



Antibiotice
Science and soul



ANNUAL REPORT

In service of life
for a lifetime



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Message of the General Director of Antibiotice SA

Dear shareholders, investors, partners,

The year of 2020 represented an unprecedented challenge for all mankind, a year that required adaptation, intelligence and innovation at all levels, while things were changing at an accelerated pace.

It was also the year when the Antibiotice company celebrated 65 years of activity, 65 years of Romanian continuity and tradition. In December 1955, Antibiotice manufactured Penicillin for the first time in Romania, in the City of Iași.

I have always considered that normality means both the ability to change for exploiting the opportunities and ability to permanently adapt, because the predictable periods are short-lived. 2020 was the year in which our main concerns were the health of our employees, an uninterrupted production process, adaptation to market requirements and solidarity with the national health systems of Romania and of the territories where Antibiotice exports its medicinal products.

Guided by these principles, we implemented an organizational resilience plan that required the identification of risk factors, vulnerabilities we have always been aware of and involved supporting a collaborative organizational culture in which the team spirit and caring for people have been and are still essential. It was a period in which we strengthened our business relations with national and international partners based on fairness, trust and integrity. Thus, our ability to anticipate and adapt was not accidental. We always act guided by strategic plans, rigorous operating procedures and a trained and professional management team.

All these measures have allowed us, especially in the context of the pandemic, to have the opportunity to react immediately and in a controlled way to the changes that have taken place in order to remain competitive and continue our production activities.

We are flexible and strongly oriented towards innovating our portfolio precisely in the sense of becoming a viable support for the health system overburdened in the last year. We have adapted to the requirements of the national health system, we have strengthened strategic relations with suppliers and business partners, we have been in solidarity with the people of Romania and from the territories where we are present.

We value our strengths and we did what we know best to do: we produced and delivered anti-infective, antibacterial and antipyretic medicines, for which we have a 65-year experience and know-how and which are medicines used in the treatment of COVID-19 associated infections. We urgently introduced into manufacturing both medicines required in COVID-19 therapy and sanitary protective materials, such as disinfectant solutions, and now we can say that we are proud of our important contribution in this fight to limit the effects of the pandemic, saving many lives.

We also were in solidarity with many international health systems in their struggle with COVID-19. By winning the tender organized by the European Commission, we have made AmoxiPlus® (amoxicillin/clavulanic acid – sterile powder for injection) available to Europe. This is a medicine of utmost importance in the treatment of COVID-19 associated infections recommended by the World Health Organization in the anti-infective treatment. In addition to this, we won major tenders in the US and UK and we have met the needs of the populations in developing countries with hospital medicines.

Under these conditions, despite all the restrictions imposed by the pandemic, we managed to increase our exports, and the sales of sterile injectable antibiotics recorded a significant dynamics in Europe, resulting in tripling the quantities manufactured and sold in markets such as: Denmark, Great Britain, Holland, Lithuania, Latvia, Hungary. We also continued the policy of territorial expansion by obtaining marketing authorizations for 18 products for the external markets and we managed to remain, for the seventh year in a row, the world leader in production of the active substance Nystatin.

We are permanently concerned about the health of our employees implementing rigorous measures. After the onset of the pandemic, we intensified these measures. Ensuring a climate of safety and protection as well as maintaining health – our most precious asset were essential for our employees to feel that they "live healthy in a healthy company" as we like to say. We had to adapt quickly and implement modern working solutions, in the online environment, in the context of ensuring the social distance.

Increasing the profitability of the business is always our main goal. We keep on reaching this goal by periodically investing the profit in product development, applied research, strategic partnerships, social responsibility projects and environmental protection. In 2020, we doubled our investments in equipment for quality assurance, modernization of manufacturing technologies and digitization.

We also elaborated a Strategic Organization and Development Plan (PODS) for the next 8 years, with ambitious principles and objectives aimed at increasing the competitiveness and profitability of our business in the long run, as well as ensuring the sustainable development of the company. PODS is based on 5 strategic pillars: adapting human resources to the realities of the period, continuous improvement of the integrated management system, strategic planning and performance management, improvement of the governance management system. Through this strategic organization and development plan we will be able to exactly define what will be the national and international future of Antibiotice, the most important Romanian manufacturer of generic medicines.

2020 led us to rethink our company's long-term strategies, Antibiotice placing a major emphasis on the strategic planning of management systems to determine the improvement of organizational functionality and efficiency by decentralizing activities across three production divisions.

This not at all easy test of the pandemic, taught us that the principles of responsibility, solidarity, synergistic action, are the main characteristics that we must keep showing in order to succeed in overcoming these difficult times and become stronger and stronger. As we have proven over time, we are an empathetic, responsible company and we offer our resources for the good of the community.

Thank you to all our employees, business partners and all those who were close to us in this extremely difficult and challenging 2020, but with whom, in solidarity, we managed to overcome the difficulties, to be where we need to be and look confidently into the future, in service of life for a lifetime. This demonstrates the soundness of the Antibiotice business, our ability to meet the challenges we face, for performance and success in the national and international market.

Ioan Nani

General Director

Vice President of the Management Board

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Company profile

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Brief history



1955

Antibiotice starts its activity, producing *penicillin* for the first time in Romania and South-East Europe.



1959

The Streptomycin Plant comes into operation. Our factory produces also the first finished dosage forms: ointments, creams and suppositories.

Until 1990, our company predominantly produced active substances and sterile products for parenteral use (injectables), ointments and suppositories.



1977

The Authorization granted by the Food and Drug Administration (FDA), the American regulatory body for the Streptomycin manufacturing flow creates opportunities of developing our business abroad.



1990

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



1992

Our company's production turns its focus on finished products that become the core of the portfolio. Antibiotice manufactures the first medicines in the form of tablets.



1993

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



1997

Antibiotice is listed on the stock exchange. Antibiotice shares (ATB symbol) are quoted at the first category of the Bucharest Stock Exchange.



Our company implements a performing quality assurance system that involves the strict control of the manufacturing processes.



1999

Antibiotice becomes the first manufacturer of medicines in Romania which obtains the Good Manufacturing Practice (GMP) certificate for the manufacturing flows of injectable powders and for oral finished products in the form of capsules.



2000-2004

Ample investment process (over 30 million EUR) for refurbishment and purchasing modern and competitive equipment.

The manufacturing flow of Nystatin (active substance) obtains the FDA approval (Food and Drug Administration in the US) which subsequently propels the company as a world leader in the production of Nystatin (2002).

Brief history

2005

On the occasion of the 50th anniversary of its activity, Antibiotice launches a new corporate brand identity to mark from a visual and communication point of view the development and positive changes of the company, its modern character, its brand mission and values.

2006

The Drug Evaluation Center is inaugurated, a clinical research unit in which phase I clinical and bioequivalence studies are conducted, including for the third parties. The center is Good Laboratory Practice (GLP) certified and authorized by the Ministry of Health.

2007

Our company obtains the Integrated Management System Certificate (quality, environment, occupational health and safety) according to the requirements of the EN ISO9001:2008, EN ISO 14001:2004 and OHSAS 18001:2007 standards.

Antibiotice enters the cardiovascular market.

The investment in an ecological waste incineration plant is being completed, which, together with the modern wastewater treatment plant, significantly reduces the impact of the company's activities on the environment.



2010

Antibiotice delivers the first finished products in the US market. Our company was previously present in this market, only with active substances.

2011

The FDA approval is obtained for another finished product for injection in two doses, which allows expanding the export for these injectable penicillin products in the US market.

Antibiotice launches the first Central Nervous System (CNS) products.

2012

Antibiotice enters the oncological market and becomes also the first European company prequalified by World Health Organization for the range of anti-tuberculosis medicines.

2013

The manufacturing flows of sterile injectable powders and Nystatin are FDA reapproved and GMP recertified.

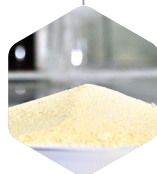
Antibiotice ranks first in the world production of the active substance, Nystatin.

Our company opens an international representative agency in Republic of Moldova and a commercial office in Serbia.

2014-2015

Following US FDA approval, the company starts exporting 6 products in the US market.

Antibiotice extends its businesses in the Republic of Serbia.



2016

Antibiotice opens a new representative office in Vietnam.

International expansion of our business continues by obtaining 25 new marketing authorizations in 6 countries in Europe, Asia and Africa and by initiating 2 European decentralized procedures (DCP) for simultaneous authorization in the EU countries.

2017

The United States Pharmacopeia (USP) reference standard for the active substance Nystatin, used internationally, is the product of the Antibiotice company.

Antibiotice doubles its sales volume of Nystatin in the US market, the world's most important market both in value and quantity terms.

2018

Antibiotice maintains its position as a main supplier of antibiotics in the Romanian market through the national tender.

The third international representation is opened in Kiev, Ukraine.

2019

Antibiotice implements the system of verification of medicines to combat counterfeiting, in accordance with the rules of European Directive 2011/62/EU and Regulation 161/2016;

The highest sales growth in the last five years rate is recorded;

Antibiotice is the first pharmaceutical company joining the Romanian Investor Relations Association (ARIR);

The laboratory management system (LMS) is implemented.

2020

In the context of the COVID-19 pandemic, Antibiotice reintroduces two products into manufacturing (Paracetamol and Novocalmin) intended for the treatment of COVID-19, provides injectable antibiotics for the associative treatment of complicated infections caused by the SARS-CoV-2 virus and produces, for the first time, biocides for surfaces.

New marketing authorizations and re-authorizations are obtained (17 authorizations and 18 re-authorizations).

Antibiotice wins the European Commission tender for one of the most widely used antibiotics in COVID-19 treatment: AmoxiPlus®.

Antibiotice entered the US and UK markets with new medicines associated with Covid-19 disease.

Our company celebrates 65 years of Romanian tradition and continuity.



Antibiotice today



Leader

in the production of generic anti-infective medicines in Romania with a tradition of 65 years

Leader in the Romanian market

in the production of topicals - ointments, creams, gels

Ranks first globally

in the production of the active substance Nystatin, our product being the USP Reference Standard - an international quality standard

Commercial representative offices

in Vietnam, Republic of Moldova, Ukraine, Serbia

8 manufacturing flows

organized into three divisions:

- > **Sterile Products & APIs Division** (penicillin powders for injection and active substances obtained by biosynthesis, biocidal solutions);
- > **Oral Solid Products Division** (penicillin capsules, non-beta-lactam capsules, cephalosporin capsules and tablets);
- > **Topical Products Division** (ointments, creams, gels) including also suppositories and pessaries.

