

## TELECONFERENCE

- Good afternoon!
- Good afternoon!
- Can you hear us?
- Yes, we can hear you.
- Let's do a little test. I am loan Nani from Antibiotice. Hello, everybody! Please intervene. This is our second teleconference. We want prompt, fast interventions to operatively complete in half an hour our meeting.

At the beginning of this teleconference I would like to say that, at the end of 2019, Antibiotice has been maintaining its market and budget targets established for the current year. At this moment, our company substantiates an evolution plan for the next decade (2020-2030) of its existence. We are about to successfully finalize our ten-year plan (2010-2020), the stage in which, as you know, we have proposed ourselves to consolidate the good manufacturing practices valid both in the United States and in the European Community. Our business has been developing internationally as we have proposed ourselves since 2010. As you have seen, the expansion in the ATB territories in which we opened our representative offices led to an increased export from 5 million USD in 2009 to about 152 million LEI at the end of this year. There are positive aspects which encourage us to believe that, insofar as we correctly identify the structure of a portfolio that can be sold in the ATB territories, make investments for streamlining our production and implement our international marketing style, our export business will grow and consolidate in the future.

- Please, proceed! If you have any questions, please ask them! I would like as this conference to be an interactive one, please confirm if you hear me.
- Hello, good afternoon!
- Yes, yes we can hear you.
- I introduced myself but I don't know who you are. Please, if you have any questions... I am loan Nani, General Director of Antibiotice. And you?
- Andrei Nedelcu - ASSET Management. I don't have questions related to this topic.
- Ok. So, you are Andrei from ERSTE ASSET Management. Ok. For how long are you with ERSTE ASSET Management?
- For 3 years.

- 3 years. Excellent! You have already consolidated your position, ERSTE ASSET Management is a strong entity and we rely on your action in the market to make us stronger, if I may say so.
- Marian, can you hear us? Marian Lupu from ESTINVEST.
- Hello, Vasile Marius - financial analyst with the Investment Fund Middle Europe Investment Bucharest. Can you hear us?
- Costin Girbou, member of the Romanian Business Exchange
- Andrei Sandor- Analyst
- Yes, I can hear you ...
- I ask you if you can hear me, so we can continue this teleconference. I suppose we can. I understand that we are three of us involved in this discussion. Please tell me how you want to continue this teleconference because I don't want to speak alone, to do a speech exercise .... I tell you honestly .... I know this business better than I know myself, but I wouldn't want to talk for myself. Please communicate with me. Well, then...

I decided to tell you that we work as a multi-disciplinary team determined to make Antibiotice double its turnover in the period 2020-2030 in order to properly sustain its business in the selected markets. I will say one more time although at the last teleconference I said that by ATB territories we understand those territories where Antibiotice opened its own representative offices. You know that we have a representative office in Hanoi, Vietnam operating for two years now and our activities in the South-East Asia grew from nil to 10 million USD in the last 5-6 years. This year, we expect to reach 10 million USD, 90% for the hospital market while the remaining 10 % for the retail market. We registered 27 medicinal products in this market, 90% for hospital and 10% for Rx segment. In Vietnam and especially in the South-East Asian countries, the Rx market is just beginning to develop, while the hospital market is consolidated. There are also pharmacies incorporated in hospitals. We have another representative office in Ukraine, through which we try to develop our business also in Afghanistan and Uzbekistan. Let's say that these 2 territories are assimilated to the ATB territory Ukraine.

Of course, we do not expect spectacular results immediately in this area, we have been here for about 10 years, with our representative office operating only for a year and a half. Now we work to consolidate our presence by registering our products with the Medicine Agency in Ukraine. We intend to register all the cardiovascular portfolio and several products for the hospital market. Certainly, we expect this market to consolidate itself as soon as the Good Practice Norms will be implemented and certain companies from China and India will leave this market because, as a rule, they do not prefer regulated markets.

