

On behalf of the investors and financial analysts, the teleconference was attended by:

- Mr. Mircea Niculescu - shareholder;
- Mr. Cezar Bobhitoiu - shareholder;
- Mr. Lucian Popa - Investment Analyst at SIF Banat - Crisana.

Mrs. Mihaela Obreja, Manager - Risk Management, Financial Management Control & Investor Relations presents the Antibiotice participants in the teleconference:

- Mr. Ioan Nani - General Director and Vice President of the Management Board;
- Mr. Liviu Vatavu - Human Resources & Legal Director;
- Mrs. Mihaela Nitu - Coordinator of Financial Analysis & Diagnostic Department;
- Mrs. Tatiana Birsan - Head of Treasury & Customer Management Office;
- Mrs. Cerasela Moraru - Head of Investor Relations Office.

Mihaela Obreja makes a brief presentation of Antibiotice SA:

Antibiotice SA is the most important Romanian manufacturer of generic medicines, a nationally and internationally reference brand which has been continuing its mission of producing quality, safe and efficient medicines for 65 years:

- the main manufacturer of anti-infectives in Romania, the leader in the production of injectable beta-lactam antibiotics;
- leader in the production of topicals (ointments, creams, gels) in the Romanian market;
- its exports account for 50% of the turnover;
- ranks first globally in the production of the active substance Nystatin, our product being the USP Reference Standard - an international quality standard;
- has a portfolio comprising over 150 products from 12 therapeutic classes: cardiovasculars, topical medicines for dermatological and anti-inflammatory use, digestive tract and genitourinary medicines and food supplements;
- has 8 manufacturing flows for the following pharmaceutical dosage forms: penicillin powders for injection, penicillin capsules, non-beta-lactam capsules, cephalosporin capsules, tablets, ointments, creams, gels; suppositories, pessaries, active substances obtained through biosynthesis;
- holds internationally recognized certifications and authorizations:
 - authorization for Nystatin and injectable penicillin products granted by the Food and Drug Administration (FDA), the US drug regulatory body;
 - Certificate of Suitability (COS) with the European Pharmacopoeia for Nystatin;

- Good Manufacturing Practice (GMP) certificate for all the manufacturing flows, Integrated Management System (quality, environment , occupational health and safety);
- has a modern Research-Development Center and a Clinical Studies Center;
- is the first European company prequalified by the World Health Organization (WHO) for the range of essential first-line antituberculosis medicines.

Mr. Ioan Nani, the General Director reviews the main achievements in the first semester:

With the onset of the SARS-CoV-2 virus pandemic at the end of the first quarter of 2020, our company's strategy has been readjusted to meet two key objectives:

- to support the Romanian medical system, strongly affected by this unprecedented crisis, with the medicines used in the treatment schemes for symptomatic and asymptomatic Covid-19 patients;
- to maintain the health and safety of our employees.

Antibiotice reconfigured its manufacturing structure and reintroduced into the manufacture Paracetamol and Novocalmin® (metamizole sodium), at that time, two products in the list of medicines missing from pharmacies, but necessary in the treatment of patients with Covid -19.

Throughout this period, the company supported the medical system and distribution partners, with its entire portfolio of 150 products, succeeding in purchasing, under conditions of transport restrictions and protectionist policies of some countries, the active substances necessary for the continuous manufacture of medicines.

In this atypical context, the revenue from sale of products to internal and external partners, achieved in the first six months amounted to 146.38 million LEI, representing 85% of the value obtained in the same period of 2019.

We note that, amid the decline of the domestic pharmaceutical market, our business export balanced the total revenue, their share increasing by 50% in the first semester of 2020.

Corresponding to those mentioned above, the H1 gross result amounted to 19.4 million LEI compared to 24.9 million LEI achieved in the first semester of 2019, that is, a degree of achievement of 78%.

In order to continuously carry out its activity, protecting its employees' health and safety, our company took protective measures since the end of February.

