

1.4. SUBSTANTIATION REPORT of the 2021 INCOME & EXPENDITURE BUDGET

Antibiotice SA is a trading company in which the majority shareholder is the Ministry of Health with 53.0173% of the subscribed and paid-up capital. Bucharest Stock Exchange (BVB) is the regulated market in which the securities issued by Antibiotice SA are traded in the PREMIUM category.

The main Antibiotice shareholders on 31.12.2020 (extracted from the Shareholders' Registry):

- Ministry of Health - 53.0173%,
- S.I.F. Oltenia - 19.0465%
- S.I.F. Transilvania - 3.2632%
- Broadhurst Investments Limited - 3.2052%
- S.I.F. Banat-Crisana S.A - 2.1104%
- S.C. PAVAL HOLDING S.R.L - 0.7637%
- Private Pension Fund ARIPI/GENERALI S.A.F.P.P. - 0.6782%
- A-Invest - 0.6607%
- Private Pension Fund Metropolitan Life - 0.4689%
- FDI BT MAXIM Adm. BT ASSET MANAGEMENT SAI S.A. - 0.3947%
- Other legal entities and individuals - 16.3912%

The 2021 Income & Expenditure Budget of Antibiotice SA was elaborated according to the legislation in force:

- State Budget Law no. 15/2021;
- Order no. 26/2013 on the strengthening of the financial discipline at the level of some economic operators where the state or the administrative-territorial units are single or majority shareholders or directly or indirectly hold a majority stake;
- Government Ordinance 64/2001 on the distribution of profits to national societies, national companies and trading companies with full or majority state capital, as well as to autonomous administrations, with subsequent amendments and completions;
- Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises;
- Order no. 3818/2019 on the approval of the format and structure of the Income & Expenditure Budget of economic operators, as well as the annexes substantiating it;
- Law no. 227/2015 on the Fiscal Code with subsequent amendments and completions.

The exchange rate considered in substantiating the Income & Expenditure Budget was 5.00 LEI/EUR.

The substantiation of the 2021 IEB determined us to rethink the company's long-term strategies, two objectives being priorities for a continuous and high-performance activity:

- to maximize the profitability of our business;
- to ensure a sustainable, consolidated growth of our business in the period 2020-2028.

Achievement of our two long-term goals is based on the following strategies:

- Managerial measures for strategic development and adaptation to the realities of the domestic and international market:

Pillar 1: Strategic adaptation of human resources to the realities of the stage 2021 - 2028;

Pillar 2: Strategic adaptation of the product portfolio;

Pillar 3: Continuous improvement of the Integrated Management System (Quality, Environment, Occupational Health and Safety);

Pillar 4: Strategic planning and performance management;

Pillar 5: Corporate Governance

- Investments and related activities for the strategic development of the site
 - Development of production, research, utilities, transport storage infrastructures;
 - Investments for environmental protection;
 - Development of the training and preparation infrastructure of human resources and its adaptation to the concept of strategic development
- Digitization and computerization of the company's activities and processes

These strategies are based on applying certain principles to support the company's activities:

- the strategic planning principle;
- the principle of identifying the activities by operating divisions (sterile products and active substances, oral solid products, topical products);
- principle of accountability through the performance management;
- the principle of decentralization of budgets and activities down to portfolios, product groups and products.

In the stage 2020-2028, Antibiotice will turn into a sustainable company in all its functionalities, a sustainable business with responsibility towards people and environment.

Given the above, the main indicators of the period are:

No .	Indicators	UM	2020	2021	2022	2023
1	Turnover	Mil lei	341	366.5	390	425
1.1	<i>Domestic market</i>	Mil lei	182	205	220	240
1.2	<i>Export</i>	Mil lei	158	160	170	185
1.3	Export share in turnover	%	46%	44%	44%	44%
2	Total income	Mil lei	380	395	413	444
3	Total expenses	Mil lei	352	365	381	409
4	Gross profit	Mil lei	28.3	30.3	32	35,5
5	Net profit	Mil lei	26.4	28.1	29.4	31.7
6	Equity (Net accounting assets)	Mil lei	577	604	650	707
7	Total debt	Mil lei	269	280	315	339
8	Total assets	Mil lei	863	890	972	1055
9	Level of indebtedness (Total debt / Total Assets)	%	31%	31%	32%	32%
10	Solvability (Total Assets / Total debt)		3.2	3.2	3.1	3.1
11.	Total expenses at 1,000 lei revenues	thou lei	926	923	922	920
12. 1	Work productivity (Operating income / no. of employees)	Thou lei/employee	264	274	290	313
12. 2	Work productivity (Turnover / no. of employees)	Thou lei/employee	241	259	279	304
13.	Average number of employees	No. of employees	1,415	1,415	1,400	1,400
14.	Taxes and fees, of which:	Mil lei	97	107	116	121
14. 1	- claw back tax	Mil lei	28	27	27	28
15.	Added value	Mil lei	200	193	213	223
16.	Profitability of Gross Profit (Gross Profit /Turnover)	%	8.3%	8.3%	8.3%	8.4%
17.	EBITDA (Earnings before interest+Taxes+Depreciation+ Amortization)	Mil lei	55	58	64	70

In this stage, 2020-2023, the substantiation of the company's budget estimates a consolidated growth rate of 25%, both in terms of turnover and profit.

Increase of the total income in the stage 2020-2023 is estimated at around 16.85% from 380,393 thousand LEI in 2020 to 444,498 thousand LEI in 2023, the target for 2021 being 395,148 thousand LEI (higher by 3.9% compared to 2020).

In the above-mentioned period, turnover is estimated to increase by 25%, from 341,048 thousand LEI in 2020 to 425,000 thousand LEI in 2023, the target for 2021 being 366.500 thousand LEI (higher by 7,5% over 2020).

In close connection with these, total expenses are expected to follow the same trend, increasing by 17%, from 352,064 thousand LEI in 2020 to 408,998 thousand LEI in 2023, the target for 2021 being 364,888 thousand LEI (an increase of 3.6% over 2020).

