

Antibiotice **at**

Plan de Administrare

2021-2023

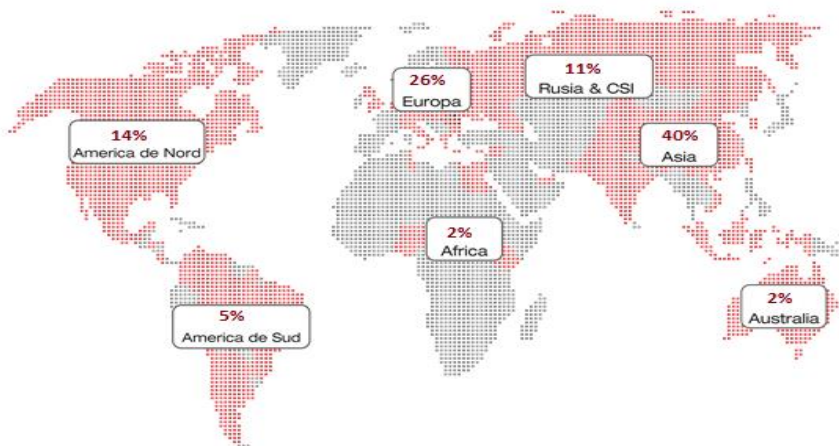


S.C. Antibiotice S.A. Iași

1.3. Statistical analysis of the domestic and international market

- World leader in Nystatin production;
- 46,5% of the turnover represents export;
- 85% increase in sales of anti-infective drugs in Europe
- 92 finished products capitalized on various foreign markets;
- 6 finished injectable products shipped to the US as a result of FDA approval.

The value of sales on international markets in 2020 is **158.3 million lei**, increasing by approximately 4% compared to 2019.



The international trade strategy has benefited from the two strategic positions for which Antibiotice is recognized worldwide: Nystatin and anti-infective drugs in the form of sterile injectable powders.

Strengthening and maintaining the world market leader position for the active substance Nystatin

Sales for the active substance Nystatin are in line with the trend of the last 2 years of consolidating the market leader position, with approximately 50% market share in capitalized volumes and a value of 68.5 million lei (approx. 16 million USD).

Relevant for the dominant position on the profile market are the performances registered in certain geographical areas such as: Asia and assimilated territories - a 15% increase of the volumes capitalized on markets such as China, Taiwan, Australia; Africa - a 50% increase in quantities in Egypt, North America - a 6% increase by attracting new customers.

Internationalization of the business on finished products

Against the backdrop of the global crisis of the spreading SARS-CoV 2 virus, Antibiotice SA has been identified by international partners as an important and predictable producer of sterile injectable anti-infective drugs: simple penicillins and in combination with inhibitors.

Sales of finished products increased by 8% compared to 2019, reaching the level of 90 million lei (21 million USD). This result is due to an increase in the number of sterile injectable powder vials sold and the price.

The top sales are led by the products AmpiPlus, AmoxiPlus, Nafcilina, Penicilina Sodica, Oxacilina, injectable anti-infective drugs, especially administered in the hospital. Thus, since the first months of 2020, Antibiotice has mobilized its production and sales structures, secured the sources of raw materials and packaging to respond favourably to the numerous requests received from international health systems for anti-infective drugs associated with Covid-19 treatment. These requests came from both the territories where the company has open offices - Vietnam, the Republic of Moldova, as well as on the markets of the developed economies of the European Union. A spectacular dynamics of sales was registered in Europe, by tripling the quantities capitalized on markets such as: Denmark, Great Britain, Holland, Lithuania, Latvia, Hungary.

Antibiotice mobilized its resources and responded positively to the demand for aid consisting of medicines for treatment in hospitals, coming from developing countries.

