necessary skills to achieve the strategic directions

The contribution of the strategic direction 4 to the achievement of the 2020 strategic objectives will be to adapt the human resource to the strategic orientation and the orientation of the organizational culture towards innovation and performance, which will contribute to the achievement of all the strategic objectives, including the increase of the labor productivity.

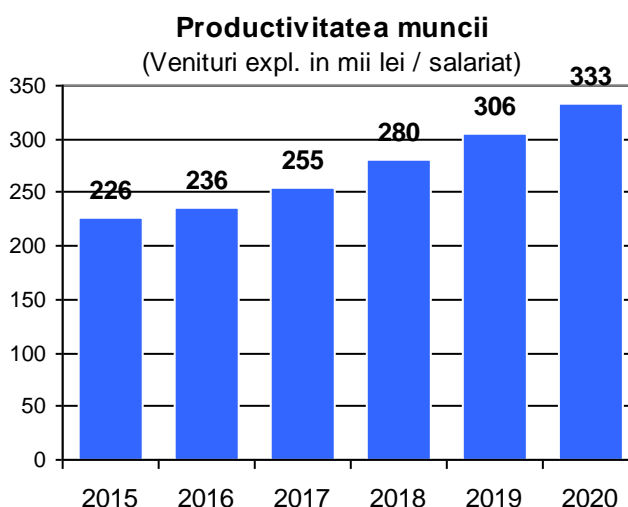
These objectives will be achieved through the following strategies:

**Strategy 1. The non-discriminatory personal assurance, training of necessary skills**

**Strategy 2. Increasing the employee motivation**

**Strategy 3. Improving the organizational climate and guiding the organizational culture towards innovation and performance**

**Strategy 4. Promoting the social responsibility programs**



## 5.5. The quality management for the compliance with the legal, national and international requirements specific to the pharmaceutical industry

The contribution of the strategic direction 5 to achieving the 2020 strategic objectives will be to provide the legal framework for maintaining the *Manufacturing Authorization* that allows the Company to function, continuously updating and maintaining the Quality Management System in accordance with the legal requirements specific to the pharmaceutical industry .

These objectives will be achieved through the following strategies:

**Strategy 1. Obtaining and maintaining the *Manufacturing Authorization* by acquiring the EU GMP re-certifications for all the Company's manufacturing lines**

**Strategy 2. Supporting the business partnerships**

**Strategy 3. Supporting the business partnerships**

## 6. The main economic and financial indicators for the period 2016 - 2020

| No.  | Indicators  | UM               | Achieved |       | Plan  |       |       |
|------|---|------------------|----------|-------|-------|-------|-------|
|      |   |                  | 2016     | 2017  | 2018  | 2019  | 2020  |
| 1    | Sales income  | Mil. LEI         | 332.4    | 336.9 | 360.0 | 370.0 | 380.0 |
| 1.1  | <i>Domestic</i>   | <i>Mil. LEI</i>  | 227.4    | 219.4 | 240.0 | 245.0 | 245.0 |
| 1.2  | <i>Export</i>   | <i>Mil. LEI</i>  | 105      | 117.5 | 125.0 | 130.0 | 135.0 |
| 1.3. | Export share in turnover                                  | %                | 32       | 35%   | 35%   | 35%   | 36%   |
| 2    | Gross profit  | Mil. LEI         | 34.9     | 35.4  | 36.0  | 36.0  | 36.0  |
| 3    | Equity  | Mil. LEI         | 409      | 417   | 425.1 | 425.1 | 425.1 |
| 4    | Total debts   | Mil. LEI         | 124      | 156   | 242.5 | 289.5 | 294.5 |
| 5    | Total assets  | Mil. LEI         | 533      | 573   | 676.8 | 724.0 | 729.0 |
| 6    | Debt ratio (Total Debt/Total Asset)                       | %                | 23       | 27    | 36    | 40    | 40    |
| 7    | Liquidity (Total Assets/Total Debt)                       |                  | 4,3      | 3.7   | 2.8   | 2.5   | 2.5   |
| 8    | Total expenses per LEI 1000 revenue                       |                  | 899      | 899   | 900.4 | 903.6 | 907.0 |
| 9    | Work productivity (sales revenue/no. of employees)        | Thousand ROL/sal | 234      | 237   | 253.7 | 260.7 | 267.7 |
| 10   | Taxes, of which:  | Mil. LEI         | 79       | 76    | 89.0  | 93.0  | 97.0  |
| 10.1 | - claw back tax   | Mil. LEI         | 22       | 29.2  | 27.0  | 28.5  | 30.5  |
| 11   | Added value   | Mil. LEI         | 167      | 170   | 173.5 | 182.6 | 197.2 |
| 12   | Profitability of gross profit (gross profit/sales income) |                  | 10       | 10.5% | 10.0% | 9.7%  | 9.5%  |

---

## 7. Principles on dividend payments and estimates of other payments to be directed to the State

---

The granting of dividends until 2017 was regulated by the Government Ordinance no. 64/2001, starting with 2017 through the Emergency Ordinance no. 29/2017 for the amendment of art. 1 par. (1) letter g) of the Government Ordinance no. 64/2001 on the distribution of profits to national companies and companies with full or majority state capital, as well as to the autonomous administrations and for the modification of art. 1 par. (2) and (3) of the Government Emergency Ordinance no. 109/2011 on the Corporate Governance of Public Enterprises.

The taxes related to salaries are legally regulated for the year 2018 by the Emergency Ordinance no. 79/2017 for amending and completing the Law no. 227/2015 regarding the VAT Tax Code, the profit tax, dividends and local taxes are regulated by the Fiscal Code. The taxes specific to certain activities are governed by Law no. 170/2016.

The Clawback tax is legally regulated by the Government Emergency Ordinance no. 77/2011 on the establishment of a contribution to the financing of certain expenditures in the field of healthcare, approved by the Law no. 184/2015.

### Obligations paid

- mil. LEI-

|                                  | 2017         | 2018         | 2019         | 2020         |
|----------------------------------|--------------|--------------|--------------|--------------|
| Taxes on salaries 2018           | 33.8         | 36.3         | 36.8         | 36.8         |
| VAT                              | 8.32         | 9.2          | 9.4          | 9.5          |
| Tax on profit                    | 3.33         | 6.5          | 5.6          | 5.5          |
| Local budget                     | 1.11         | 1.2          | 1.2          | 1.2          |
| Clawback tax                     | 29           | 27           | 28.5         | 30.5         |
| Tax on dividend                  | 0.35         | 0.128        | 0.271        | 0.304        |
| Specific tax on other activities | 0.04         | 0.06         | 0.06         | 0.06         |
| <b>TOTAL</b>                     | <b>75.76</b> | <b>80.39</b> | <b>81.83</b> | <b>83.86</b> |

|                  |             |             |            |             |
|------------------|-------------|-------------|------------|-------------|
| <b>DIVIDENDS</b> | <b>23.7</b> | <b>17.8</b> | <b>9.5</b> | <b>20.2</b> |
|------------------|-------------|-------------|------------|-------------|