Gross profit are expected to increase by 25% from 28,329 thousand LE in 2020 to 35,500 thousand LEI in 2023, the target for 2021 being 30,260 thousand LEI (an increase of 6.8% over 2020).

Total expenses at 1,000 LEI revenues are expected to vary from 926 LEI in 2020 to 920 LEI in 2023, the target value for 2021 being 923 LEI.

Of the total expenditure, the protocol expenses estimated for 2021 amount to 600 thousand LEI, within the deductibility limit provided by art. 25 para. 3) of Law no. 227/2015, respectively 2% of the accounting profit to which the protocol expenses are added (30,860 thousand LEI x 2% = 617 thousand LEI). Non-tax deductible sponsorship expenses according to art. 25, paragraph 4) of the Fiscal Code, are in the amount of 945 thousand LEI and include sponsorships in the medical and health fields amounting to 400 thousand LEI, education, training, social matters and sports in value of 355 thousand LEI and for other actions and activities in value of 190 thousand LEI.

Our company remains consistent with the objective of not recording overdue payments within the entire budget period. Antibiotice will also reduce the outstanding receivables by 14.3%, from 21,742 thousand LEI in 2020 to 18,640 thousand LEI in 2023, the target for 2021 being 20,655 thousand LEI (lower by 5% compared to 2020).

These objectives will be supported by performance indicators for each pillar, according to the development strategies established by the 2021-2028 Strategic Organization and Development Plan (P.O.D.S.).

Managerial measures for strategic development and adaptation to the realities of the domestic and international market

Pillar 1: Strategic adaptation of human resources to the realities of the stage 2021 - 2023;

Performance indicators	Planned 2021	Planned 2022	Planned 2023
Average number of hours of continuous professional training / employee	34	36	38
Average number of employees	1,415	1,400	1,400
Average monthly earnings per employee * (LEI)	6,178	6,363	6,503
Labor productivity ** (thousand LEI)	274	290	313
Government social policies ***	100%	100%	100%

** determined on the basis of the company's salary expenses*

*** determined as operating income / average number of employees*

****ensuring diversity in the organizational climate - equal opportunities, gender equality, assessing the health of employees*

Strategy 1. Reorganizing the Human Resources Unit and adapting its activity to the reality of the period 2021-2028 (digitization, computerization, refurbishment, teleworking, norming of all the activities by specific modern methods);

Strategy 2. Reorganizing each executive and support unit (defining also the internal processes and redesigning the job descriptions, hierarchy of positions, monitoring and evaluation plan and of the team's performance in each unit);

Strategy 3. Optimizing the organizational climate and redefining the organizational culture and its orientation towards innovation and performance, a defining element for increasing the the employees' retention and satisfaction;

Strategy 4. Optimizing the employee motivation system (including the salary), a defining element for increasing the employee retention rate;

Strategy 5. Professional career management;

Strategy 6. Implementing social responsibility projects, projects involving the staff in redefining the organizational culture on the basis of the communication pillars.

Pillar 2: Strategic adaptation of the product portfolio

Principles for defining the future portfolio:

- decentralization to divisions in order to increase turnover and profitability per each division;
- compliance with the selection criteria (medical, economic and market);
- ability to reproduce the footprint of the markets in which the company operates (the ATB territories);
- identification with the main therapeutic classes, with the main innovative prescription or non-prescription products, with the main

pharmaceutical forms in order to offer flexibility and diversity in terms of administration;

- ensuring the balance of supply for all the categories of public with a strategic consumption in the target markets;
- defining the products with major brand perspectives (e.g. products for the treatment of rare diseases included in the WHO portfolio);
- establishing the optimal share for the products intended for the hospital and retail segments, share of RX and non-RX products, so as to shorten the waiting times for the authorization and increase the profitability;
- maximizing the turnover and profitability;
- promoting the products (also through scientific communication projects);
- compatibility with our business partners (active substance manufacturers, distributors, pharmacy chains and mini-chains and independent pharmacies).

Current portfolio

Strategy 1. Annual definition of a “strategic core” of products from the current portfolio of each Division with the greatest potential for sale in the domestic market (from medical viewpoint);

Strategy 2. Internationalization of the products from the current portfolio of each Division in the ATB territories;

Strategy 3. Consolidation of the innovative product Nystatin - active substance

Future portfolio

The strategic development directions of the portfolio taking into account the WHO list of essential medicines:

Strategy 4. Developing the anti-infectives portfolio for maintaining the leading position in this segment;

Strategy 5. Developing the topicals portfolio for maintaining the leading position in the Romanian market;

Strategy 6. Developing the portfolio of products for chronic diseases, to support the needs of the Romanian health system;

Strategy 7. Developing the Quality of life portfolio;

Strategy 8. Developing the vertical integration project of Nystatin;

Strategy 9. Developing the sterile solutions/ pre-filled syringes portfolio;

Strategy 10. Developing the biocides portfolio.

Research-Development

Strategy 11. Developing through our own research the products established according to the portfolio adjustment directions in correlation with their value contribution and the first year of sale;

Strategy 12. Stimulating innovation in research.

Business Development

Strategy 13. Assimilating through in-licensing the products established according to the portfolio adjustment directions in correlation with their value contribution and the first year of sale;

Strategy 14. Out-licensing business development in the non-ATB territories through the products established according to the portfolio adjustment directions in correlation with their value contribution and the first year of sale.