In the case of other pharmaceutical forms (capsules, tablets, topical preparations, ovules and suppositories), the pandemic imposed measures to restrict circulation, social distancing, quarantine or isolation among the population, and the access of the population to pharmacies was thus mainly aimed at medication for chronic conditions and associative medication for Covid-19 treatment. The structure of consumption was reflected in the consolidation of sales for cardiovascular and antipyretic drugs in the Republic of Moldova, Vietnam, Serbia and Azerbaijan.

Within the medium and long term projects, during 2020, through the collaboration with the R&D, Regulatory Affairs and Quality support departments, the foundations were laid for expanding the company's presence in northern European territories by submitting registration files for 7 products, in Vietnam (6 products), in the Republic of Moldova (5 products) and we are approaching the moment of launching the first products on the Ukrainian market (2021).

The evolution of the pharmaceutical market in Romania¹

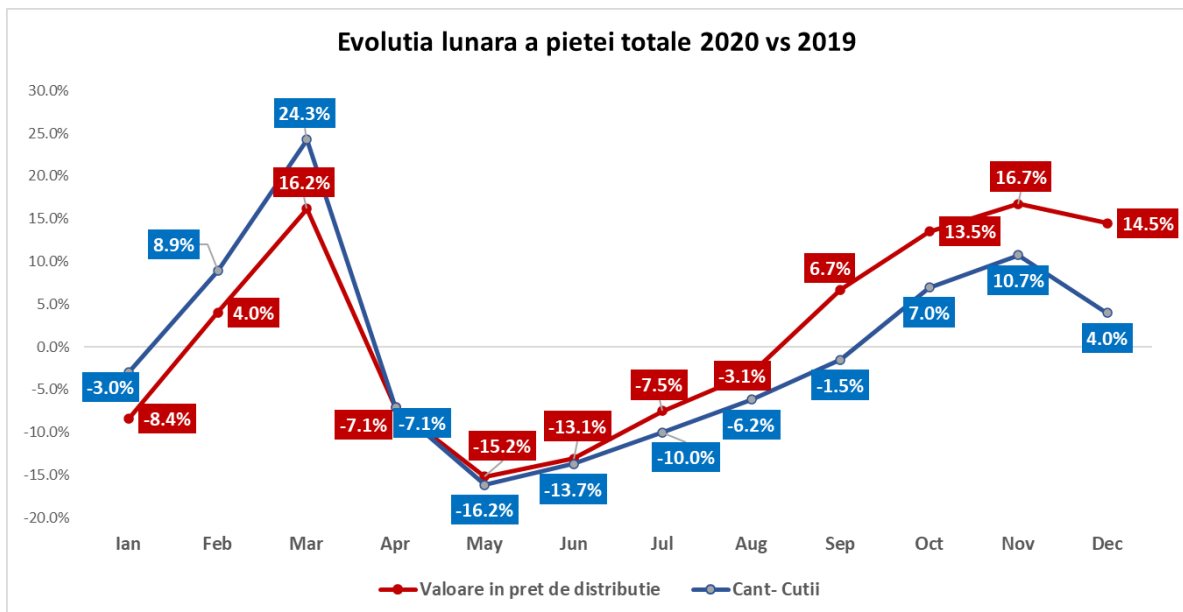
In 2020, the value of the medicines released to patients in Romania was 18.05 billion lei (in distribution price), increasing by 1.3% compared to 2019. In terms of consumption in boxes, it was relatively constant to 625.6 million boxes.

The Romanian pharmaceutical market is dominated in 2020 by prescription drugs (RX). These represent 74.4% of total value sales and 61.5% of total drug consumption (reported in boxes).

Prescription products registered, in 2020, a decrease in value by 2.4%, from 13.8 in 2019 to 13.4 billion lei in 2020.

Regarding the number of boxes released from pharmacies, there was a decrease of 5.1% from 405.7 in 2019 to 384.9 million boxes in 2020.