150 products

from 11 therapeutic classes,
containing 100 active
substances

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;
- > Our Nystatin - USP reference standard;
- > Certificate of Suitability (COS) with the European Pharmacopoeia for Nystatin;
- > Good Manufacturing Practice (GMP) certificates for all the company's manufacturing flows;
- > Integrated Management System.

Has its own
**Research-
Development
Center**

Social responsibility programs

supported by the
"Antibiotice - Science
and Soul" Foundation

Significant employer -
1,415 employees



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Our company's performance in 2020

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BECOMIX M1

Strategic evolution

Product portfolio renewal

One of the strategic objectives of Antibiotice is to ensure a sustainable and marketable portfolio, by introducing in the domestic and international markets new medicines – anti-infectives, topicals and those medicines included in the “Quality of life” and “Women's health” portfolios.

- **Marketing authorizations (MAs) for 17 new products**
 - 1 product with a MA obtained for the domestic market (Romania)
 - 16 products with MAs obtained for the international market
- **18 products with renewed marketing authorizations**
 - 14 products with renewed MAs for the domestic market (Romania)
 - 4 products with renewed MAs for the international market
- **14 completed product evaluation projects** for renewing our portfolio
- **24 in progress product research projects**, at the end of 2020
- **8 products to be authorized in the international market** in different stages of development



36%

market share
for hospital
anti-infectives

4

Ranks 4th
among the 128
manufacturers
of prescription
generic
medicines

18

Ranks 18th
among the 243
manufacturers of
over-the-counter
medicines
and dietary
supplements

Our company's performances in the external market

- > Our company's rank of world leader in the production of the active substance Nystatin is consolidated and maintained;
- > Increase in export sales by 4% compared to the previous year;
- > Exports account for 46.5% of the turnover;
- > The sales of sterile powders for injection tripled in the European markets;
- > Sales of finished products increased by 8% compared to 2019;
- > Antibiotice won the tender organized by the European Commission for the product Amoxiplus® (amoxicillin / injectable clavulanate), an essential anti-infective medicine on the list of the World Health Organization for the treatment of Covid-19 patients;
- > Antibiotice won the tenders organized by hospitals from the Great Britain and the United States with two new injectable anti-infective medicines also used in the associative treatment of Covid-19;
- > The main Romanian exporter of medicines in the Vietnamese market, with a traded value of about 10 million dollars in 2020.

Our company's performances in the domestic market

- > Leader in the hospital segment - injectables anti-infectives, with a 36.0% market share;
- > Leader in the segment of generic medicines and prescription medicines sold to hospitals, with a 14.9% market share;
- > Leader in terms of quantity of the following pharmaceutical dosage forms: injection powders (65.3% market share), ointments (22.5% market share), suppositories (37.5% market share);
- > Ranks 4th among the 128 generic prescription medicine manufacturers in the Romanian market (7.6 market share);
- > Ranks 7th in the generic and OTC segment (3.97% market share) and 21st in the total pharmaceutical market (1,76% market share) from a total of 352 companies;
- > Ranks 18th (from a total of 243 companies) in the top of OTC and dietary supplement manufacturers;
- > The Romanian manufacturer of the complete range of essential antituberculosis medicines.

Top 20 Antibiotice best-selling brands

The first 20 brands (by sales value) sold by Antibiotice recorded sales of 205.45 million LEI in 2020.

Rank	Brand	International Non-Proprietary Name	Therapeutic class and route of administration	Main competitors
1	Cefort® 250 mg, 1 g and 2 g	ceftriaxonum	Anti-infectives for systemic use Other beta-lactam antibacterials Injectables	Medaxone® (Medochemie)
2	Nidoflor® 15 g	nystatinum + neomycini sulfas + triamcinoloni acetonidum	Dermatological preparations Corticosteroids in combination with antibiotics Ointments	Triderm® (Merck & Co)
3	Eficef® 100 mg and 200 mg	cefiximum	Anti-infectives for systemic use Other beta-lactam antibacterials Capsules	Xifia® (Alkaloid AD), Forexo (Alkaloid Ad)
4	Meropenem Atb® 500 mg and 1 g	meropenemum	Anti-infectives for systemic use Beta-lactam antibacterials, penicillins Injectables	Meropenem Kabi (Fresenius)
5	Colistină Atb® 1,000,000 U.I.	colistini sulfas	Anti-infectives for systemic use Other antibacterials. Injectables	Unique product
6	Hemorzon® ointment 18 g Hemorzon® supozitoare	tetracyclinum + hydrocortisonum + benzocainum tetracyclinum + hydrocortisonum + benzocainum	Cardiovascular system Hemorrhoidal for topical use Ointments Cardiovascular system Hemorrhoidal for topical use Suppositories	Procto Glyvenol (Recordati), Prestogel (Hip Pharma), Proctinum (Natur Product Zdrovit) Cicatrindina (Farma-Derma), Glyvenol (Recordati)
7	Amoxicilină Atb® 250 mg and 500 mg	amoxicillinum	Anti-infectives for systemic use Beta-lactam antibacterials, penicillins Capsules	Amoxicilină® (Novartis), Ospamox® (Novartis), Amoxicilină® (Arena Group)
8	AmpiPlus® 1000 mg + 500 mg	ampicillinum + enzyme inhibitor	Anti-infectives for systemic use Beta-lactam antibacterials, penicillins Injectables	Unique product
9	Bisotens® 5 mg and 10 mg	bisoprololum	Cardiovascular system Beta blockers Tablets	Concor® (Merck Kgaa), Bisogamma® (Wörwag Pharma), Sobyc® (Krka D. D.)
10	Amoxiplus® 1.2 g	amoxicillinum + acidum clavulanicum	Anti-infectives for systemic use Beta-lactam antibacterials, penicillins Capsules	Unique product
11	Ampicilină Atb® 250 mg, 500 mg and 1 g	ampicillinum	Anti-infectives for systemic use Beta-lactam antibacterials, penicillins Capsules and injectables	Ampicilină® (Novartis), Ampicilină® (Farmex Company), Standacillin (Novartis)
12	Glycerin Suppositories adults and Glycerin Suppositories children	glycerolum	Digestive tract and metabolism Laxatives Suppositories	Dulcolax® (Sanofi), 4Lax® (Solacium Pharma), Glycerin suppositories (Zentiva)
13	Nolet® 5 mg	nebivololum	Cardiovascular system Beta blockers Tablets	Nebilet® (Menarini), Nevivolol Actavis (Teva), Nebinorm (Genmark Pharma)
14	Kanamycină Atb® ophthalmic ointment 6 g Kanamycină H ophthalmic ointment 6 g	kanamycinum kanamycinum + hydrocortisonum	Sensitive organs Ophthalmic anti-infectives Ointments Sensitive organs. Ophthalmic anti-infectives Ointments	Unique product Tobradex (Novartis)
15	Oxacilină Atb® capsules 250 mg and 500 mg Oxacilină Atb® injectables 500 mg and 1000 mg	oxacillinum oxacillinum	Anti-infectives for systemic use Beta-lactam antibacterials, penicillins Capsules Anti-infectives for systemic use Beta-lactam antibacterials, penicillins Injectables	Oxacilină® (Novartis), Oxacilină® (Farmex Company), Oxacilină® (Arena Group) Unique product
16	Clotrimazol cream	clotrimazolum	Dermatological preparations Antifungals. Ointments	Canesten (Bayer AG), Clotrimazol MK (Fiterman Pharma)

Rank	Brand	International Non-Proprietary Name	Therapeutic class and route of administration	Main competitors
17	Fluocinolone N Atb® 18 g	fluocinoloni cetonidum + aneomycinum	Dermatological preparations Corticosteroids in combination with antibiotics. Ointments	Fluocinolone Acetonid (Laropharm), Fluocinolone G MK® (Fiterman)
18	Silithor®	food supplement	Digestive tract and metabolism Hepatoprotectors Capsules	Essentiale Forte® (Sanofi), Fortifikat® (Sun Pharma), Esentin Forte (Sun Wave Pharma)
19	Paracetamol	paracetamolum	Central nervous system Antipyretic analgesics Suppositories and tablets	Paracetamol (Zentiva), Paracetamol (Terapia), Paracetamol MCC (Lab. Magistra)
20	Fluxiv® tablets	food supplement	Cardiovascular system Capillary stabilizing agents Tablets	Detralex® (Servier), Devaricid® (Biofarm), Endolox® (Sun Wave Pharma)
	Fluxiv® cream 40 g and 100 g	cosmetic product	Cardiovascular system Varicose veins therapy Ointments	Troxevasin (Teva), Endolox® (Sun Wave Pharma), Ruscoven (Aboca)

Data source: Cegedim Romania 2020

Top of the products for which Antibiotice is the only manufacturer

The products manufactured only by Antibiotice recorded sales of 127.4 million LEI in 2020.

No.	Brand	International Non-Proprietary Name	Therapeutic class and route of administration
1	Aceclofen®	diclofenacum + paracetamolum	Musculoskeletal system Suppositories
2	Amoxiplus® 1000 mg/200 mg	amoxicillinum + acidum clavulanicum	Anti-infectives for systemic use Powder for injection
3	Ampiplus® 1000 mg/500 mg	ampicillinum + sulbactamum	Anti-infectives for systemic use Powder for injection
4	Cicloserină Atb® 250 mg	cycloserinum	Anti-infectives for systemic use, treatment of tuberculosis. Capsules
5	Clo-Ekarzin® 15 g	bethametasolum + clotrimazolum	Dermatological preparations Cream
6	Colistină Atb® 1,000,000 UI	sodium colistimethate	Anti-infectives for systemic use Powder for injection
7	Cutaben Bebe® 40 g and 100 g	zinc oxide + ichthammol + Vital ET®	Dermatological preparations Emollient and protective cream
8	Cutaden® 40 g	ichthammol + hamamelis virginiana extract + zinc oxide	Dermatological preparations Protective cream
9	Fezivit®	vitamin C + iron + zinc	Dermatological preparations Other dermatological preparations Capsules
10	Fluocinolone N Atb® 18 g	fluocinoloni acetonidum + neomycini sulfas	Dermatological preparations Topical corticosteroid in combination Ointments
11	Fluxiv®	diosminum + hesperidinum + troxerutin + acidum ascorbicum	Cardiovascular system Food supplement with a role in the normal functioning of blood vessels Coated tablets
12	Fluxiv® Tonic cream 40 g and 100 g	troxerutin + D-panthenol	Cardiovascular system Terapie varicoasă, topic Cream
13	Hemorzon® suppositories	tetracyclinum + hydrocortisonum + benzocainum	Cardiovascular system Varicose vein therapy, topical product Suppositories
14	Hemorzon® ointment 18 g	tetracyclinum + hydrocortisonum + benzocainum	Cardiovascular system Antihemorrhoids for topical use Ointments