Pillar 3: Continuous improvement of the Integrated Management System (Quality, Environment, Occupational Health and Safety);

Strategy 1. Customer orientation (patients, partners, health professionals, employees, authorities) from the perspective of quality, environment, labour health and safety policies;

Strategy 2. Continuous improvement of the Integrated Management System (quality, environment, health) - ensuring the reproducibility of product quality, reducing quality incidents, incidents with repercussions for human health and environment;

Strategy 3. Business development by obtaining new certifications and authorizations;

Strategy 4. Cost management through streamlining the processes from the Integrated Management System

Pillar 4: Strategic planning and performance management

Performance indicators	Planned 2021	Planned 2022	Planned 2023
Turnover (mil. LEI)	366.5	390	425
Gross Profit (mil. LEI)	30.3	32	35.5
Total expenses at 1,000 LEI revenues (LEI)	923	922	920
Arrears (thousand LEI)	0	0	0
Capacity utilization not less than 60%	>60%	>60%	>60%
A 80% minimum degree of customer satisfaction in the domestic market	>80%	>80%	>80%

Strategy 1. Consolidation of the share price in the capital market:

- Maintaining the ATB shares in the PREMIUM category on the Bucharest Stock Exchange;
- Improving communication with the company's stakeholders

Strategy 2. Meeting the business consolidation principles:

- to ensure the financial balance, stabilize the business after the pandemic crisis and relaunch it, the basis of long-term economic growth;
- to ensure the production-sales balance for obtaining a saleable stock;
- to ensure the balance of receipts - payments for optimizing cash flow and investment resources;
- to develop strategic partnerships - a strong point for a consolidated business;
- to increase the company's patrimonial value.

Strategy 3. Pricing - a strategic approach:

- Identifying the opportunities to increase prices in the non-RX segment

Strategy 4. Improving the system of planning, correlation and operational follow-up of the work plans specific to the company's activities on each division: sales plan for the domestic market (ATB exits, Sell-in, Sell-out), sales plan for the external market, business development plan (in-licensing and out-licensing projects), promotion plan, research plan, production plan, investment plan, repair plan and procurement plan (from the domestic and external market), human resources plan, financing plan, cost management plan, communication plan.

Strategy 5. Internationalization of our business in the ATB territories and other territories:

- Consolidation of the product Nystatin and maintaining the position of world leader in the production of this active substance;
- Territorial expansion plan for the finished products (ATB territories, other potential markets).

Strategy 6. Consolidating the business in the domestic market;

Strategy 7. Developing and implementing a performance objective system according to the principles of synergy, interdependence, business balance and development; monitoring and evaluation through managerial performance indicators specific to each activity.

Pilon 5: Corporate Governance

Strategy 1. Ensuring the corporate regulation framework;

Strategy 2. Monitoring the selection and appointment of management bodies and ensuring the activities for which the company is responsible.

Strategy 3. Monitoring the operation and effectiveness of professional performance evaluation systems; proposing appropriate corrective measures.

Strategy 4. Ensuring the transparency in communication with the investors, equal treatment, including for the minority shareholders.

All these pillars represent our company's development directions in the period 2020 - 2028 and will be implemented year by year, by taking measures and actions to meet the objectives and performance criteria. They are supported by the multiannual investment programs.

These objectives will be met through investments and assimilated activities for the strategic development of the manufacturing site, as follows:

- investments for developing the production, research, utilities, transport storage infrastructures;
- investments in digitization and computerization of the site;
- Investments for environmental protection;
- Investments for developing the training and preparation infrastructure of human resources and its adaptation to the concept of strategic development.

Antibiotice substantiates projects proposed for European funding and / or for funding under the National Recovery and Resilience Program, which are in the evaluation phase at various authorities.

The 2021-2023 investment program is presented as follows:

The investments included in the 2021 Program are worth 93,521 thousand LEI. The program is funded from the company's own sources.

The estimated values for the 2022-2023 investments:

- 2022: 105,000 thousand LEI;

- 2023: 111,625 thousand LEI.

Of the total value of 93,521 thousand LEI estimated for 2021, 55,311 thousand LEI represent new investments while 38,210 thousand LEI are ongoing investments.

1. Research - Development investments

- **Laboratory equipment**

Equipping laboratories with high-performance equipment will contribute to the development of the product portfolio through our own research.

- **Licenses for new products and projects in the development phase**

The new product development program considers the following objectives:

- to update the product portfolio;

- to provide the external market with competitive pharmaceutical products

2. Investments in the production sites

- **Design of the pilot research, technology transfer and small-scale production for the manufacture of sterile injectable solutions in vials**

The project aims an investment in a research pilot for injectable generics in the form of solutions filled into vials.

- **Completion of the Ointment & Suppository Plant** (ongoing investment started in 2014 with completion in 2021).

The new facility will manufacture pharmaceutical semisolid products filled in tubes, suppositories and pessaries, consolidating strategically our company's sales in the ATB territories.

An amount of 24,964 thousand LEI has been scheduled to be invested this year.

3. Investments for modernizing the existing manufacturing sites

- **Modernization of some manufacturing flows and equipment**

In the period 2021-2023 our company has been intending to purchase equipment, installations in order to refurbish the manufacturing flows. These endowments must be with high efficiency, low energy consumption, safe in operation, able to ensure the implementation of environmental protection measures.

- **Investments for modernizing the manufacturing flow of the active substance Nystatin, extending the assortment range of Nystatin and developing the production of biocides**
- 4. **Adaptating the infrastructures of service, utility provision and distribution, transport and connection to the national road system, storage of raw materials and finished products to the development trend of the industrial site**
- 5. **Investments in the Integrated Management System (quality, environment, occupational health and security)**
- 6. **Investments in information technology, telecommunications and process digitization**

Modernization of the IT system (ERP), in all the company structures, in compliance with the Digitization and Computerization Plan will be the main investment.

- 7. **Investments in human resources - training, skills development and mentoring platform, investments in social responsibility projects covering four areas: health, education, environment and social matters.**

This Substantiation Report is an integral part of the Income & Expenditure Budget to Annex 1 to Annex 5.

The Income & Expenditure Budget for 2021 was submitted to the financial management control, according to GD no. 1151/2012 for the approval of the Methodological Norms regarding the organization and exercise of the financial management control.