¹ According to the data source CEGEDIM Sell Out Romania December 2020



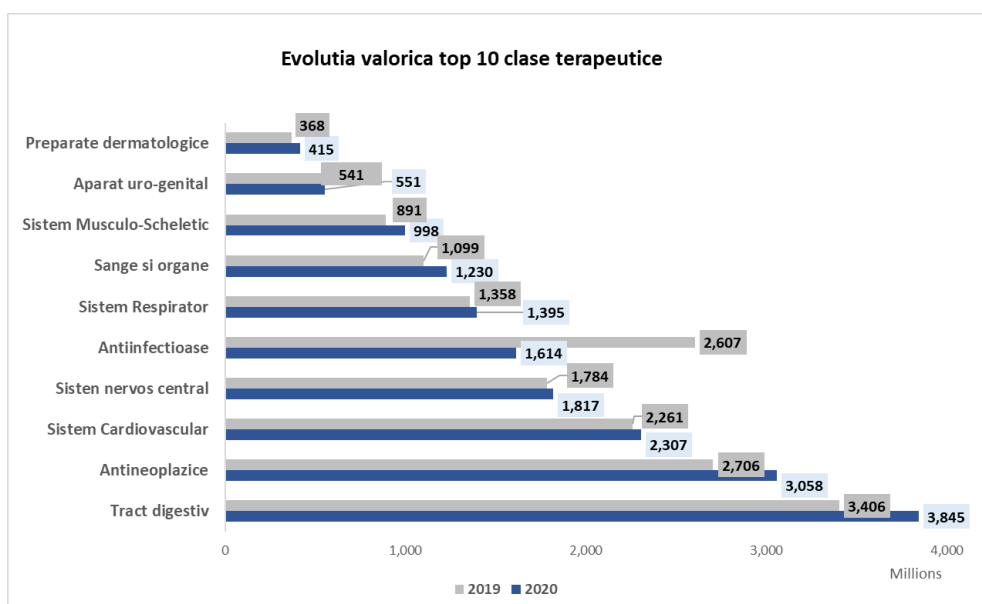
Over-the-counter products registered an increase of 13.8% in value during the analyzed period, from 4.1 in 2019 to 4.6 billion lei in 2020. Regarding the number of boxes released from pharmacies, there was a 9.5% increase from 219.8 in 2019 to 240.7 million boxes in 2020.

Compared to 2019, in terms of value sales, the hospital segment recorded an increase of 4.9% from 2.3 in 2019 to 2.4 billion lei in 2020. In consumption, there was a decline of 21,1% from 30.3 to 23.9 million boxes.

The segment of independent pharmacies and mini-chains registered a slight increase in value, of 3.1%, from 8.9 in 2019, to 9.2 billion lei in 2020. Quantitatively there was a decline of 1.3% compared to the previous year of at 371.9 to 367 million boxes.

The national chains segment registered a decrease in value of 2.3% from 6.6 to 6.4 billion lei and an increase of 5.1% in consumption in boxes, from 223.3 in 2019 to 234.6 million boxes in 2020.

The first 5 therapeutic classes on the Romanian pharmaceutical market were, according to the weight in value sales in 2020: Digestive tract, Oncology, Cardiovascular System, Central Nervous System and Anti-infectives for systemic use. These represent 70% of the total sales on the market.



Evolution of the pharmaceutical market relevant for Antibiotice

The relevant market of the products from the Antibiotice portfolio (the data concern exclusively the sales of the products included in the 2020 plan) registered an increase of 5.7% (from 2.3 to 2.4 billion lei), in the analyzed period. In terms of consumption, it registered an increase of 4%, a number of 161.8 million boxes being released from pharmacies in 2020, compared to 155.6 million boxes in 2019.

Prescription drugs (RX) represent in 2020 a share of 50.1% of total value sales and 54.6% of total drug use (reported in boxes). During the analyzed period, they registered a decrease in value of 1.3%, from 1.23 in 2019 to 1.21 billion lei in 2020 and a quantitative decrease of 4% from 92 to 88 million boxes.