No.	Brand	International Non-Proprietary Name	Therapeutic class and route of administration
15	Imunofix®	echinacea purpurea + echinacea angustifolia + hibiscus sabdariffa + zinc	Food supplement to boost the immune system
16	Izoniazidă Atb® 100 mg and 300 mg	isoniazidum	Anti-infectives for systemic use, treatment of tuberculosis. Tablets
17	Lejer®	senna + rhubarb + ginger + hibiscus	Digestive tract and metabolism, laxative Capsules
18	Lisinopril Atb® 10 mg, 20 mg and 40 mg	lisinoprilum	Cardiovascular system, angiotensin-converting enzyme inhibitors Tablets
19	Moldamin® 1,200,000 UI	benzathini benzylpenicillinum	Systemic anti-infectives, broad-spectrum penicillins. Powder for injection
20	Nidoflor® 15 g	nystatinum + neomycini sulfas + triamcinoloni acetonidum	Dermatological preparations Cream
21	Nistatină Atb® Ovule 100,000 UI	nystatinum	Gynecological antiinfectives Pessaries
22	Nistatină Atb® 500,000 UI	nystatinum	Intestinal anti-infectives Coated tablets
23	Oxacilină Atb® 250 mg and 500 mg	oxacillinum	Systemic anti-infectives, penicillins. Capsules
24	Oxacilină Atb® 500 mg and 1 g	oxacillinum	Systemic anti-infectives, penicillins. Powder for injection
25	Penicillin G Atb® potassium 1,000,000 UI and Penicillin G Atb® sodium 400,000 UI și 1.000,000 UI	benzylpenicillinum	Systemic anti-infectives, broad-spectrum penicillins. Powder for injection
26	Piafen® 500 mg	metamizolum natricum + pitofenonum + fenpipramidum	Digestive tract and metabolism antispasmodics in combination with analgesics. Tablets
27	Pirazinamidă Atb® 500 mg	pyrazinamidum	Anti-infectives for systemic use, treatment of tuberculosis. Tablets
28	Saliform Forte® 25 g, 50 g and 100 g	methylis salicylas + levomentholum	Musculoskeletal system Cream
29	Silithor®	silimarinum + L-methioninum + L-cisteinum	Digestive tract and metabolism Hepatoprotective food supplement Capsules
30	Sinerdol® 300 mg	rifampicinum	Anti-infectives for systemic use, tuberculoză. Capsules
31	Sinerdol® ISO	rifampicinum + isoniazidum	Anti-infectives for systemic use, treatment of tuberculosis. Capsules
32	Soriso®	rhodiola rosea + ocimum basilicum	Central nervous system Adaptogen food supplement Coated tablets
33	Tetracilină Atb® HCL 250 mg	tetracyclinum	Anti-infectives for systemic use, tetracyclines Capsules
34	Tetracilină Atb® HCL 12 g	tetracyclinum	Dermatological preparations Ointments
35	Tinero® Gel 40 g	nicotinamidum	Dermatological preparations, anti-acne products. Ointments
36	Triamcinolon S Atb® 15 g	triamcinolonum + chlorquinaldolum	Dermatological preparations Cream
37	Zifex® Complex	metronidazolum + nystatinum + neomycini sulfas + hydrocortisonum	Gynecological antiinfectives Pessaries
38	Zifex® Duo 500 mg/200 mg	metronidazolum + clotrimazolum	Gynecological antiinfectives and antiseptics Pessaries

Financial evolution

In the context of an atypical year, with many challenges caused by the SARS-CoV-2 virus pandemic, drug sales were affected by patients' limited access to hospitals, open-circuit pharmacies and medical services, this leading to a reduction of consumption on all sales channels.

In this context, sales revenue amounted to 340,424 thousand LEI in 2020. Operating profit, amounting to 33,701 thousand LEI, was by 8% higher compared to the value planned in the rectified 2020 Income & Expenditure Budget.

Profit before tax recorded the value of 28.329 thousand LEI, by 16% higher compared to the value planned in the rectified Income & Expenditure Budget.

Total Assets recorded on 31.12.2020 were 863,000 LEI. In their structure, fixed assets recorded a significant increase, as a result of the revaluation of land on 31.12.2020.

Equity doubled compared to the value in 2010 as a result of the increase of the share capital by reinvesting the profit.

Degree of indebtedness (total debts / total assets) of 31%, represents a balanced level between total debts and total assets, being higher than the budgeted one of 37%. The indicator reflects an efficient financial management, which will be consolidated in the coming years.

Evolution of the main 2000-2020 economic-financial indicators

(thousand LEI)

	2000	2010	2020 rectified IEB	31.12.2020	2020 / 2020 IEB
Sales revenues	62,211	243,626	376,961	340,424	0.90
Operating profit	11,978	30,563	31,106	33,701	1.08
Gross profit	5,906	18,472	24,500	28,329	1.16
Net profit	4,729	12,539	23,000	26,388	1.15
Fixed assets	39,197	212,972	470,000	487,590	1.04
Current assets, of which:	40,532	225,747	350,000	375,409	1.07
receivables	21,793	181,673	250,000	260,389	1.04
stocks	17,762	40,289	100,000	108,691	1.09
Total assets	84,093	438,719	820,000	863,000	1.05
Total debts*, of which:	27,289	129,475	300,000	285,728	0.95
trade debts	8,248	40,103	64,000	66,104	1.03
short-term bank loans	8,153	69,335	125,000	95,569	0.76
long-term bank loans	988	0	75,000	65,444	0.87
Total equity*	52,499	262,611	541,000	577,272	1.07
Total liabilities	84,093	438,719	820,000	863,000	1.05
Average number of employees	1,932	1,441	1,415	1,415	1.00
Average duration of receivable collection (days)	90	324	300	273	0.91
Level of indebtedness* (%)	32	29	37	31	0.84

* The amounts are restated, presented in the explanatory notes to the Financial Statements.

Stock market evolution

Shareholding

Antibiotice is a trading company with majority state capital, under the authority of the Ministry of Health, whose main activity is the manufacture of basic pharmaceutical products (CAEN code 2110). The majority shareholder, the Ministry of Health, holds 53.0173% of the subscribed and paid-in capital. The regulated market on which the securities issued by Antibiotice are traded is the Bucharest Stock Exchange (BVB), Premium category.

The Antibiotice shares, with the stock symbol ATB, have been listed on the stock exchange since April 1997. The first transaction was recorded on April 16, 1997, at a reference price of 0.3500 LEI/share. The historical maximum was reached on July 10, 2007, at the price of 2.1700 LEI/share and the historical minimum of 0.0650 LEI/share was recorded on June 8, 2000.

The main Antibiotice shareholders on 31.12.2020

(extracted from the Shareholders' Registry)

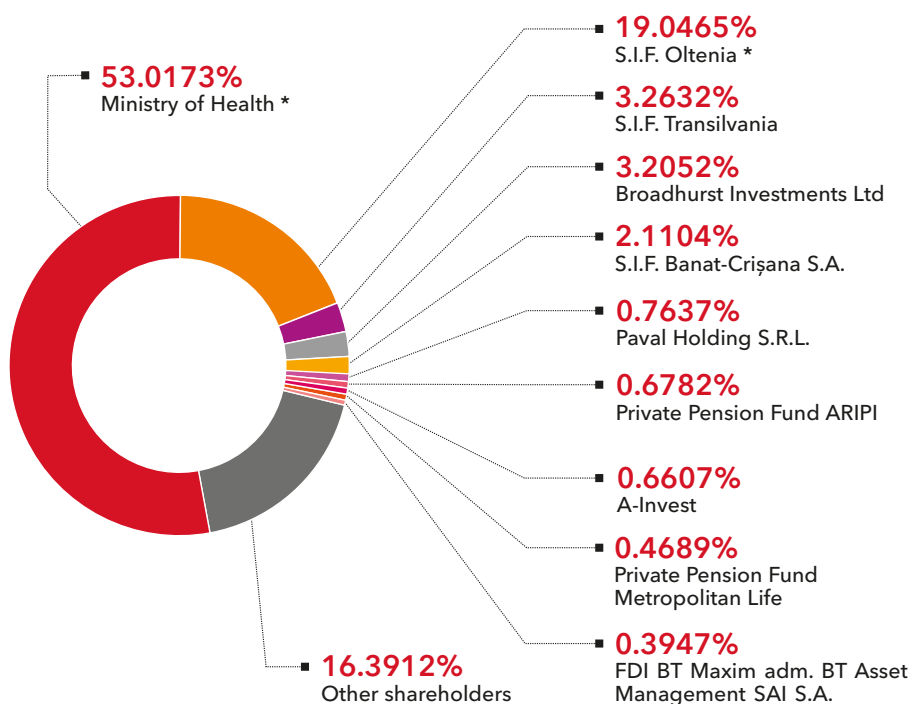
> Ministry of Health (*)	53.0173%
> S.I.F. Oltenia (*)	19.0465%
> S.I.F. Transilvania	3.2632%
> Broadhurst Investments Limited	3.2052%
> S.I.F. Banat-Crişana S.A.	2.1104%
> Paval Holding S.R.L.	0.7637%
> Private Pension Fund ARIPI	0.6782%
> A-Invest	0.6607%
> Private Pension Fund Metropolitan Life	0.4689%
> FDI BT Maxim adm. BT Asset Management SAI S.A.	0.3947%
> Other shareholders (42,285 shareholders)	16.3912%

NOTE: * Significant shareholders, according to Law no. 297/28.06.2004, Art. 2, Para 1

Ownership breakdown

86.0834%
Legal persons

13.9166%
Natural persons



Antibiotice in the capital market

Stock market capitalization of Antibiotice on December 31, 2020 (the last trading day of the year) was 326,270,000 LEI. During the year, 27,085,005 Antibiotice shares were traded, in value of 13.76 million LEI (2.8 million EUR/ 3.3 million USD), with an average price of 0.5079 LEI/share. The minimum price of an ATB share was 0.4130 lei. The share price rose up to a maximum price of 0.5550 LEI/share.

The Antibiotice shares are included in BET-Plus, the stock index that reflects the evolution of companies listed on the regulated market of BVB that meet minimum selection criteria (relating to liquidity and value of free-float shares), with the exception of financial investment companies (SIFs).