GENERAL DIRECTOR
IOAN NANI, Economist

FINANCIAL DIRECTOR
PAULA COMAN, Economist

THE INCOME AND EXPENDITURE BUDGET FOR THE YEAR 2021

		INDICATORS	No.	Achieved/ Preliminary previous year 2020	Proposals for current year 2021	%	Estimate s for 2022	Estimate s for the year 2023	thousand lei	
									%	
									9=7/5	10=8/7
0	1	2	3	4	5	6=5/4	7	8	9	10
I.		TOTAL INCOME (Row1=Row2+Row5)	1	380,393	395,148	103.9	412,813	444,498	104.5	107.7
	1	Total operating income, of which:	2	374,044	387,138	103.5	406,315	438,000	105.0	107.8
		a) subsidies, according to the legal provisions in force	3							
		b) transfers, according to the legal provisions in force	4							
	2	Financial income	5	6,349	8,010	126.2	6,498	6,498	81.1	100.0
II		TOTAL EXPENSES (Row6=Row7+Row19)	6	352,064	364,888	103.6	380,613	408,998	104.3	107.5
	1	Operating expenses,(Row 7= Row8+Row9+Row10+Row18) of which:	7	336,622	349,716	103.9	370,413	398,698	105.9	107.6
		A. expenses with goods and services	8	173,170	193,779	111.9	209,544	233,181	108.1	111.3
		B. expenses with taxes, fees and assimilated payments	9	32,678	32,051	98.1	32,892	34,640	102.6	105.3
		C. staffing expenses, (Row10=Row11+Row14+Row16+Row17), of which:	10	104,173	112,862	108.3	116,300	118,900	103.0	102.2
		C0 Wages expenditure (Row11=Row12+Row13)	11	98,362	107,492	109.3	110,766	113,243	103.0	102.2
		C1 wages expenditure	12	90,885	100,171	110.2	103,222	105,530	103.0	102.2
		C2 bonuses	13	7,477	7,321	97.9	7,544	7,713	103.0	102.2
		C3 other staffing expenditure, of which:	14							
		expenses with compensatory payments related to staff layoffs	15							
		C4 Expenditures related to the mandate contract and other management and control bodies, commissions and committees	16	3,614	3,005	83.1	3,097	3,165	103.1	102.2
		C5 Expenses with contributions due by the employer	17	2,197	2,365	107.6	2,437	2,492	103.0	102.3
		D. other operating expenses	18	26,601	11,024	41.4	11,677	11,977	105.9	102.6
	2	Financial expenses	19	15,442	15,172	98.3	10,200	10,300	67.2	101.0
III		GROSS PROFIT (profit/loss) (Row20=Row1-Row6)	20	28,329	30,260	106.8	32,200	35,500	106.4	110.2
IV	1	CURRENT PROFIT TAX	21	1,766	2,000	113.3	2,500	3,500	125.0	140.0
	2	DEFERRED PROFIT TAX	22	1,172	1,200	102.4	1,500	1,800	125.0	120.0
	3	DEFERRED PROFIT TAX INCOME	23	997	1,000	100.3	1,200	1,500	120.0	125.0
	4	TAX SPECIFIC TO CERTAIN ACTIVITIES	24	0	0		0	0		
	5	OTHER TAXES NOT PRESENTED TO THE ABOVE ELEMENTS	25							
V		NET PROFIT/LOSS OF THE REPORTING PERIOD (Row 26=Row 20-Row 21-Row 22+Row 23-Row 24-Row25), of which:	26	26,388	28,060	106.3	29,400	31,700	104.8	107.8
	1	Legal reserves	27							
	2	Other reserves representing fiscal facilities provided by law	28	17,168	25,000	145.6	25,000	25,000	100.0	100.0
	3	Coverage of accounting losses from previous years	29	7,000						
	4	The establishment of own sources of financing for projects co-financed by external loans, as well as for the establishment of sources necessary to refund capital rates, interest payments, commissions and other costs related to these loans	30							
	5	Other distributions provided by law	31							
	6	Accounting profit remaining after the deduction of amounts to Row 27, 28, 29, 30, 31 (Row 32= Row26-(Row27 to Row 31)>= 0)	32	2,220	3,060	137.8	4,400	6,700	143.8	152.3
	7	The employees' participation in profit up to 10% of the net profit, but not more than the level of an average monthly basic salary achieved at the level of the economic operator in the reference financial year	33	2,000	2,000	100.0	2,000	2,000	100.0	100.0

		INDICATORS	No.	Achieved/ Preliminary previous year 2020	Proposals for current year 2021	%	Estimate s for 2022	Estimate s for the year 2023	%	
0	1								9=7/5	10=8/7
0	1	2	3	4	5	6=5/4	7	8	9	10
	8	Minimum 50% payments to the state or local budget in the case of autonomous administrations, or dividends due to shareholders, in the case of national companies and companies with full/majority state equity, of which:	34	2,220	3,060	137.8	4,400	6,700	143.8	152.3
	a)	- dividends due to the state budget	35	1,177	1,622	137.8	2,333	3,552	143.8	152.3
	b)	- dividends due to the local budget	36							
	c)	- dividends due to other shareholders	37	1,043	1,438	137.8	2,067	3,148	143.8	152.3
	9	The profit not distributed on the destinations provided in Row33 - Row34 is distributed to other reserves and constitutes the company's own source of financing	38							
VI		REVENUE FROM EUROPEAN FUNDS	39							
VII		ELIGIBLE EXPENDITURE FROM EUROPEAN FUNDS, of which	40							
	a)	material expenses	41							
	b)	wages expenses	42							
	c)	expenses regarding the provision of services	43							
	d)	advertising and publicity expenses	44							
	e)	other expenses	45							
VIII		SOURCES OF INVESTMENT FINANCING, of which:	46	48,061	93,521	194.6	105,000	111,625	112.3	106.3
	1	Budget allocations	47							
		budget allocations related to the payment of commitments from previous years	48							
IX		INVESTMENT EXPENSES	49	48,061	93,521	194.6	105,000	111,625	112.3	106.3
X		SUBSTANTIATION DATA								
	1	Number of the staff estimated at the end of the year	50	1,415	1,415	100.0	1,400	1,400	98.9	100.0
	2	Total average number of employees	51	1,415	1,415	100.0	1,400	1,400	98.9	100.0
	3	Average monthly earnings per employee (lei / person) determined on the basis of wages expenses	52	5,583	6,178	110.7	6,363	6,503	103.0	102.2
	4	The average monthly earnings per employee (lei/person) determined on the basis of wages expenses, recalculated according to the annual law of the state budget	53	5,674	5,859	103.3	6,035	6,168	103.0	102.2
	5	Labor productivity in value units per average total staff (thousand lei/person)(Row2/Row51)	54	264	274	103.5	290	313	106.1	107.8
	6	Labor productivity in value units per total average number of employees recalculated according to the annual Law on the state budget	55							
	7	Labor productivity in physical units per total average staff (quantity of finished products/person)	56							
	8	Total expenses per 1000 lei total income (Row 57 =(Row6/Row1)x1000)	57	926	923	99.8	922	920	99.8	99.8
	9	Outstanding payments	58	0	0		0	0		
	10	Outstanding receivables	59	21,742	20,655	95.0	19,620	18,640	95.0	95.0