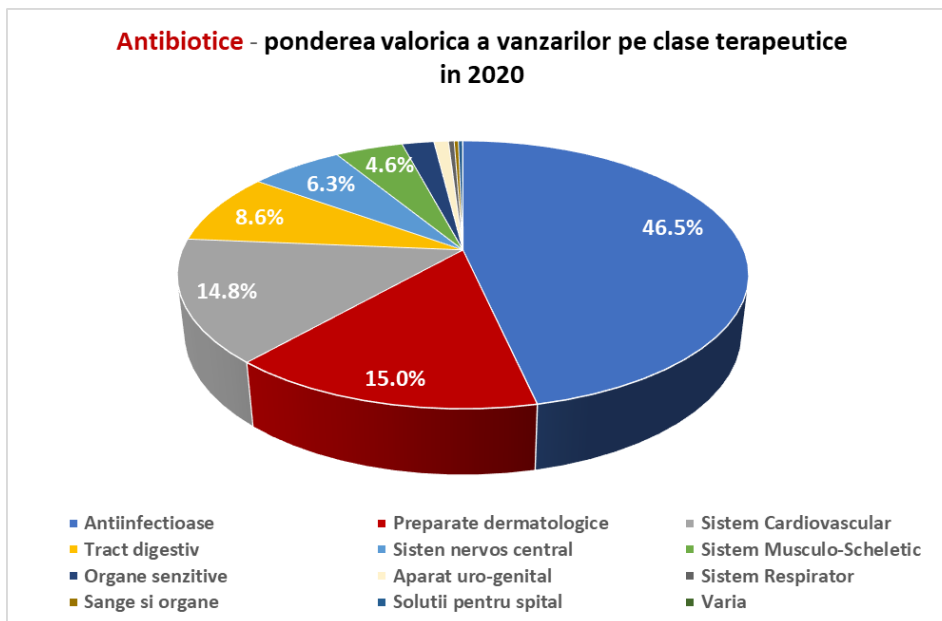
Over-the-counter (OTC) products registered a value increase of 13.7% (from 1.06 in 2019 to 1.21 billion lei in 2020) and an increase in consumption of 15.6% (from 63.5 in 2019 to 73.4 million boxes in 2020).

Antibiotice on the Romanian pharmaceutical market

In 2020, on the domestic market, Antibiotice SA:

- ✓ Occupies the 1st place on the relevant market, with a value market share of 13,1%;
- ✓ Is the quantitative leader in the pharmaceutical form of ointments (22.5%), suppositories and ovules (37.5%) and injectable powders (65.3%).;
- ✓ Ranks 7th in the segment of prescription and OTC generic drugs (with a market share of 3.97%);
- ✓ Is a leader in the segment of prescription and OTC generic drugs sold in hospitals, with a market share of 14.8%.

Antibiotice has consolidated its core business component - anti-infectives for systemic use - developing at the same time the therapeutic classes where it holds important positions on the internal market: dermatological preparations and cardiovascular system.



In solidarity with the Romanian health system and in the context of the pandemic with the SARS-VOC 2 virus, Antibiotice SA has kept in constant contact with distributors, in order to avoid syncopes in the supply of medicines to hospitals and pharmacies and to create optimal stocks to honour orders in the shortest time.

Antibiotice adapted its manufacturing structure and produced biocides for the surfaces a+ Oxy Solution and a+ Complex Solution, as well as Paracetamol cpr 500 mg and Novocalmin cpr 500 mg, molecules intended for the associated treatment of COVID-19.

The value of sales to distributors (sell in) on the Antibiotice portfolio was 346 million lei, a value similar to that achieved in 2019.