Transactions with ATB shares on the regular stock market

	2016	2017	2018	2019	2020
Number of shares	671,338,040	671,338,040	671,338,040	671,338,040	671,338,040
Stock market capitalization (thousand LEI)*	349,096	361,180	326,942	341,040	326,270
Stock market capitalization (thousand EUR)*	76,875	77,511	70,100	71,370	66,935
Stock market capitalization (thousand \$)*	81,123	92,813	80,259	79,873	82,163
Total traded value (million LEI)	6	12	9	15	14
No. of traded shares	12,555,866	21,113,565	17,109,263	30,364,292	27,085,005
Opening price (LEI/share)	0.5320	0.5200	0.5780	0.4800	0.5120
Maximum price (LEI/share)	0.5420	0.5920	0.5780	0.5260	0.5550
Minimum price (LEI/share)	0.4200	0.5200	0.4550	0.4500	0.4130
Price at the end of the period (LEI/share)	0.5270	0.5380	0.4870	0.5080	0.4860
Average price (LEI/share)	0.5032	0.5585	0.5028	0.4851	0.5079
Earnings/share (LEI/share)***	0.0452	0.0500	0.0511	0.0459	0.0418
Gros dividend/share (LEI/share)**	0.0384	0.026552598	0.009991506	0.029879738	0.00330631
Dividend yield****	4.05%	4.59%	2.05%	6.20%	6.5%
Dividend distribution rate*****	52%	53%	20%	65%	8.4%

* Calculation based on the share price in the last trading day of that year

** Proposed dividend

*** Calculation of the earnings per share is based on the net profit of each year

**** Dividend per share/price of the share in the first trading day of each year

***** Dividend distribution rate = (total number of shares x gross dividend per share)/total net profit

Dividends

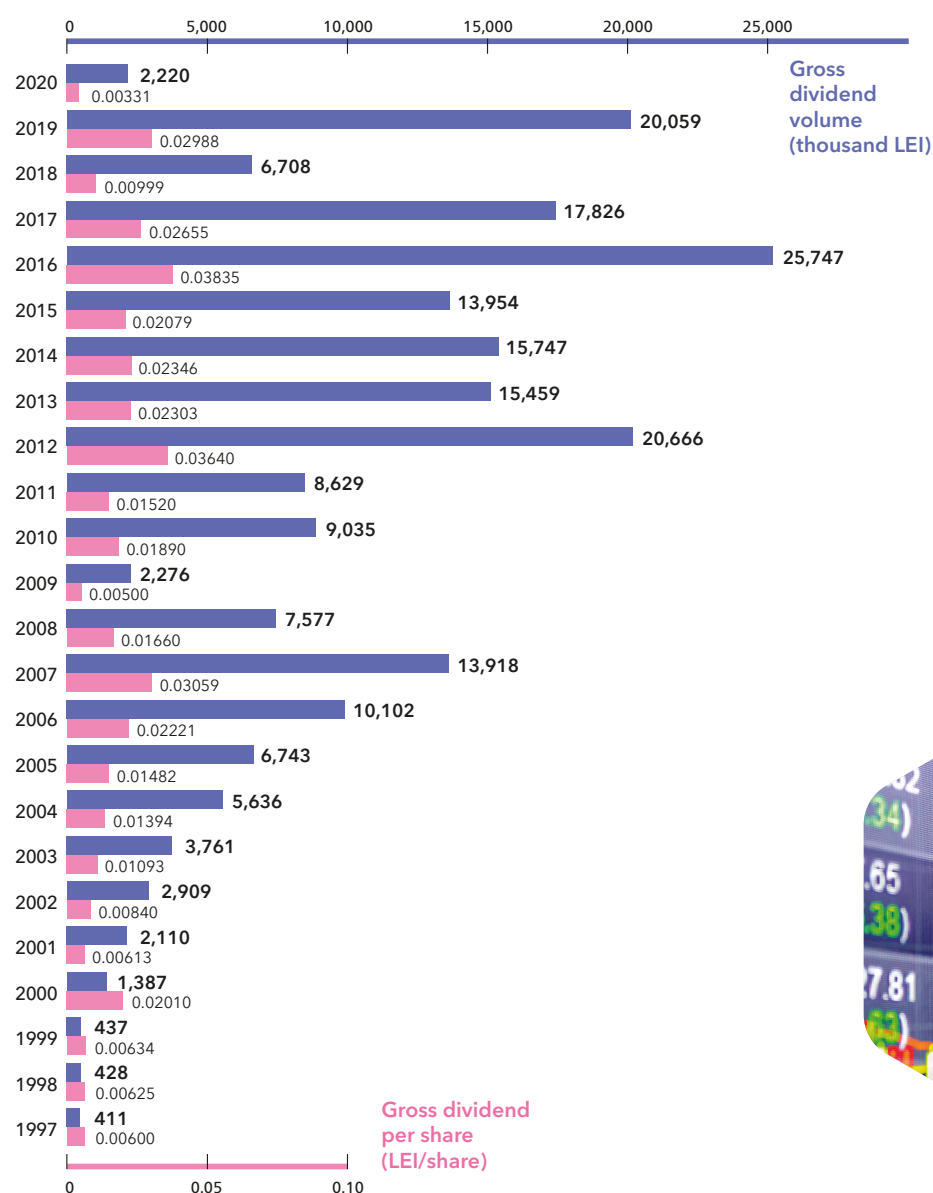
In 2020, our company paid dividends in value of 18,166,715,83 LEI, for the financial years 2016, 2017, 2018 and 2019. Payment of the dividends has been made through the Central Depository S.A. - Bucharest and, implicitly, through the CEC Bank - the Paying Agent. The register of Antibiotice shareholders has been maintained by the Central Depository S.A. - Bucharest.

Dividend history (2016 - 2017 - 2018 - 2019)

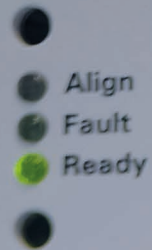
Period	Net dividends							Date on which the payment of dividends ceases
	Due	Paid (LEI)				Unclaimed dividends on 31.12.2020		
		Until 31.12.2019	01.01÷31.12 2020	Total	Total, %	LEI	%	
2016	25,401,595	23,379,791.77	17,169.33	23,396,961.10	92.11	2,004,633.90	7.89	14.09.2020
2017	17,588,680	16,138,163.54	22,007.82	16,160,717.36	91.88	1,428,508.64	8.12	in progress
2018	6,612,624.05	6,055,864.22	13,318.65	6,069,182.87	91.78	543,441.18	8.22	in progress
2019	19,811,039.75	—	18,114,220.03	18,114,220.03	91.43	1,696,819.72	8.57	in progress

Antibiotice in the securities market

Gross dividend volume and gross dividend per share



04



Actions and results in 2020

- Strategic adaptation of human resources 23
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Strategic adaptation of human resources

Protecting the health and safety of employees and adapting to the new conditions of the pandemic have become a priority for the human resources strategy in 2020. The sustained measures adopted in this direction allowed the business to continue without interruption, so as to meet the company's business objectives and actions aimed at maintaining a productive and friendly organizational climate.

In this way, Antibiotice aims to increase every year the performance of the business, constantly adapting it to the market conditions, and its employees to work with knowledge and devotion in a company that is worth working for.

In order to achieve the performance indicators, activities and projects were carried out oriented towards the development of the employees' necessary skills, increase of their involvement and adaptation of the organizational structure to the new long-term development needs of our company.

Our company's structural organization

Organizing and adapting the human resources structure on key organizational components were achieved by restructuring the activities and creating three production divisions: Oral Solid Products Division, Topical Products Divisions and Sterile Products & APIs Division. This reorganization aims at decentralizing decision-making processes, in order to increase the speed of response to market and consumer needs and improve our business long-term profitability.

New and traditional programs for attracting valuable people

To identify valuable future employees, our company used online recruitment and selection methods and techniques in 2020. Moreover, traditional projects such as

Performance indicators Human Resources

	Planned 2020	Achieved 2020
Average number of employees	1,415	1,415
Staff costs (thous. LEI)	105,100	104,173
Average number of hours of continuous professional training/employee	32	32

Perform a+ were carried out and new projects were initiated, such as the one on dual education.

The 5th edition of the **Perform a+** project for practical training and selection of future specialists in research, drug manufacturing or product quality brought together a number of 22 participants in 2020. Initially the project was addressed to the students of the Faculty of Pharmacy. Starting with this year, the addressability of this project has been extended, in order to attract chemistry students (master students, doctoral students) of the Faculties of Chemistry and Chemical Engineering within the "Alexandru Ioan Cuza" University of Iași and "Gheorghe Asachi" Technical University of Iași. The project took place online during September-November 2020, and had as lecturers the best specialists in research, product development, production and quality assurance from the company. To date, 14 graduates specialized in pharmacy, participants in the previous editions of Perform a+ have been employed in research, production plants, quality assurance and control.



3%

voluntary
employee
turnover rate
in 2020

8.5%

employee
satisfaction
degree

32

hours/employee,
the average
number of
training hours,
in 2020

In partnerships with pre-university education institutions, Antibiotice developed the program **A career under the sign of a+** with the Petru Poni Technological High School and Technological High School of Mechatronics and Automation Iași. The collaboration in this project implies the practical training but also the material support of the students through scholarships granted according to the performance criteria and their encouragement to avoid school dropout. The project materialized in a 3-year training of 15 pupils for the profession of chemical operator for medicines and cosmetics and 10 pupils for the profession of electrician specialized in low voltage networks.

After graduating, starting with 2023, they can work in our company, being involved in the production of medicines and maintenance activities.

Training programs for professional development of employees

The training plan for 2020 with external lecturers had as priority objectives the specialized professional development, acquisition of in-depth knowledge and skills specific for each field of activity.

For our employees in the medical and research-development field we offered trainings with topics such as: Approval of biocidal products – legislative novelties and practical aspects, Nitrosamine Impurities, Notification and publicity of food supplements – legislative and practical aspects.

For employees in the fields of engineering and quality, we provided training in: computer validation, qualification of pharmaceutical systems and equipment, maintenance management. We offered also courses and webinars specific to the production activity, focused on Lean Leadership & Management.

Our team of internal lecturers, qualified persons, provided also training on issues related to good manufacturing practice, for each organizational structure.

In 2020, by involving internal and external lecturers, our company managed to offer an average number of 32 training hours per employee, most of the training sessions taking place online. Although more restrictive in terms of topics, online vocational training allowed the participation of a larger number of employees: 935 compared to 500 in the previous year.

Strategies and measures to increase our employees' motivation

Adapting the reward system and creating a policy of consistent financial and non-financial motivation of employees has the role of increasing our employees' satisfaction and improving staff retention. The job ranking project initiated in 2019, what underlies a modern salary system, was followed by the wage harmonization level program, conducted in several stages.

Although it was a year with special conditions, our company managed in 2020 to continue the ranking job project, implementing the second stage of harmonizing the wages to the previously established hierarchical system.