*) Row 52 = Row 151 from the Substantiation Annex no.2

**) Row 53 = Row 152 from the Substantiation Annex no.2

GENERAL DIRECTOR
EC. IOAN NANI

FINANCIAL DIRECTOR
EC. PAULA COMAN

resentation of economical and financial indicators included in the Income & Expenditure Budget and their quarterly breakdown

INDICATORS											thousand lei	
	No.	Achieved in 2019	Estimations in the previous year 2020		Proposals for the current year 2021						%	%
			Approved according to the Decision of the OGMS	Preliminary / Achieved	of which							
					Q I	Q II	Q III	Year	7=6/5	8=5/3a		
1	2	3a	4a	5	6a	6b	6c	6	7	8		
	TOTAL INCOME (Row 1=Row 2+Row 22)	1	407,781	400,000	380,393	92,687	194,543	270,112	395,148	103.9	93.3	
1	Total operating income (Row 2=Row 3+Row 8+Row 9+Row 12+Row 13+Row 14), of which:	2	401,939	394,300	374,044	91,259	191,118	263,449	387,138	103.5	93.1	
a)	of the production sold (Row 3=Row 4+Row 5+Row 6+Row 7), of which:	3	308,224	299,100	258,477	52,520	116,913	180,940	273,575	105.8	83.9	
	a1) sale of the products	4	307,288	298,361	257,853	52,395	116,663	180,565	273,081	105.9	83.9	
	a2) provided services	5	776	508	447	75	150	225	294	65.8	57.6	
	a3) royalty and rent	6	160	231	177	50	100	150	200	113.0	110.6	
	a4) other income	7										
b)	from the sale of goods	8	82,423	78,600	82,571	20,956	42,995	65,141	92,925	112.5	100.2	
c)	from subsidies and operating transfers related to the net turnover(Row 9=Row 10+Row 11), of which:	9	0	0	0	0	0	0	0			
	c1 subsidies, according to the legal provisions in force	10										
	c2 transfers, according to the legal provisions in force	11										
d)	from the production of fixed assets	12	4,661	5,000	6,352	1,400	3,600	5,700	8,179	160.6	136.3	
e)	income related to the cost of production in progress	13	4,565	8,900	23,677	16,308	25,935	9,683	10,204	9.5	518.7	
f)	other operating income (Row 15+Row 16+Row 19+Row 20+Row 21), of which:	14	2,066	2,700	2,967	75	1,675	1,985	2,255	76.0	143.6	
	f1) from fines and penalties	15										
	f2) from the sale of assets and other capital operations (Row 16 = Row 17 + Row 18), of which:	16										
	- tangible assets	17										
	- intangible assets	18										
f3)	from subsidies for investments	19										
f4)	from the capitalization of CO2 certificates	20										
f5)	other incomes	21	2,066	2,700	2,967	75	1,675	1,985	2,255	76.0	143.6	
2	Financial income (Row 22=Row 23+Row 24+Row 25+Row 26+Row 27), of which:	22	5,842	5,700	6,349	1,428	3,425	6,663	8,010	126.2	108.7	
a)	from financial assets	23										
b)	from financial investments	24										