Ukraine is a market with a huge potential like Vietnam. In the next decade (2020-2030), we forecast a 25% share from our export in these markets. Of course, I don't forget our representative office in Bessarabia but the territory of the Republic of Moldova is massively depopulated. From 1 million USD reached at the end of the current year, we expect an increase of 2-2.5 million USD as a result of the opening of the Chisinau representative office 2 years ago. We expect a stagnation around this value, the Bessarabian market having an uncertain future, with high collection risks, with business insurance systems more difficult to access. We negotiate with an important bank able to offer us these types of guarantees in this area. Europe is our favorite target, a more cosmopolite, hard-to-access market, but I think that Antibiotice has a mature team, strong Regulatory Affairs systems for registering our products and good practices implemented. Our specialists are able to improve the formulations of our products in order to be traded in the Rx market. We specially refer to the dermatology market taking into account our new investment as well as the injectable market, a domain with a rich tradition for Antibiotice and a high recognition in the international markets. In the next 2-3 years we forecast a profit amounting to 7.5 - 10 million USD in the European market. We expect also to internationally consolidate our business.

The US market is already a certainty for us in the hospital segment. We did not meet recently with our distributors but we will meet them in the first quarter of next year; we try not necessarily to grow in this market but to strengthen our presence there.

Speaking of consolidation, we refer to about 10 million USD from which the active substance Nystatin has to cover about half this value and the finished medicinal products the other half. In other words, we aim at having a balanced presence in this market.

This is a hard-to-maintain market, because the competition is tough. The prices are 3, 4 times higher than in the European markets and you can realize how strong the competition is. We are proud to be there, and you as investors should see in this aspect an encouraging fact regarding the competitiveness of our company.

I have a lot to say about our business internationalization and, not randomly, did we include it as the main pillar in the 2020-2030 development plan. Adapting and consolidating our portfolio is another strategic pillar, of course together with the investments that must ensure the continuous adaptation of the manufacturing sites to the more and more specific regulation requirements.

Adapting the human resources in order to face the changes in the regulations issued by FDA and EDQM is the fourth strategic pillar and here I want to tell you that sometimes, our statements were misinterpreted ... no... certainly they were misinterpreted, and I mean here to the SUMMIT of Financial Newspaper in which I declared that, if our businesses would double in the period 2020-2030, it would be imperative to think that adapting the human resource also would mean permanently updating the structure of the human resources, market orientation, market specialists, internal and international

market, international representative offices, applicable research, and then, of course, an adequate payroll system. To double it, considering the above points, will be a must. Of course, some “deontologists on duty” in the capital market, immediately caught my attention, saying:

- Hello, Mr. Nani, but how to double your wages in Romania?
- Well ... but where to double them? In America? We want here, at home, to double the wages, because professionalism and results in business means also quality human resources.

Of course, there are aspirations showing that we work and think positively, which should encourage you as investors in the Romanian capital markets.

If you have questions about what I have told you now, or something that will be of particular concern to you, I expect them. I have to tell you that I have to be to the airport in 10 minutes, that is the life of some of us, today we are here, tomorrow where we want to sell in the international markets. I am listening to you.

- I would like to ask you about the clawback tax. I saw that the new government has begun to talk, to say that it is big and put the companies in difficulty. Do you have, I don't know, any news on this topic?
- Yes, we know that there are discussions on whether it is small or large. Sure, I think it must be appropriate to the potential of Romanian companies which participate along with the National Health Insurance House to have compensation resources for medication. I can assure you that the clawback tax creates great difficulties for us. The manufacturers producing for the Romanian market must reimburse 28% of our sales in the national territory to the National Health Insurance House, in fact to the consolidated budget. It is a fantastic effort and I think it is time, seriously, to find a compromise solution.
- I heard that already, several dozen new molecules will be brought in the CANAMED from Romania. This is good, but let's not forget, that their payment or settlement will be done, also through the additional claw-back, in other words, the agreement is:
  - The first (innovative) companies to bring their first 150 products in Romania, but all of us operating in this market have to create a proper budget for the consumption of these products - this is my opinion, and I am a man who has been operating in this market for 30 years;
  - Trust me, I rarely allow myself to say anything if I haven't judged it a thousand times.