The compensation and benefits system is analyzed and adapted annually to include both the fixed component, based on hierarchy and the variable component, in direct correlation with the performances





for certain categories of employees (top management, staff involved in domestic and international sales).

The results of collective negotiations between the Independent Trade Union of Antibiotice and employer were included in the new Collective Labor Agreement concluded for all the company for the period 2020-2022. This agreement contains, inter alia, provisions on working conditions, protection of health at work, the general wage system, benefits and other facilities, continuing vocational training, working and rest time.

Each Antibiotice employee benefits from the provisions of the Collective Labor Agreement concluded for all the company, regardless of the type of her/his individual labor agreement, working hours, whether or not she/he is a member of the trade union.

Improving the organizational climate and focusing the organizational culture towards innovation and performance

Because Antibiotice wants to improve the working environment and transform the organization into a company that most employees and potential employees consider as one worth working in, every 2 years, an extensive study is carried out on the organizational climate. In this way, the evolution of the indicators regarding the workplace atmosphere, concern of the managers for ensuring a favorable climate for collaboration and improvement of the results are followed. Last but not least, the study follows the system of desired/practiced values in all the company.

The study conducted in 2020, in which 65% of the total employees were involved, highlighted an increase in climate and employee satisfaction indicators, from 7.51 in 2018, to 8.5 in 2020, the maximum rank being 10.

Additional measures to create a climate aimed at motivating and protecting employees, to reduce stress levels and adapt to new conditions during the pandemic, also contributed to this result. Among the measures adopted in the company level, we can enumerate the following:

- > Bonus and free meal, granted to those who worked on the platform, during the emergency period;
- > Ensuring the transport of employees, ensuring the adequate social distancing;
- > A permanent communication with our employees and providing them with information on scenarios experienced by the company during the pandemic;
- > Ensuring the necessary framework for working remotely (teleworking);
- > Specialized support provided by doctors from the Occupational Medicine Medical Office for employees who have gone through difficult periods from a medical point of view in the pandemic;
- > Free anti-covid testing.

Given the above, the indicator "*voluntary employee turnover rate*" was 3% compared to the 4.6% recorded in the previous year.



Strategic adaptation of the product portfolio

Research & Development represents the foundation of actions aimed at aligning the portfolio with new therapeutic trends and at supporting professionals with affordable and therapeutically valuable medicines, in the perspective of 2025.

Ensuring a sustainable and marketable portfolio by increasing the degree of innovation

One of the Antibiotice's strategic objectives is to ensure a sustainable and marketable portfolio by supplementing it with new anti-infectives, topical products, by developing the umbrella brand Nutriensa® and the brands which compose the "Quality of life" and "Women's health" portfolio segments.

The identification of new products took into account the analysis of global pharmaceutical market trends, focusing on the company's main markets (the ATB territories), on identifying the main pathologies for which an increasing epidemiological trend is expected in the next 10 years, in line with the structure by therapeutic classes of the current Antibiotice portfolio and its strategic development directions.

In 2020, 14 projects were evaluated in order to be introduced in the future portfolio of the company. These are products for dermatological and gastrointestinal disease, diabetes, cardiovascular, genito-urinary, rheumatic or nervous system diseases as well as anti-infective medicines. Both prescription and non-prescription products were included (OTCs, food supplements, medical devices and cosmetics). De asemenea, în acest grup de produse sunt și medicamente care pot avea calitatea de prim generic. This group of products contains medicines eligible to become first generics.

The process of vertical integration of Nystatin involving developing new pharmaceutical forms was also initiated

Performance indicators	Planned 2020	Achieved 2020
Evaluation projects of products completed in order to renew the portfolio	13 projects	14 projects
Marketing authorizations - in the internal and external market	17 authorizations	17 authorizations
In-progress research projects at the end of 2020	18 projects	24 projects

in order to maximize our worldwide competitive advantage in the production of this active substance.

Research-Development - a path for adapting and sustainable consolidation of the product portfolio

Concretely, in 2020, our specialists started developing on-site 10 new products (four oral solids, five topicals and one oral suspension), following the evaluation of the opportunities to expand the portfolio.

During the reporting year, they continued the research activities for a significant number of products started in previous years. At the end of the year, 14 products remained viable under research:

- > 3 products for the Sterile Products & APIs Division;
- > 7 products for the Topical Products Division;
- > 4 products for the Oral Solid Products Division (including a food supplement).

At the end of 2020, our Research-Development Department conducted 24 in-progress research projects, in different stages of development.

24

in progress
research
projects,
at the end
of 2020

In-progress projects of products which are to be internationally authorized

Research activity continued to support the internationalization strategy of the current portfolio. In 2020, our specialists conducted the research-development of 18 products for the authorization of new Antibiotice medicinal products in various external markets (10 oral solid products, 4 products for injection și 4 produse topice).

Authorization/reauthorization of our products and their registration in new markets

In 2020, our Regulatory Affairs Department supported the obtaining of marketing authorizations or re-authorizations of medicinal products, for selling them both in Romania and abroad. 17 new marketing authorizations were obtained and also 18 products were re-authorized.

17 new Marketing Authorizations:

- > one product with a MA in the domestic market;
- > 16 products with MAs in the international market, of which: 12 products in the ATB territories, 2 products in Irak and 2 products in Yemen.

18 renewals of Marketing Authorizations:

- > 14 products re-authorized in Romania;
- > 3 products re-authorized in the countries in the ATB territories (Republic of Moldova);
- > one product re-authorized in Hong Kong.

Development of hand and surface disinfectants

In the context of the increased need for protective materials, Antibiotice started researching and testing disinfectants that can be manufactured on its own manufacturing flows: a hand sanitizer gel formula and two surface disinfectant formulas.

In 2020, Antibiotice obtained the marketing authorizations issued by the Cantacuzino National Military-Medical Institute for Research and Development for two surface disinfectant solutions (1 and 5 liter bottles).

Center for Clinical Studies

Our Center for Clinical Studies (research unit authorized by the Ministry of Health) conducts bioequivalence / phase I studies, instrumental testing, as well as projects for developing and validating the analytical methods necessary to support our own research plan.

Bioequivalence clinical studies certify that the generic medicines developed by Antibiotice are therapeutically equivalent to the reference medicines, according to national and European Good Clinical Practice (GCP) and Good Laboratory Practice (GLP) regulations in clinical studies of medicinal products for human use.

In 2020, The Clinical Unit within the Center for Clinical Studies was re-authorized to conduct phase I / bioequivalent clinical studies. GLP certification of the laboratory of the Center was extended until December 2021.

In the reporting year, Antibiotice started its first clinical study for a topical product, i.e. a phase IV, interventional, multicenter clinical study. The selected product for this study is Clotrimazol Atb® 1% cream.

This study was launched in the context in which the medium- and long-term strategic development aims to expand the export of topicals in the countries of the European union, Canada and the Unites States, where such studies are strictly necessary.

2

developed
and authorized
surface
disinfectant
solutions

Starting the first
clinical study for
a topical product,
Clotrimazol Atb®
1% cream



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

Certified quality

Confidence in the Antibiotice products increases by implementing and maintaining a Quality Management System compliant with EU GMP and US FDA cGMP requirements. Also, the processes in our company are managed through an Integrated Management System: quality (ISO 9001:2015), environment (ISO 14001:2015), occupational health and safety (ISO 45001:2018), which is constantly improved.

Inspections conducted by authorities

In 2020, Antibiotice adapted to the requirements of national and European authorities, as indicated in the guidance to regulatory requirements in the context of the COVID-19 pandemic, issued by the European Medicines Agency (EMA).

Thus, the GMP certificates for the manufacturing flows for non-sterile products – capsules, tablets, coated tablets, suppositories, non-sterile semi-solid products were extended until December 2021. The Good Laboratory Practice (GLP) Certificate for the Bioanalytical Laboratory within the Center for Clinical Studies was also extended until the end of 2021.

With regard to environmental protection, four audits were carried out during the year by authorities. So, in June 2020, The County Commissariat of the National Environmental Guard verified the compliance of the activity with the requirements established by the Integrated Environmental Authorization; no non-conformities were found. Also, in June 2020, the Apele Romane National Administration – Prut-Bârlad Basin Administration audited Antibiotice, before issuing the operating agreement/authorization, checking the condition of the landfill. November 2020 – The Environmental Protection Agency carried out the verification pre-audit of the

Performance indicators	Planned 2020	Achieved 2020
GMP certifications of the manufacturing flows	3	3
Authorizations for the operation of the company	2	2

site completed with the conclusion that the next stage should take place, followed by the analysis and audit conducted by Apele Romane prior to the issuance of the Water Management Authorization. In November 2020, The Environmental Protection Agency verified the location (finalized with the decision to carry out the actual analysis stage of the documentation supporting the application for the integrated environmental permit). Also, the audit preceding the issuance of the Water Management Authorization, carried out by Apele Române National Administration, took place.

Audits conducted by certification bodies

At the beginning of 2020, TUV Rheiland issued the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certificates following the certification audit conducted in the period 2-5.12.2019.

In November 2020, the first surveillance audit took place, carried out online, for the three systems: Quality, Environment, Occupational Health and Safety. The audit was concluded without any remarks.

Audits conducted by customers

Given the COVID-19 pandemic that influenced the way audits were conducted four audits took place in 2020.

The manufacturing and control flow of the active substance Nystatin was on-site audited. Following this audit, Antibiotice was requalified as an API supplier.

The other three audits focused on the manufacturing and control flow of the parenteral products, paper-based audits (remote audits, based on the information requested by customers in the questionnaires sent). Based on these audits, Antibiotice was requalified as a manufacturer of parenteral products.

Environmental responsibility

The Environmental Protection Department manages the prevention of pollution and continuous improvement of the environmental performances, acting in compliance with the requirements of the environmental legislation. In 2020, the documents regulating the functioning of the company were maintained, and actions were carried out for the reauthorization regarding the water management, as well as for renewing the integrated environmental authorization.

Quality of environmental factors were monitored in 2020 according to the requirements of the Integrated Environmental Authorization, through our own laboratory, as well as through the RENAR accredited laboratories for determining the values of pollutant emissions in the environment (water, air).

The determinations proved that the requirements of the Integrated Environmental Authorization were met and the maximum permitted concentrations were not exceeded.

Determinations on the quality of the underground waters and soil in the area of influence of our company were also made for establishing the reference situation, as a necessary stage for the issuance of the renewed Integrated Environmental permit in 2021.



Antibiotice ensured the development of the RADAR project, started in 2019, for a 48-month period, in partnership with the National Institute for Infectious Diseases "Prof. Dr. Matei Balș" Bucharest and with the National Research and Development Institute for Industrial Ecology (INCD ECOIND) Bucharest, by collecting water and sludge samples from the company's pre-treatment plant.