INDICATORS

INDICATORS												Proposals for the current year 2021		%
	No.	Achieved in 2019	Estimations in the previous year 2020		of which				%					
			Approved according to the Decision of the OGMS 4a	Preliminary / Achieved										
					Q I	Q II	Q III	Year						
1	2	3	3a	4a	5	6a	6b	6c	6	7	8			
	- gift vouchers for marketing campaigns, market research and promotion on existing or new markets according to Law no. 193/2006, with subsequent amendments													
	- product promotion expenses	54	6,558	7,566	8,167	2,690	5,165	7,465	10,529	128.9	124.5			
d)	Sponsorship expenses, according to the G.E.O. no.2 / 2015 (Row 56 = Row 57 + Row 58 + Row 60), of which:	55	881	1,411	1,298	260	510	790	945	72.8	147.3			
	d1) sponsorship expenses in medical and health sector	56												
	d2) sponsorship expenses for education, social services and sport, of which:	57	237	836	783	110	210	340	400	51.1	330.4			
		58	429	293	260	100	200	290	355	136.5	60.6			
	- for sports clubs	59	0	0										
	d3) sponsorship expenses for other actions and activities	60	215	282	255	50	100	160	190	74.5	118.6			
e)	expenditure on the transport of goods and persons	61	2,394	2,688	2,573	400	1,265	1,935	2,815	109.4	107.5			
f)	travel, secondment, transfer expenses, of which:	62	1,268	830	149	55	89	130	477	320.1	11.8			
	- daily allowance expenses (Row 63=Row 64+Row 65), of which:	63	100	35	18	5	9	14	21	116.7	18.0			
	- internal	64	25	35	18	5	9	11	16	88.9	72.0			
	- external	65	75	0	0	0	0	3	5	0.0	0.0			
g)	postal and telecommunications charges	66	487	478	536	108	217	330	488	91.0	110.1			
h)	bank commissions and similar charges	67	1,218	1,407	851	172	491	668	775	91.1	69.9			
l)	other expenditure on services rendered by third parties, of which:	68	469	512	175	85	290	390	600	342.9	37.3			
	i1) insurance and security expenses	69												
	i2) expenses regarding the maintenance and operation of the computing technique	70												
	i3) expenses on professional training	71	469	512	175	85	290	390	600	342.9	37.3			
	i4) expenses with the revaluation of tangible and intangible assets, of which:	72												
	- related to goods of the nature of the public domain	73												
	i5) expenses with the services performed by the subsidiaries	74												
	i6) expenses regarding the recruitment and placement of the management staff according to the Government Emergency Ordinance no. 109/2011	75												
	i7) expenses with auction announcements and other announcements	76												
j)	other expenses	77	15,160	17,895	11,853	5,509	9,291	12,535	18,012	152.0	78.2			
B	Expenses with taxes, fees and similar payments (Row 78=Row 79+Row 80+Row 81+Row 82+Row 83+Row 84), of which:	78	46,266	37,400	32,678	8,091	16,196	24,121	32,051	98.1	70.6			
a)	expenses with tax for the activity of exploitation of mineral resources	79												
b)	expenses with the royalty for the concession of public goods and mineral resources	80												
c)	license fee expenses	81												
d)	authorization fee expenses	82												
e)	environmental tax expenses	83												

INDICATORS											
	No.	Achieved in 2019	Estimations in the previous year 2020		Proposals for the current year 2021				%	%	
			Approved according to the Decision of the OGMS	Preliminary / Achieved	of which						
					Q I	Q II	Q III	Year			
			3a	4a	5	6a	6b	6c	6	7	8
1	2	3	3a	4a	5	6a	6b	6c	6	7	8
f)	expenses with other taxes and fees	84	46,266	37,400	32,678	8,091	16,196	24,121	32,051	98.1	70.6
C. Staff costs (Row 85=Row 86+Row 99+Row 103+Row 112), of which:		85	95,703	105,100	104,173	26,542	55,640	84,725	112,862	108.3	108.9
C0	Salary related expenses (Row 86=Row 87+ Row 91)	86	89,586	98,602	98,362	25,621	52,278	80,345	107,492	109.3	109.8
C1	Salary costs (Row 87=Row 88+Row 89+Row 90), of which:	87	82,518	90,898	90,885	24,290	49,531	74,438	100,171	110.2	110.1
	a) basic wages	88	74,642	81,488	80,746	21,618	44,083	66,250	89,152	110.4	108.2
	b) benefits, premiums and other bonuses related to the basic salary (according to the Collective Labor Agreement)	89	7,876	9,410	10,139	2,672	5,448	8,188	11,019	108.7	128.7
	c) other bonuses (according to the CLA)	90									
C2	Bonuses (Row 91=Row 92+Row 95+Row 96+Row 97+ Row 98), of which:	91	7,068	7,704	7,477	1,331	2,747	5,907	7,321	97.9	105.8
	a) social expenditures provided by Art.25 of the Law no. 227/2015 on the Fiscal Code (*, as subsequently amended and supplemented, of which:	92	864	858	742	147	380	400	634	85.4	85.9
	- nursery vouchers, according to Law no. 193/2006, with subsequent amendments:	93									
	- gift vouchers for social expenses according to Law no. 193/2006, with subsequent amendments:	94									
	b) meal tickets;	95	3,375	4,010	3,913	1,184	2,367	3,551	4,731	120.9	115.9
	c) holiday vouchers;	96									
	d) expenses on the participation of the employees in the profit obtained in the previous year	97	2,829	2,836	2,822	0	0	1,956	1,956	69.3	99.8
	e) other expenses according to the CLA.	98									
C3	Other staff expenses (Row 99 = Row 100 + Row 101 + Row 102), of which:	99									
	a) expenses on compensatory payments related to staff redundancies	100									
	b) expenses on the due wages rights based upon some court decisions	101									
	c) wages expenses related to restructuring, privatization, special administrator, other commissions and committees	102									
C4	Expenditure related to the mandate contract and other management and control bodies, commissions and committees (Row 103=Row 104+Row 107+Row 110+ Row111), of which:	103	4,141	4,271	3,614	366	2,198	2,602	3,005	83.1	87.3
	a) for directors/directorship	104	2,843	2,549	1,909	158	1,247	1,436	1,624	85.1	67.1
	- E118fixed component	105	335	404	403	108	216	325	433	107.4	120.3
	- variable component	106	2,508	2,145	1,506	50	1,031	1,111	1,191	79.1	60.0
	b) for the Management Board/Supervisory Board, of which:	107	1,081	1,482	1,468	147	828	982	1,136	77.4	135.8
	- fixed component	108	473	549	535	147	301	455	609	113.8	113.1
	- variable component	109	608	933	933	0	527	527	527	56.5	153.5
	c) for censors	110									
	d) for other commissions and committees established by law	111	217	240	237	61	123	184	245	103.4	109.2