In terms of value, the Hospital segment was the most affected in the context of the pandemic, registering a decrease of 10.3%, from 84.7 in 2019 to 75.9 million lei in 2020. This evolution is similar to that of the relevant market. The number of units sold by Antibiotice in hospitals decreased by 27.8% from 1.7 in 2019 to 1.3 million boxes in 2020. The value sales on the independent pharmacies channel and mini-chains increased by 1.6% compared to the previous year and the quantitative sales decreased by 11.2% (number of boxes released from pharmacies), Antibiotice orienting towards a more favorable structure in selling and fructifying the unit price as a strategic element.

The value sales registered in the chain pharmacies decreased by 11.1% in 2020 compared to 2019 (from 100 to 88.9 million lei), while the number of boxes released from pharmacies decreased by 21.2% (from 11 , 6 to 9.1 million boxes).

The products that registered significant value increases compared to the previous year are: Meropenem inj gama, Bisotens® gama, Nidoflor® crm 15 gr, Hemorzon® gama, Cicloserina, Moldamin®, Paracetamol cpr 500 mg, Nistatina Atb® cpr 500,000 U.I.

The company has adapted to the demand, fully covering the need for treatment with injectable antibiotics such as carbapenems, cephalosporins and penicillins.

I.4. Legislative, economic-financial premises of the stage 2010 - 2020

Antibiotice SA is a joint stock company, with majority state capital, which operates in accordance with the legislation in force:

- Decision of the Council of Ministers no. 2980/1952, regarding the establishment of the Iasi Antibiotic Factory;
- Government Decision no. 1200/1990, regarding the establishment of the commercial company Antibiotice S.A. Iasi;
- Law no. 31/1990, on commercial companies;
- Government Emergency Ordinance no. 109/2011, regarding the Corporate Governance of public enterprises;
- The articles of incorporation, elaborated according to the provisions of Law no. 31/1990 and GEO no. 109/2011;
- Law no. 297/2004, regarding the capital market;
- A.S.F. Regulation no. 5/2018 regarding the issuers of financial instruments and market operations
- ATB Corporate Governance Code, Annex 1 BoD Regulation, Annex 2 Evaluation Regulation, elaborated in accordance with the provisions of Law no. 297/2004 and with the recommendations of the Bucharest Stock Exchange.

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

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

Performance indicators	Planned 2021	Planned 2022	Planned 2023
Average number of hours of continuous professional training/employee	34	36	38
Average personnel number	1.415	1.400	1.400
Average monthly earnings/employee* (lei)	6.178	6.363	6.503
Work productivity** (thousand lei)	274	290	313
Government social policies***	100%	100%	100%

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

**determined as operating income/average personal number

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

Strategy 1. Reorganizing the human resources department and adaptating its activity to the reality of the period 2021-2028 (digitization, computerization, refurbishment, telework, standardization of all activities by specific modern methods)

Strategy 2. Reorganizing each executive department and support departments (including the definition of internal processes and redesign of assignment sheets, ranking of positions, monitoring plan and evaluation of the team performance of each department)

Strategy 3. Optimizing the organizational climate and redefining the organizational culture and its orientation towards innovation and performance, a defining element for increasing the degree of retention and employee satisfaction

Strategy 4. Optimizing the salary and employee motivation system, a defining element for increasing the retention rate

Strategy 5. Professional career management

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

Pylon 2: Strategic adaptation of the product portfolio

Principles for defining the future portfolio:

- decentralization at the division level in order to increase turnover and profitability per division
- compliance with selection criteria (medical, economic and market)
- ability to reproduce the footprint of the markets in which the company operates (ATB territories)

- identification with the main therapeutic classes, with the main innovative products (prescription or non-prescription), with the main pharmaceutical forms in order to offer flexibility and diversity in terms of administration
- ensuring the balance of supply for all categories of public with a strategic consumption in the target markets
- defining the products that present major brand perspectives, e.g. products for the treatment of rare diseases in the WHO nomenclature
- establishing the optimal weight for the products destined for the hospital and retail segments, the weight of the RX and nonRX products so as to ensure the decrease of the waiting times for authorization and the increase of the profitability
- maximizing turnover and profitability
- supporting products through promotion, through scientific communication projects
- compatibility with business partners (manufacturers of active substances, distributors, pharmacy chains, 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 capitalization on the Internal Market (from a medical perspective)