In the first 6 months of 2020 marked by the crisis of the new coronavirus, our company honored contracts worth 73.8 million LEI in the international market, up 2%, compared to the previous year, when the exports recorded the value of 72.7 million LEI.

Antibiotice responded to both the requests of traditional partners and those from international health systems, supporting them with medicines associated with the treatment of Covid-19, although the conditions were not the best. The measures to restrict sales in the foreign market (imposed by emergency and alert legislation), disruption of land and air transport of goods in all the parts of the world and increase of the volume of documentation required by the Ministry of Health for export approval, forced us to identify fast and efficient solutions.

Export sales of finished medicinal products and active substance Nystatin accounted for 50% of total exports in the first six months, managing to sustain the company's turnover in this period marked by the effects of the pandemic.

In the context of measures taken in 2020, at national level, to limit the spread of the SARS-VOC-2 virus, by limiting physical mobility, reducing hospital admissions and contact with healthcare professionals in the first half of 2020, the domestic consumption of Antibiotice medicines reached the value of 152.3 million LEI, representing 91.2% of the consumption value recorded in the middle of last year (167 million LEI).

Antibiotice structurally rethought its activity, in three working scenarios, corresponding to the gradual progress in the pandemic. Thus, through a careful and scrupulous management of all activities and potential risks of contamination, none of the 1400 employees of the factory became infected in the first half of 2020, and the activity continued uninterrupted.

During the 3 and a half months of exceptional situation, our company implemented security policies and allocated resources amounting to over 150,000 EUR necessary to implement decisions to minimize the risks of viral contamination. Among the measures taken, we mention: providing employees with special protective equipment, constant sanitation and disinfection of spaces, supplementation of means of transport and modification of work schedule, work from home, adaptation of workspaces to social distance, preventive testing of employees to limit possible contamination in the factory.

Questions

1. In the Management Report you mentioned that, in the first semester, there were disturbances in the transport of goods, acquisitions of raw materials. How do you estimate that the procurement of raw materials will take place given the current context?

Answer:

We improved our ability to move; we have confirmations on the deliveries of raw materials until January 2021.

Nationally, there is a problem with the consumption of medicines from the open-circuit pharmacies, due to the restrictions imposed by the pandemic.

As regards the national pharmacy chains, the situation is unpredictable because the parent companies are international companies.

2. In the statements made in this period you talked about the two medicines used for treating Covid.

Answer:

In the latest protocols of the Ministry of Health related to the treatment of Covid-19, hydroxychloroquine is used for different stages of the disease. Hydroxychloroquine manufactured by Antibiotice is intended for consumption in hospitals. We have provided a strategic safety stock at the disposal of the Ministry of Health.

Hydroxychloroquine is for the treatment of autoimmune diseases primarily. It is in advanced registration procedures, studies of therapeutic efficacy, bioavailability and bioequivalence performed on our own sites, and in two years will be authorized for the treatment of diseases such as lupus or degenerative rheumatism.

We also started business discussions with the Gilead representatives for a possible collaboration regarding Remdesivir, the medicine produced by this huge American company and tested as a treatment for Covid - 19.

3. How do you justify the increase of stocks on 30.06.2020 compared to the beginning of the year?

In the period 15.07-31.08.2020, we stopped the production for the annual technical revision. Thus, in the first semester we have to increase the stocks in order to prevent a discontinuity in the supply of distributors.

As regards the new manufacturing plant for topicals, at the beginning of the next year, certain equipment will be transferred from the old to the new plant. Therefore we will not be able to produce for almost a year and because of this we increased the stock of topical products.

4. You mentioned earlier that the gross result recorded on 30.06.2020 was 19.4 million LEI. Why did you plan only 24.5 million LEI until 31.12.2020?

We don't want to make predictions and not be able to reach them. August is a month of holidays and from the past years we know that sales are lower this month. On the other hand, autumn is coming, we do not know how this health crisis will evolve. That's why we are more careful. If we achieve more, you will see the results in the financial statements at the end of the year.