The main objective of the RADAR project is to investigate the dynamics of antibiotic resistance and the genes that transmit it in activated sludge, in human-influenced aquatic environments, the connections with the temporal-spatial reports on clinical isolates and the intimate mechanism of AR gene transmission in the natural and clinical environments. The involvement of Antibiotice in the RADAR project shows our concern for tracking the influence of our activities in terms of environmental protection, and demonstrates once again that our company is a brand responsible for the environment, regarding all its components (nature and human factor).

Also, the Analytical Laboratory within the Center for Clinical Studies of Antibiotice performed determinations by advanced test methods (with a high degree of accuracy of the results), for traces of penicillins from groundwater samples, taken from the observation wells located in the perimeter of the company. No traces of penicillins were identified.

Specific consumption and energy use

The activity developed in the Biosynthesis Plant that produces the active substance Nystatin falls within the scope of the European Directive for Integrated Pollution Prevention and Control (IPPC). In 2020, the Biosynthesis Plant was within the planned specific consumptions.

Air quality

In 2020, our own laboratory monitored the air quality, conducting analyzes regarding emissions/imissions of air pollutants for nitrogen oxides (NO_x), ammonia (NH₃), suspended powders and sedimentable powders.

There were no exceedances of the maximum allowed concentrations specified in the Integrated Environmental Authorization.

Water quality

Water quality was monitored through analyzes regarding the quality of the water entered the own wastewater treatment plant and discharged into the municipal sewage system, quality of the conventional clean water discharged into the natural stream, as well as the quality of groundwater. Groundwater quality was monitored by sampling and monthly analysis of samples obtained from perimeter observation boreholes. There were no exceedances of the maximum allowed concentrations established by the Integrated Environmental Authorization and the Water Management Authorization.

Soil protection

From the total area of the land in the property of Antibiotice, about 40% is covered with green spaces. There was no accidental pollution or environmental incident leading to the degradation of soil quality in the area of influence of the company's activity.

Waste management

Antibiotice implemented a selective waste collection system, each production plant and auxiliary activity being equipped with containers suitable for collection.

The recyclable waste was sold to the authorized economic operators. The non-recoverable waste was incinerated in our own installation, disposed of at the municipal waste landfill, or taken over by authorized operators.

Our company complies with the requirements for the packaging waste management established by the specific legislation, namely the recovery / recycling of 60% of the quantity of packaging placed in the Romanian market.

Occupational Health and Safety

Maintaining and developing an effective occupational health and safety management system within our company is the guarantee for creating an optimal framework for managing and eliminating work-related risks, as well as for improving the environment and relations between our employees.

The principles and measures of the occupational safety system are established and followed through the Prevention and Protection Plan, by the Occupational Safety and Health Committee (CSSM) organized in our company. In 2020, CSSM identified new occupational hazards and the following measures were taken:

- > Additional pieces of equipment to reduce the physical effort of employees for the Topical Products Division and Logistics Department;
- > The purchase for Occupational Health & Safety Department of a multi-gas detector and a pump for measuring / detecting the presence of toxic gases, to prevent and reduce risks.

Additional occupational health and safety measures to prevent the spread of the SARS-CoV-2 virus

During the state of emergency, a Crisis Cell was nominated, which was subsequently integrated into the Health and Safety Committee, whose activity constantly monitored the impact and evolution of the pandemic, the links with the competent medical and governmental authorities were activated so that they can





anticipate and take the most appropriate organizational and technical measures to maintain the activity on the site and the health of our staff. These measures ensured that the company's business was carried out safely, so that there was no risk of discontinuing the deliveries of essential medicines for the national health system or honoring the external contracts.

The main additional occupational health and safety measures imposed in 2020 in order to prevent the spread of the new coronavirus and ensure a safe and secure climate for the company's employees were:

- A working procedure was drawn up, correlated with a series of training and awareness campaigns on the rules to be observed among employees. During the state of emergency, the Crisis Cell decided to organize the company's activities according to three work scenarios, with gradual action plans to ensure the safety of our employees, continuity of the production process and deliveries of medicinal products to national health systems. These measures proved to be effective, so that the company's activity did not have to be stopped;
- Measures were taken for a controlled access of our employees, by creating 4 access flows, allowing our employees to maintain a 2 m distance from each other, while they disinfected their hands and were thermomtered;
- Sanitary and protective materials (masks, gloves, visors, hand and surface disinfectants, etc.) were distributed daily to our employees;
- The activity at the workplaces (offices, laboratories, production areas, dining rooms) was organized so as to ensure the social distancing (including the installation of plexiglass partition panels where appropriate);
- Circulation on the site was limited (the procedures were simplified: our staff was encouraged to use the virtual environment - on-line meetings, videoconferences, Our "Pauza de masă" Bistro delivered the meals in a catering system, the access of the people from outside in the company was limited to what was strictly necessary);
- The contact surfaces in the company and in the means of transport for persons and goods were periodically disinfected;
- A differentiated work schedule of the staff corroborated with measures for the transport of employees and their monitoring;
- Our company established a permanent communication with our employees, providing them with information on the evolution of the pandemic and scenarios the company went through during the pandemic;
- 500 doses of flu vaccine were purchased for immunization of our staff;
- The specialized staff within the Office of Occupational Medicine constantly monitored the health of our employees. Epidemiological investigations were performed, as well as testing the staff with both rapid tests and PCR tests, in order to ensure the health condition and the safe conduct of the company's activity;
- A psychologist employed by our company supported the employees emotionally overwhelmed by the stress generated by the pandemic, so that they can continue their activity with high morale and emotional comfort.



Strategic planning and performance management

1. Internationalization of our business and its consolidation in the domestic market

Development of the international component of our business

The exponential worldwide spread of the SARS-CoV-2 coronavirus has profoundly affected the global economic system. The Emergency Ordinance on Limiting the Exports of Medicines Manufactured in Romania (Covid-19 Restrictions), exponential increase in transportation tariffs, narrowing of access roads in Europe (long waiting times), delays in the supply of raw materials, active substances from Asia were the factors with a major influence on exports.

In parallel, there was a change in the structure of medicine consumption: an increased demand for medicines used in hospitals for treating the Covid-19 associated diseases and its complications (antivirals, antiinfectives, antipyretics, immune boosters), and a declining demand for medicines and nutritional supplements from the private pharmacy sector. The access to patients with acute or chronic forms of the diseases was also considerably limited in hospitals or in the specialist doctors' offices.

4% increase in export

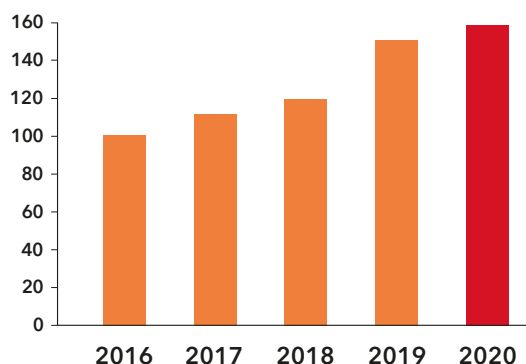
To mitigate the effect of the Covid-19 pandemic on production and revenue, the export sales strategy focused on optimizing a quantitative structure for ensuring the best price/demand ratio in the market.

Performance indicators	Planned 2020	Achieved 2020
International sales (million LEI)	158,4	158,3
Domestic sales (million LEI)	218,6	181,6
Degree of customer satisfaction	min 80%	89%

In 2020, the value of sales in international markets was 158.3 million LEI, higher by 4% compared to the previous year.

2020 was part of the period in which our company set a long-term goal of developing its international component, through a strategy of territorial expansion that ultimately creates a healthy, predictable and profitable balance with sales in the Romanian market. So, in 2020, the export accounted for 46.5% of the company's turnover, compared to the percent recorded in 2019 (39%).

Evolution of sales in the international markets in the period 2016-2020 (million LEI)



World leader in the production of Nystatin

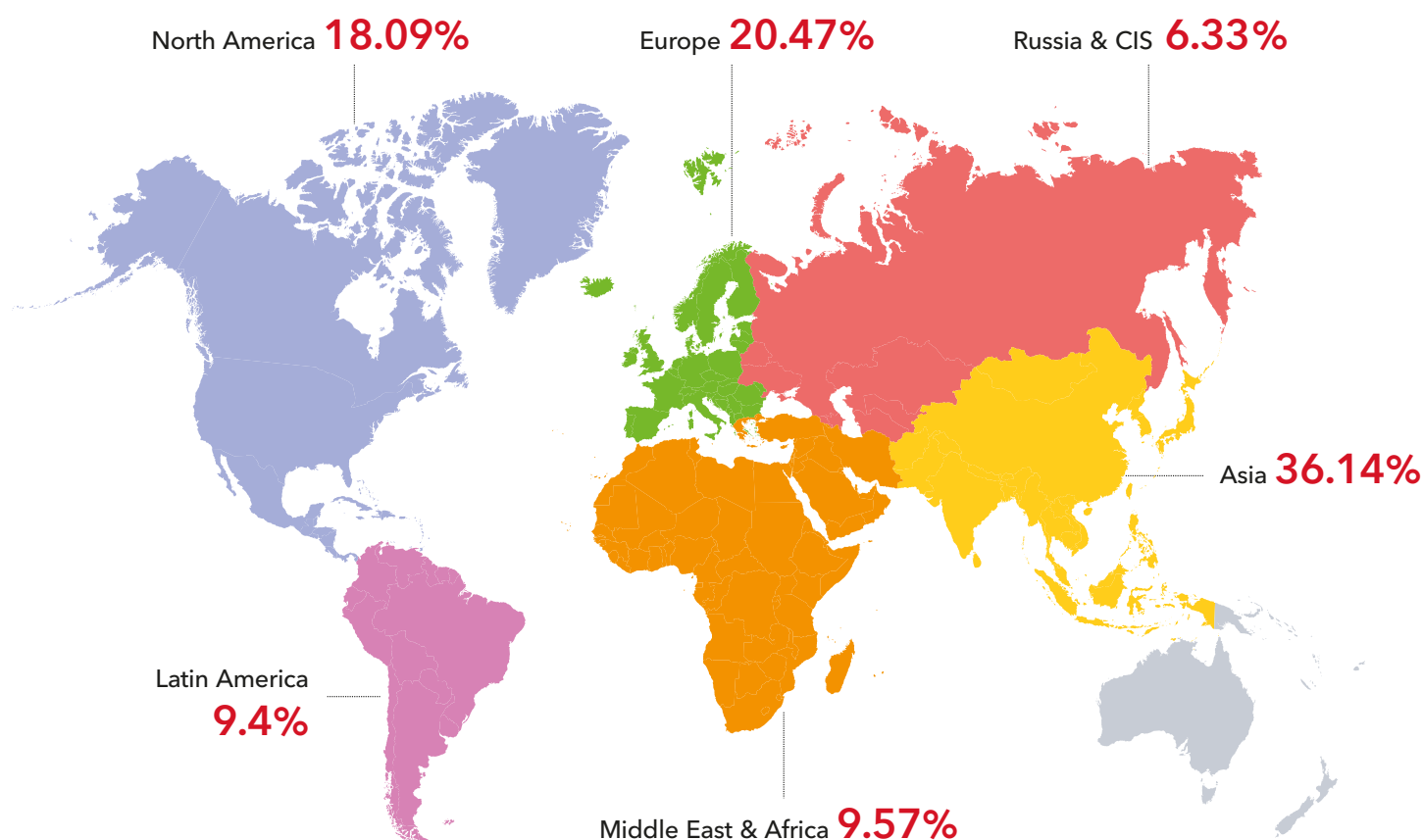
Strengthening and maintaining the position of world leader in the production of the active substance Nystatin

The proposed sales target for 2020 for Nystatin was achieved through a continuous management of costs, manufactured quantities and efficient management of strategic partnerships with major customers. So, in the reporting year, the export of Nystatin recorded a value of 68 mil. LEI, a constant level compared to the previous year, Antibiotice maintaining itself as a world leader in the production of this active substance. In this context, the year-end figures indicated an increase in the average price in parallel with a securitization of sales volumes in the main markets in the North America, South America, Europe and Asia.