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 directions of portfolio development, taking into account the presence in the WHO list of essential medicines, are:

Strategy 4. Developing the portfolio of anti-infective drugs to maintain the leading position on the market of generic medicines in this class

Strategy 5. Developing the portfolio of topical products for maintaining the leading position on the Romanian market

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

Strategy 7. Developing the product portfolio to support the quality of life

Strategy 8. Developing the vertical integration project of Nystatin

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

Strategy 10. Developing the portfolio of disinfectants and biocides

Research and Development

Strategy 11. Development through own research of the products established according to the directions of portfolio adaptation in correlation with the value contribution and the first year of sale.

Strategy 12. Stimulating innovation in research

Business Development

Strategy 13. Assimilation by in-licensing of the products established according to the directions of the portfolio adaption in correlation with the value contribution and the first year of sale.

Strategy 14. Business development through out-licensing in non-ATB territories for products established according to the directions of portfolio adaptation in correlation with the value contribution and the first year of sale.

Pylon 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, occupational health and safety policy

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

Strategy 3. Business development by obtaining new certifications and authorizations

Strategy 4. Cost management by streamlining the processes in the Integrated Management System

Pylon 4: Strategic planning and performance management

Performance indicators	Planned 2021	Planned 2022	Planned 2023
Turnover (million lei)	366,5	390	425
Gross profit (million lei)	30,3	32	35,5
Total expenses per 1000 lei income (lei)	923	922	920
Arrears (thousand lei)	0	0	0
Degree of use of production capacity not less than 60%	>60%	>60%	>60%
Achieving a degree of customer satisfaction on the internal market of at least 80%	>80%	>80%	>80%

Strategy 1. Consolidation of the share price on the capital market

- Maintaining the ATB action in the PREMIUM category at the Bucharest Stock Exchange
- Improving communication with the company stakeholders

Strategy 2. Respecting the principles of business consolidation

- ensuring financial balance and stabilizing the business as a result of the pandemic crisis and its relaunch, the basis of long-term economic growth
- ensuring the production - sales balance for optimizing the stock and a salable structure
- ensuring the receipts - payments balance for optimizing cash flow and investment resources
- developing strategic partnerships - a strong point for a consolidated business
- increasing the patrimonial value of the company.

Strategy 3. Price strategy - a strategic element in the business approach

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

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

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

- I. Strengthening the product Nystatin, active substance and maintaining the position of world leader
- II. Territorial expansion plan for finished products (ATB territories, other potential markets)

Strategy 6. Consolidating the business in the internal market

Strategia 7. Developing and implementing a system of performance objectives according to the principle of synergy, interdependence, business balance and development; monitoring and evaluating through managerial performance indicators specific to each activity.