INDICATORS											
	No.	Achieved in 2019	Estimations in the previous year 2020		Proposals for the current year 2021						
			Approved according to the Decision of the OGMS	Preliminary / Achieved	of which				Year		
					Q I	Q II	Q III				
		3a	4a	5	6a	6b	6c	6	7	8	
C5	Expenses with the contributions due by the employer	1,976	2,227	2,197	555	1,164	1,778	2,365	107.6	111.2	
D.	Other operating expenses (Row 113=Row 114+Row 117+Row 118+Row 119+Row 120+Row 121), of which:	27,564	22,274	26,601	1,640	-3,319	-2,383	11,024	41.4	96.5	
a)	expenses with increases and penalties (Row 114=Row 115+Row 116), of which:	78		8	0	1	5	5		10.3	
	- to the general consolidated budget										
	- to other creditors	77		7						9.1	
b)	expenses related to fixed assets	1		1	0	1	5	5	500.0	100.0	
c)	expenses related to transfers for staff payment										
d)	other expenses										
e)	depreciation expenses for tangible and intangible assets	21,723	23,500	22,101	5,798	11,535	17,430	23,739	107.4	101.7	
f)	adjustments and depreciations for loss of value and provisions (Row 121=Row 122-Row 125), of which:	5,763	-3,308	4,492	-4,158	-14,855	-19,818	-12,720	-283.2	77.9	
	f1) adjustments and provisions expenses	30,356	26,887	30,994	1,042	1,042	1,042	8,140	26.3	102.1	
	f1.1) -provisions on employee participation in profit	2,900	2,000	2,000				2,000	100.0	69.0	
	f1.2) - provisions in connection with the mandate contract										
	income from provisions and adjustments for impairment or loss of value, of which:	24,593	30,195	26,502	5,200	15,897	20,860	20,860	78.7	107.8	
	f2) from the cancellation of provisions (Row 126=Row 127+Row 128+Row 129), of which:	24,593	30,195	21,875	5,200	15,897	20,860	20,860	95.4	88.9	
	- of employee participation in profit	2,900	2,900	2,900			2,000	2,000	69.0	100.0	
	- from impairment of tangible assets and current assets	21,693	17,145	18,975	3,700	12,150	13,612	13,612	71.7	87.5	
	- income from other provisions				1,500	3,747	5,248	5,248			
	Financial expenses (Row 130=Row 131+Row 134+Row 137), of which:	12,218	14,430	15,442	2,829	6,211	11,611	15,172	98.3	126.4	
a)	interest charges, of which:	4,687	5,994	4,932	891	1,791	2,691	3,591	72.8	105.2	
	a1) related to investment credits										
	a2) related to credits for the current activity	4,687	5,994	4,932	891	1,791	2,691	3,591	72.8	105.2	
b)	exchange rate expenses, of which:	7,268	7,712	9,997	1,898	4,310	8,750	11,347	113.5	137.5	
	b1) related to investment credits										
	b2) related to credits for the current activity	7,268	7,712	9,997	1,898	4,310	8,750	11,347	113.5	137.5	
c)	other financial expenses	263	724	513	40	110	170	234	45.6	195.1	
	GROSS RESULT (profit/loss) (row 138=Row 1-Row 28)	35,180	24,500	28,329	4,194	19,356	18,648	30,260	106.8	80.5	
	non-taxable income										
	non tax deductible expenses										
	CURRENT CORPORATE TAX	4,305	1,300	1,766	0	250	250	2,000	113.3	41.0	

INDICATORS												Proposals for the current year 2021		%									
												Estimations in the previous year 2020		of which				%					
												Achieved in 2019	Approved according to the Decision of the OGMS		Preliminary / Achieved	Year				Q I	Q II	Q III	Year
3a	4a	5	6a	6b	6c	6																	
1	2												3	3a	5	6a	6b	6c	6	7	8		
SUBSTANTIATING DATA																							
1	Total operating income, of which: (Row 2)												142	401,940	394,300	374,044	91,259	191,118	263,449	387,138	103.5	93.1	
a)	- income from subsidies and transfers												143										
b)	- other revenues that are not taken into account when determining the labor productivity and gross result, according to Annual Law on the State Budget												144										
2	Total operating expenses, of which: (Row 29)												145	360,405	361,070	336,622	85,664	168,976	239,853	349,716	103.9	93.4	
a)	- other operating expenses that are not taken into account when determining the gross result achieved in the previous year, according to the Annual Law on the State Budget												146										
3	Wages expenditure (Row 86), of which: **)												147	89,586	98,602	98,362	25,621	52,278	80,345	107,492	109.3	109.8	
4	Number of employees estimated at the end of the year												148										
5	Average number of employees												149	1,415	1,415	1,415	1,415	1,415	1,415	1,415	100.0	100.0	
a)	Average monthly earnings per employee (LEI / employee) determined on the basis of salary costs (Row 147/Row 149/12*1000)												150	5,276	5,807	5,793	x	x	x	6,331	109.3	109.8	
b)	Average monthly earnings per employee (LEI / employee) determined on the basis of salary costs according to GO 26/2013 [(Row 147 – row 92* - row 97)/Row 149/12*1000]												151	5,058	5,589	5,583	x	x	x	6,178	110.7	110.4	
c)	Average monthly earnings per employee (LEI / employee) determined on the basis of salary costs according to GO 26/2013 and the Annual law on the state budget												152	5,054	5,690	5,674	x	x	x	5,859	103.3	112.3	
7	a)	Labor productivity in units of value per total average personnel (thousand LEI / employee) (Row 2/Row 149)												153	284	279	264	x	x	x	274	103.8	92.8
b)	Labor productivity in value units per total average personnel recalculated according to the annual Law on the state budget												154										
c)	The labor productivity in physical units on average total staff (quantity of finished products / person) W=QFP/Row 149												155										
c1)	Elements for calculating the labor productivity in physical units, of which												156										
	- the quantity of finished products (QFP)												157										
	- average price (p)												158										
	- value =QFP x p												159										
	- share in total operating income = Row 157/Row 2												160										
8	Outstanding payments												161	0	0	0	0	0	0	0			
9	Outstanding receivables, of which:												162	23,162	22,004	21,742	21,500	21,000	20,800	20,655	95.0	93.9	
	- from full / majority state-owned operators												163										
	- from private equity operators												164	23,162	22,004	21,742	21,500	21,000	20,800	20,655	95.0	93.9	
	- from the state budget												165										
	- from the local budget												166										
	- from other entities												167										