- Yes, I understood, thank you!
- Your're welcome!
- If there are no other questions, thank you very much. I find that this practice of conferences, periodic teleconferences is a productive one, thank you very much for listening our thoughts.
- Other questions ?
- I would have a question, if you hear me ... Constantin Girbou, I am a retail shareholder of Antibiotice Iași.. I wanted to ask you ... In relation to the cardboard packaging of medicines, where are they produced?
- Where are they generally produced ? Well .. over all ...
- That means, do you produce them here internally, in Romania or...?
- This is what interest you, a shareholder of the Bucharest Stock Exchange, where do the cardboard boxes we use in production are manufactured?
- No ... I think the packaging of the medicinal products manufactured by Antibiotice Iași sold in the Romanian market have a poor quality compared to the packaging of other medicines.
- The packages of Terapia, Zentiva which are also produced in Romania by the same manufacturer... I think we play games here and I don't think it's pointless to ask me at a capital market conference where do I get from our raw materials or packaging.
- No... And I wanted to ask you more, if Antibiotice Iasi has a plan to change the packaging, because the packaging is the image of the product.
- And I think we have high quality packaging, they are sold all over the world and appreciated as such, they are rebranded by adding Antibiotice a+. Changing a package is a whole operation, which involves variations of a certain type to the regulatory authorities of the medicinal products in all territories where you go with those products. It is an impressive financial and human effort; That is why in the pharmaceutical industry, you have a great deal of stability in your relationships with suppliers because FDA and FDQM regulations as regulators say that providers must be authorized, accredited by national drug authorities by internal quality assurance systems from any company and once accredited and authorized, kept in the standard file of the product. Their change is made "only if" and "under certain conditions". It is always good to have 2-3 suppliers to be able to make the proper adjustments both in terms of price and quality standard.
- I understand.

- Your're welcome.
- I wanted to ask you ... Do you have any collaboration with those from Vrancard?
- I have no idea, I am not in charge of purchases, but I will ask.
- Ok, I understood. I would still have a question: in connection with the company's dividend policy. We, as shareholders, we are also looking for profit, to be properly paid.
- In the last 10 years, Antibiotice has been investing heavily, as you well know, through the contribution of the shareholders. Our Management Board and General Meeting of Shareholders have permanently approved the reinvestment of the profit in investment targets and especially, we have taken advantage of that easing of the fiscal code that says that, the permanent reinvestment of the profit in equipment and production sites that lead to the increase of the production and competitiveness, supposes exemptions of taxes and dividend distribution. I did not necessarily make a target not to pay dividends to shareholders, as I cannot do this, I am just the manager of this company mandated by shareholders to make the policy approved by them and sent to me through their letters of intentions. In recent years, we reinvested the profit in proportion of 70-80%. Of course, in this case, the dividend decreased correspondingly, but it is still able to create interest for the shareholder. The shareholder who works with this company for a long term must see these things. It is true that the speculative market is not very satisfied with this type of policy.
- I understood. Thank you!
- Thank you again for your constant interest in this company and ... a recommendation for Mr. Costin, when you intervene in a teleconference, and please do so, we kindly ask you we keep the discussion within the limits required by the Capital Market and the BVB Regulation. I will never make statements or, I will not inform anyone about the sources, the structure of purchases and other such things. If you have a doubt or a proposal as shareholders, please do so in an organized manner to our external auditor or internal auditor ... Otherwise, I wish you all the best and I hope to hear you in December if there will be a teleconference. If no, we'll see you next year or we'll hear you in January when we will announce how we start next year and our goals for the next year. I wish you all the best!
- All the same, goodbye!
- Good luck!