The main indicators 2021 - 2023

No. crt	Indicators	UM	2020	2021	2022	2023
1.	Turnover	Mill. lei	341	366,5	390	425
1.1.	Intern	Mill. lei	182	205	220	240
1.2.	Export	Mill. lei	158	160	170	185
1.3.	Export weight in turnover	%	46%	44%	44%	44%
2.	Total income	Mill. lei	380	395	413	444
3.	Total expenses	Mill. lei	352	365	381	409
4.	Gross profit	Mill. lei	28,3	30,3	32	35,5
5.	Net profit	Mill. lei	26,4	28.1	29.4	31.7
6.	Equity (Net accounting assets)	Mill. lei	577	604	650	707
7.	Total liabilities	Mill. lei	269	280	315	339
8.	Total Assets	Mill. lei	863	888	971	1048
9.	Degree of indebtedness (Total liabilities/Total assets)	%	31%	32%	32%	32%
10.	Solvency (Total Assets/Total Liabilities)		3.2	3.2	3.1	3.1
11.	Total expenses per 1000 lei income	Thousand lei	926	923	922	920
12.1	Labour productivity (Expl/Income per person)	Thousand lei/sal	264,3	274	290	313
12.2	Labour productivity (Turnover/ No. of pers.)	Thousand lei/sal	241	259	279	304
13.	Average personnel no.	Nr. pers.	1415	1415	1400	1400
14.	Taxes and fees, of which:	Mill. lei	97	107	116	121
14.1	- clawback fee	Mill. lei	28	27	27	28
15.	Added value	Mill. lei	200	193	213	223
16.	Profitability of gross profit (Gross profit/Turnover)	%	8.3%	8.3%	8.3%	8.4%
17.	EBITDA (Net profit + Taxes + Interest + Depreciation)	Mill. lei	55	58	64	70

The net accounting asset, presented in the table below, represents the patrimonial value of the company, respectively the asset achievable at a given moment. The positive and increasing value reflects a healthy economic situation, the company's assets exceeding its debts.

	2020		2021		2022		2023	
	Mill.lei	%	Mill.lei	%	Mill.lei	%	Mill.lei	%
ACCOUNTING NET ASSETS	577		604		650		707	
ADDED VALUE of which:	200		193		213		223	
+ Expenses with current taxes and fees	33	16%	32	17%	33	15%	35	16%
+ Salary expenses	104	52%	113	58%	116	55%	119	53%
+ Depreciation	22	11%	24	12%	28	13%	31	14%
+ Bank interest	5	2%	4	2%	4	2%	4	2%
+ Net profit*	26	13%	28	15%	29	14%	32	14%

* The estimated net profit is the result of the deductibility of the profit reinvested in technological equipment according to the investment plan.

The positive and growing situation reflects a healthy economic situation because the company's assets grow faster than its accumulated debts.

The added value of the company registers a growth trend, representing the creation of value by the company and an evaluation of the performances and of the efficiency of the use of the production factors.

Financial balance indicators

- MILL. LEI

Name of Indicators	2020	2021	2022	2023
Floating capital (Permanent capital - Fixed assets)	210	196	177	189
Need for global Floating Capital (Stocks + Debtors - Creditors TS)	290	259	241	258
Net Treasury (FR - NFR) or (Available - Credits TS)	-80	-63	-63	-69
General Liquidity Rate (>1.8) (Current assets / Current liabilities)	2,27	2,20	1,99	2,01
Immediate Liquidity Rate (>1.3) (Current assets-Stocks)/Current liabilities	1,61	1,58	1,38	1,40
Debt Rate (<0.5) (Debts/Total Assets)	0,31	0,32	0,32	0,32

Net treasury is the result of an investment policy. The company is expanding its operations and needs short-term financing sources for working capital.

Liquidity and indebtedness rates are influenced by investment loans necessary to make the planned investments.

Patrimonial structure rates

Rate	2020	2021	2022	2023
Fixed Assets / Total Assets	57%	60%	63%	64%
Stocks / Total assets	13%	11%	11%	11%
Receivable / Total Assets	30%	29%	25%	25%
Equity / Total Capital	67%	68%	67%	67%
Suppliers / Total Capital	6%	7%	7%	8%