Tripling the sales of sterile powders for injection in highly regulated and competed markets in Europe

From the first months of 2020, Antibiotice intensified its efforts to respond favorably to requests received from international health systems for anti-infective medicines associated with Covid-19 treatment. These came both from the territories where the company has representatives offices - Vietnam, Republic of Moldova, as well as from the markets of developed economies in the European Union. Antibiotice mobilized also its resources to met the needs of the population from developing countries for medicines used in hospitals.

Share of sales in the international market



Our company has been identified by international partners as a major manufacturer of sterile injectable anti-infective medicines (simple penicillins and penicillins in combination with inhibitors), which are required by most healthcare systems.

In 2020, Antibiotice managed to win several international tenders in the US, Great Britain, and the tender organized by the European Commission for about 2,750,000 vials of Amoxicillin/Clavulanic Acid for injection, an essential anti-infective medicine included in the World Health Organization (WHO) list for the treatment of Covid-19 patients.

So, the sterile injectable antibiotics recorded an important sales dynamics in Europe, by tripling the quantities sold in markets such as: Denmark, Great Britain, Holland, Lithuania, Latvia, Hungary.

In this context, the total sales of finished products recorded in 2020 an 8% increase compared to 2019, reaching to about 90 million LEI.

The top selling products were: AmpiPlus, AmoxiPlus, Nafcillin, Sodium Penicillin, Oxacillin, injectable anti-infective medicines consumed especially in hospitals..

18 new product files were submitted for obtaining marketing authorizations for external markets - a premise for long-term support of international sales

In order to support the territorial expansion plan, product registration procedures are initiated in the target territories.

So, in 2020, among the long-term internationalization projects, our company laid the foundations for expanding the business in territories in northern Europe - Denmark, Sweden, Norway and Finland - by submitting the registration files for 7 products.

Also, Antibiotice developed its portfolio in the Vietnamese market by registering 6 products. Our company opened a representative office in this country ranking

as the main Romanian exporter of medicines (with a traded value of about 10 million USD/year).

In the Republic of Moldova, where our company also opened a representative office, the files for 5 products were submitted for registration.

In 2021, the first products are expected to be rollout in Ukraine, as soon as they will receive the Marketing Authorizations for this market. This project started in 2018, with the opening of the ATB representative office in Ukraine, when the registration process of a portfolio containing 8 anti-infectives and 8 cardiovasculars was initiated.

Increasing the Antibiotice brand awareness, developing new product brands, expanding our business on new foreign markets and consolidating the current partnerships remain our priorities, representing pillars of the company's development for the years to come.

The main
Romanian
exporter
of medicines
in the
Vietnamese
market

Tripling
the sales
of sterile
injectables
sales in the
European
markets

46.5%
export
accounted
for 46.5%
of turnover



Consolidation of our company in the domestic market

Evolution of pharmaceutical market in Romania¹

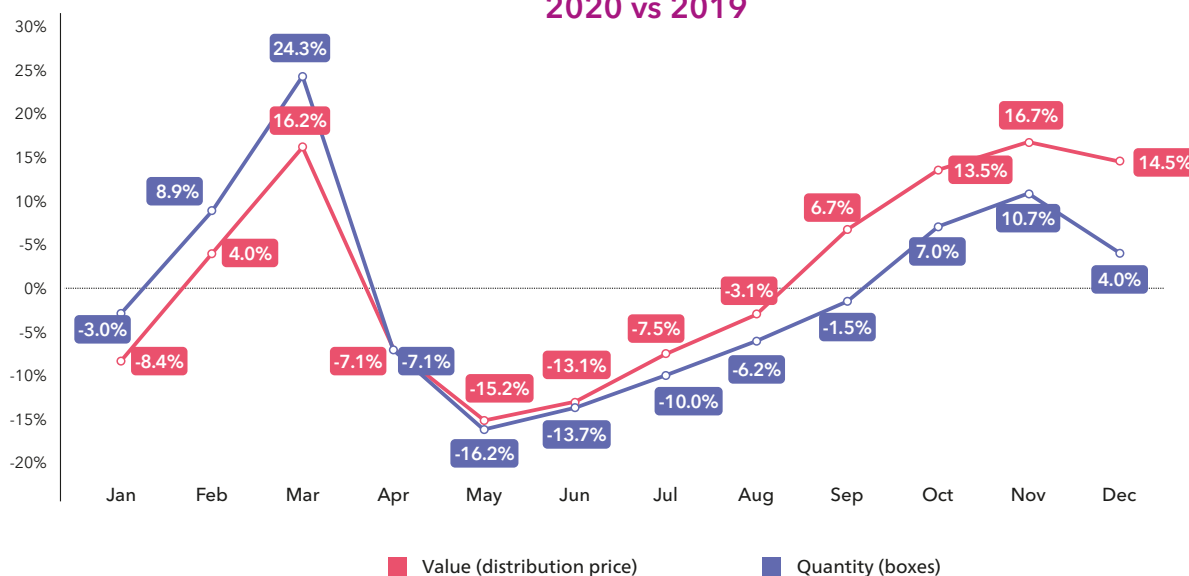
The evolution of the pharmaceutical market in Romania was influenced in the pandemic year 2020 by the restrictions announced and applied in all the country. Thus, in March, in the period preceding the entry into the state of emergency, there was a peak of medicine sales while in the following months there was a major contraction in consumption on all the sales channels, caused by restrictions applied with the entry into force of the state of emergency and, subsequently, of the state of alert. This decrease is explained by the sharp decrease in the number of consumers in the open-circuit pharmacies, but also in the number of hospitalizations (also some of the hospitals with various specialties were transformed into hospitals for patients infected with the new corona-

virus, being registered hospitalizations only in these hospitals). Starting with September, the sales reestablished its pace, recording an increase of 6.7%, compared to the similar period of the previous year. November distinguished with the most significant increases in sales after the state of emergency, compared to the similar period of the previous year: 16.7% in terms of value and 10.7% in terms of quantity.

The Romanian pharmaceutical market was dominated in 2020 by prescription medicines (RX). These represent 74.4% of the total value sales and 61.5% of total medicine consumption (reported as number of boxes).

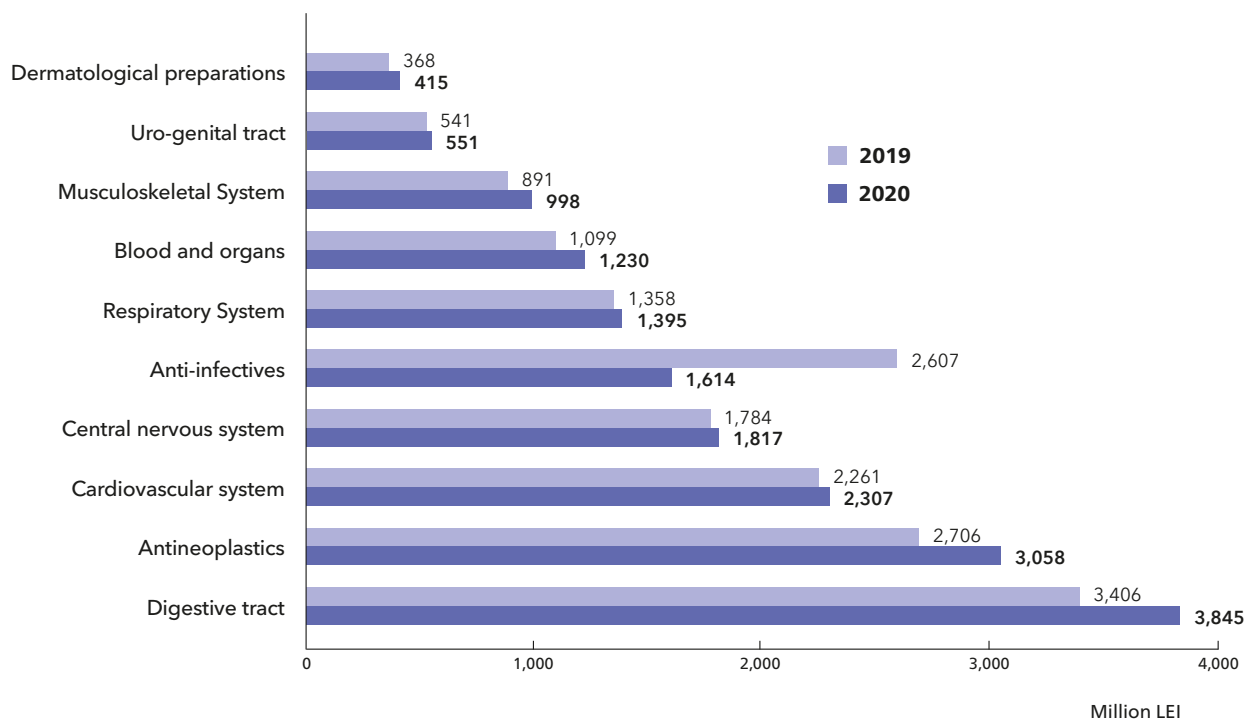
Prescription medicines recorded in the analyzed period a 2.4% decrease in value, from 13.8 billion LEI in 2019 to 13.4 billion LEI in 2020. As regards the number of boxes released from pharmacies, there was a 5.1% decrease, from 405.7 million boxes in 2019 to 384.9 million boxes in 2020.