	INDICATORS	No.	Achieved in 2019	Estimations in the previous year 2020		Proposals for the current year 2021				%	%
				Approved according to the Decision of the OGMS	Preliminary / Achieved	of which					
						Q I	Q II	Q III	Year		
1	2	3	3a	4a	5	6a	6b	6c	6	7	8
0	Credits to finance the current activity (the remained balance to be reimbursed)	168	125,876	130,000	87,522	75,000	65,000	65,000	65,000	74.3	69.5
1	Total redistributions / distributions according to GEO no.29/2017 from:	169	0	0	0	0	0	0	0	0	
	- other reserves	170	0	0	0	0	0	0	0	0	
	- retained earnings	171	0	0	0	0	0	0	0	0	

GENERAL DIRECTOR
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FINANCIAL DIRECTOR
EC. PAULA COMAN

Addendum no.3

Total income achievement rate

No.	INDICATORS	estimations for the year 20		% 4=3/2 4	estimations for the previous year 20		% 7=6/5 7
		Approved 2	Achieved 3		Approved 5	Achieved 6	
0	1						
I.	Total income (row 1+row 2) , of which:	405,305	407,781	100.6	400,000	380,393	95.1
1	Operating income	397,123	401,939	101.2	394,300	374,044	94.9
2.	Financial income	8,182	5,842	71.4	5,700	6,349	111.4

thousand lei

GENERAL DIRECTOR
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FINANCIAL DIRECTOR
EC. PAULA COMAN

Investment and endowment program and financing sources

thousand lei

0	1	INDICATORS	Date of completion of investment	Previous year 2020		Value		
				Approved	Achieved	Current year 2021	2022	2023
				4	5	6	7	8
I		INVESTMENT FINANCING SOURCES, of which:		71,755	48,061	93,521	105,000	111,625
	1	Own sources, of which:		39,500	39,269	48,739	53,300	56,300
		a) - amortization		23,500	22,101	23,739	28,300	31,300
		b) - profit						
		c) - fiscal facilities (Art. 20 and 22 of the Law no. 227/2015 on the Tax Code)		16,000	17,168	25,000	25,000	25,000
	2	Allowances from the budget						
	3	Bank credits, of which:		32,255	8,792	26,500	51,700	55,325
		a) - internal		32,255	8,792	26,500	51,700	55,325
		b) - external						
	4	Other sources of equity from previous years				18,282		
II		INVESTMENT EXPENSES, of which:		71,755	48,061	93,521	105,000	111,625
	1	Investments in progress, of which:		33,274	28,667	38,210	0	0
		a) for the goods which are the private property of the economic operator:						
		Investments in the Research & Development activity	2021	1,263	1,263	1,144		
		Investments in new production sites	2021	19,544	15,512	24,964		
		Investments in the modernization of the existing manufacturing sites	2021	3,046	2,834	6,397		
		Adaptation of the infrastructures for service, food and distribution of utilities, transport and connection to the national road system, storage of raw materials and finished products to the development trend of the industrial platform	2021	3,325	2,425	5,114		
		Integrated Management System (quality, environment, occupational health and safety)	2021	1,449	1,410	103		
		Investments in information technology, telecommunications and process digitization	2021			159		
		Investments in human resources - Training platform, skills development and mentoring	2021	4,647	5,223	330		
	2	New investments, of which:		18,180	8,722	30,582	70,250	77,125
		a) for the goods, private property of the economic operator:						
		Investments in the Research & Development activity	2023	10,637	7,304	9,714	7,500	7,500
		Investments in new production sites	2026	95	0	2,500	35,000	45,000
		Investments in the modernization of existing manufacturing sites	2020	5,930	876			
		Adaptation of the infrastructures for service, food and distribution of utilities, transport and connection to the national road system, storage of raw materials and finished products to the development trend of the industrial platform	2023			7,125	13,500	16,875
		Integrated Management System (quality, environment, occupational health and safety)	2023	1,518	542	3,320	2,250	2,250
		Investments in information technology, telecommunications and process digitization	2023			7,923	12,000	5,500
	3	Investments in existing tangible assets (upgrades), of which:		20,301	10,672	24,729	34,750	34,500
		a) for the goods, private property of the economic operator:						
		Investments in the modernization of existing manufacturing sites	2026	19,113	9,465	10,075	23,750	23,500
		Adaptation of the infrastructures for service, food and distribution of utilities, transport and connection to the national road system, storage of raw materials and finished products to the development trend of the industrial platform	2023			13,624	10,000	10,000
		Investments in human resources - Training platform, skills development and mentoring	2023	1,188	1,207	1,030	1,000	1,000
	4	Endowment (other acquisitions of property, plant and equipment)						
	5	Reimbursement of rates related to investment credits, of which:						
		a) - internal				9,000	12,000	12,000
		b) - external				9,000	12,000	12,000

GENERAL DIRECTOR
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EC. PAULA COMAN

Measures to improve gross profit and reduce outstanding payments

No.	Measures	Deadline	previous year 2020			current year 2021			2022			2023		
			Preliminary / Achieved		Influences (+/-)	Influences (+/-)		Influences (+/-)	Influences (+/-)		Influences (+/-)	Influences (+/-)		Influences (+/-)
			Gross result (+/-)	Outstanding payments		Gross result	Outstanding payments		Gross result	Outstanding payments		Gross result	Outstanding payments	
1	Measures to improve gross profit and reduce outstanding payments	2	3	4	5	6	7	8	9	10				
1	Measure 1: Increasing the volume of production sold	2021	X	X	1,931	0		0						
		2022	X	X			1,940							
		2023	X	X					3,300					
	TOTAL Item no. I		X	X	1,931	0	1,940	0	3,300					
	Reasons diminishing the effect of the measures set out in Item no. I													
			X	X										
			X	X										
			X	X										
	TOTAL Item no. II		X	X										
	GENERAL TOTAL Item no. I + Item no. II		28,329	0	1,931	0	1,940	0	3,300					

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