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

CONAN - HOLDER MODEL			2020	2021	2022	2023
Current assets	MILL LEI	Ca	373	358	357	378
Inventories	MILL LEI	I	109	102	109	114
Current assets-Inventories	MILL LEI	Ca-I	264	257	247	263
Total liabilities	MILL LEI	Tl	269	280	315	339
Permanent capital	MILL LEI	Pc	698	726	792	860
Total assets	MILL LEI	Ta	863	888	971	1.048
Financial expenses	MILL LEI	Fe	15	15	10	10
Turnover	MILL LEI	T	341	366,5	390	425
Personnel expenses	MILL LEI	Pe	104	113	116	119
Gross operating surplus	MILL LEI	Gos	63	48	64	69
Added value	MILL LEI	Av	200	193	213	223
R1	%	Gos/Tl	23,52%	17,25%	20,25%	20,37%
R2	%	Pc/Ta	80,91%	81,69%	81,53%	82,04%
R3	%	(Ca-I)/Ta	30,64%	28,89%	25,47%	25,13%
R4	%	Fe/T	4,53%	4,14%	2,62%	2,42%
R5	%	Pe/Av	52,03%	58,42%	54,59%	53,40%
Z=0,24XR1+0,22xR2+0,16XR3-0,87XR4-0,1XR5			0,192	0,173	0,191	0,195

Z > 0,16 Very good financial situation

Pylon 5: Corporate Governance

Strategy 1. Ensuring the internal framework of corporate regulation.

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 transparency in communicating with the investors, providing equal treatment also to minority shareholders.

These pylons represent the company's directions for development in the period 2020 - 2028 and will be implemented every year with measures and actions to meet the objectives and performance criteria supported by multi-annual investment programs.

III. Investments and assimilated activities for the strategic development of the platform

III.1. Development of production, research, utilities, transport, storage infrastructures

- ensuring and developing the production infrastructure (modernization of the current sites and investments in new production sites)
- ensuring and developing sustainable and intelligent transport infrastructure
- ensuring and developing the research-development infrastructure; innovative approaches in research
- investments required for the development in terms of quality and stability of the active substance Nystatin
- investments in infrastructure and its security

III.2. Investments to consolidate and ensure continuity in environmental protection

- investments in projects for environmental protection, for the improvement of the working standards of the employees, for the assurance of the safety conditions of the employees, of the customers and of the community of which we are part

III.3. Development of training and preparation infrastructure for human resources and its adaptation to the concept of strategic development

- investments in social, cultural and educational responsibility projects to increase the notoriety of the Antibiotice brand, to increase the company's attractiveness

	2020		2021	2022	2023
INVESTMENT	Planned	Achieved			
(mill.lei)	72	48	93,5	105	111,6

IV. Digitization and computerization of the company's activities and processes

IV.1. Development of a Digitization and Informatization Plan (stages and deadlines for implementation, necessary material, financial, human resources)

- introduction of IT solutions for all company departments: production, logistics, marketing, sales, quality, human resources; digitization of important processes within the company in order to optimize processes, reduce costs and errors, shorten product delivery times, streamline the entire activity, improve

productivity, quality and customer satisfaction (mapping existing and functional processes of the company)

IV.2. Developing employees' digital skills

IV.3. Real-time monitoring of digitized processes

V. Conclusions

The Management Plan for the period 2021-2023 reflects the vision of the directors regarding the management and administration of the activities in the interest of the company. This is an integral part of the "Strategic Organization and Development Plan 2021-2028" (P.O.D.S.).

The Board of Directors has defined the key indicators which reflect its commitment to meet the priority objectives. The achievement of these indicators will be monitored quarterly, half-yearly and annually through progress reports.

The evolution of the company in the previous period, the way in which the obstacles were overcome and solutions for business growth were identified is the guarantee that the two priority objectives will be achieved in the 2021-2028 stage:

- Maximizing business profitability
- Sustainable and consolidated growth

VI. Annexes

Annex no. 1. The budget of incomes and expenses for the years 2021-2023

Annex no. 2. Investment plan for the years 2021-2023

Annex no. 3. Balance sheet indicators for the years 2021-2023

Vice-President of the Board of Directors
General Director, Econ. Ioan Nani

Phys. Lucian TIMOFTICIUC, non-executive director

Econ. Nicolae STOIAN, non-executive director

Eng. Elena Calitoiu, non-executive director