Monthly evolution of the total market 2020 vs 2019



¹ According to CEGEDIM Sell Out Romania december 2020

Value trend - top 10 therapeutic classes



Non-prescription medicines recorded in the analyzed period a 13.8% increase in value, from 4.1 billion LEI in 2019 to 4.6 billion LEI in 2020. As regards the number of boxes released from pharmacies, there was a 9.5% increase, from 219.8 million boxes 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. Consumption declined by 21.1% from 30.3 to 23.9 million boxes.

Of the value of medicines sold in 2020 in Romania, 86.6% are registered in open circuit pharmacies, respectively 15.6 billion lei, increasing by 0.8% compared to 2019.

The segment of independent pharmacies and mini-chains registered a slight increase in value, of 3.1%, from 8.9 billion LEI in 2019 to 9.2 billion LEI in 2020.

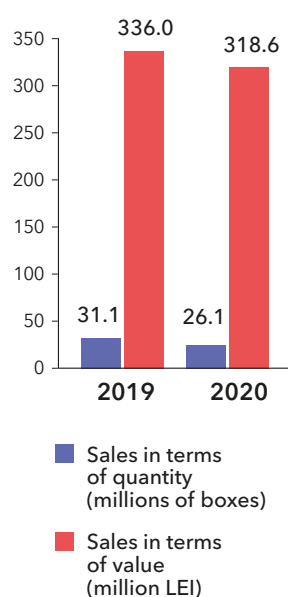
In terms of quantity, a 1.3% decline was recorded compared to the previous year, from 371.9 to 367 million boxes.

The national chains segment recorded a decrease in value of 2.3% from 6.6 to 6.4 billion LEI and a 5.1% increase in consumption (number of boxes), from 223.3 in 2019 to 234.6 million boxes in 2020.

In terms of value, the original medicines have the highest market share, respectively 55.6% (down 2.8 percentage points compared to 2019), but in terms of volume, most medicines consumed are generic and without prescription (OTC, dietary supplements, medical devices - 75%).

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

Evolution of the Antibiotice's sales in the period 2019-2020



Evolution of the relevant pharmaceutical market of Antibiotice SA²

The relevant market of the products from the Antibiotice portfolio (data relate exclusively to sales of products included in the 2020 plan) recorded in the analyzed period an increase of 5.7% compared to 2019 (from 2.3 to 2.4 billion LEI). Consumption grew by 4%, a number of 161.8 million boxes being released by pharmacies in 2020, compared to 155.55 million boxes in 2019.

Due to the restrictions implemented during the emergency and then the alert state, the relevant market on the Hospital segment registered a quantitative decrease of 21.4% from 2.6 to 2 million boxes, while in terms of value the decrease was 8.7% from 93.4 million LEI to 85.3 million LEI in 2020.

Prescription medicines (RX) had in 2020 a share of 50.1% of the total value sales and 54.6% of the total consumption of medicines (reported as number of boxes). They recorded in the analyzed period a decrease in value of 1.3%, from 1.23 billion LEI in 2019 to 1.21 billion LEI in 2020 and a quantitative decrease of 4% from 92 to 88 million boxes.

² The relevant market is represented by the market to which the Antibiotice portfolio relates with regard to the therapeutic indication of the product (molecule, dosage form, concentration).

Over-the-counter (OTC) medicines recorded an increase in value of 13.7% (from 1.06 billion LEI in 2019 to 1.21 billion LEI in 2020) and an increased consumption by 15.6% (from 63.5 million boxes in 2019 to 73.4 million boxes in 2020).

Antibiotice in the Romanian pharmaceutical market

In solidarity with the Romanian health system and in the context SARS-COV 2 pandemic, Antibiotice SA kept in constant contact with distributors for removing the gaps in the supply of medicines to hospitals and pharmacies and for creating optimal stocks to allow the fulfillment of orders in the shortest time.

Also, in order to meet the specific needs of the health system in this period, Antibiotice adapted its manufacturing structure and produced biocides for surfaces: *a+ Oxy Solution*, and *a+ Complex Solution*. It also produced a dietary supplement to support the immune system - *Imunofix®*, as well as Paracetamol tablets 500 mg and Novocalmin tablets 500 mg, molecules for COVID-19 associated treatment.

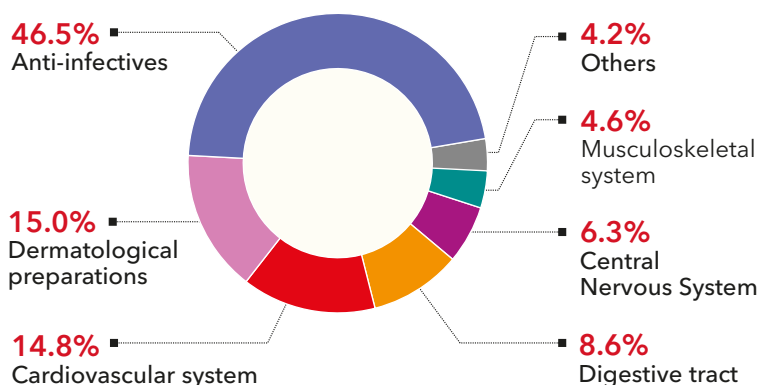
The value of sales to distributors (sell in) was 346 million LEI, a value similar to that achieved in 2019.

In terms of value, the Hospital segment was most affected in the context of the pandemic, recording a decrease of 10.3%, from 84.7 million LEI in 2019 to 75.9 million LEI in 2020. This evolution was similar to that of the relevant market. The number of units sold by Antibiotice in hospitals decreased by 27.8% from 1.7 million of boxes in 2019 to 1.3 million of boxes in 2020.

Value sales on the channel of independent pharmacies and mini-chains increased by 1.6% compared to the previous year and quantitative sales decreased by 11.2% (number of boxes released from pharmacies), Antibiotice orienting itself towards a more favorable structure for sale and taking advantage of the unit price as a strategic element.

Value sales recorded in the chain pharmacies decreased by 11.1% in 2020

Share of sales in Romania by pharmaceutical classes - 2020



compared to 2019 (from 100 to 88.9 million LEI), while the number of boxes released from the pharmacies decreased by 21.2% (from 11.6 to 9.1 million of boxes).

The products that registered significant value increases compared to the previous year are: Meropenem inj. range, Bisotens® range, Nidoflor® cream 15 gr, Hemorzon® range, Cicloserina Atb®, Moldamin®, Paracetamol tablets 500 mg, Nistatina Atb® tablets 500,000 I.U.. Our company has adapted to the demand, fully covering the need for treatment with antibiotics for injection such as carbapenems, cephalosporins and penicillins.

Strategies for promoting the products from the Antibiotice portfolio

Our company's strategy for promotion, in the pandemic context, was adapted and involved the orientation towards the use of multiple information channels, especially online, selection of platforms that facilitate the transmission of information to health professionals. Through online communication platforms, webinars dedicated to health professionals and national scientific events (Congresses, Conferences held by Professional Associations) were organized.

From the range of products manufactured by Antibiotice, our team promoted brands from the following portfolios: Hospital & Partners, dermatology portfolio, the portfolio destined to the prevention but also to the treatment of the different diseases reunited under the *Quality of life* concept. Scientific communication was adapted to the new context, the company organizing a series of webinars attended by over 4,500 specialist doctors and 4,000 pharmacists.

Hospital & Partners is the portfolio for hospitals, the promotion focusing on developing good practices in the use of antibiotics, supported by the concept **"Antibiotics of the Third Millennium"**, with messages like "Judicious consumption/responsible for antibiotics". Excessive and irrational use of antibiotics is a cause for concern, but the solution is to educate the population and specialists, as well as to largely involve all the factors that

contribute to the judicious use of antibiotics. In this context, **"Antibiotics of the Third Millennium"** is a program for developing good practices in the use of antibiotics in Romania, supported by Antibiotice. The concept was promoted in 2020 in eight Antibiotice - Dermatofocus webinars which were attended by over 400 dermatologists and family doctors from across the country and in the anniversary webinars "Antibiotice 65 years - In the service of life for a lifetime" - "Medicines that made history", "Antibiotics of the Third Millennium - management of intrahospital infections". Our company also participated in four national conferences which included symposia focused on the concept "Antibiotics of the Third Millennium", attended by over 1,750 specialists in Anesthesia and Intensive Care, Pulmonology, Dermatology, Gynecology, Internal Medicine and Family Medicine.

"Women's health" is the promotion concept through which Antibiotice aims to strengthen the identity of the portfolio for the prevention and treatment of high incidence diseases in women. In 2020, this concept was addressed in three Antibiotice - Ginecofocus webinars attended by over 800 gynecologists and family doctors and in which the range of Zifex® pessaries and the product Nistatină Atb® pessaries were promoted.

Maintaining the status of leader in the segment of topical products includes promotional actions under the "We are where needed" concept. This promotion concept was communicated in two international conferences dedicated to dermatologists and family doctors, which brought together over 1,500 participants.

"Quality of life" is the concept defined in medicine as physical, mental and social well-being, as well as the individual's ability to perform normal tasks. Our company portfolio has therapeutic solutions included under the "Quality of life" umbrella concept for the treatment of various diseases in the following therapeutic areas: cardiovascular, genitourinary, musculoskeletal, dermatology, digestive tract. The concept brings together OTCs

Ranked 1st
in the relevant
market, with
a 13.1% value
market share

Leader
in terms of
quantity for
the following
pharmaceutical
dosage forms:
ointments,
suppositories
and pessaries

Leader
in terms of
quantity for the
pharmaceutical
form powders
for injection

Ranked 7th
in the segment
of generic
prescription
medicines and
OTCs (3.97%
market share)

Leader
in the segment
of generic
prescription
medicines and
OTCs sold
in hospitals,
with a 14.8%
market share

and RX medicines, as well as complementary alternatives for homeostasis of the body, such as food supplements, brought together under the Nutriensa® brand.

Nutriensa® is the umbrella brand for food supplements created based on the experience of our company's researchers and manufactured to high quality standards, on Good Manufacturing Practice authorized manufacturing flows. Our Nutriensa® food supplements are innovative formulas that combine ingredients with scientifically proven active properties releasing the nutrients necessary for the proper functioning of the body. The Nutriensa® range, are intended for both patients with various pathologies and healthy people who want to maintain their health and benefit from a superior quality of life.

The "Quality of life" concept was promoted in four Antibiotice webinars "Health benefits through innovative formulas" attended by over 4,000 pharmacists. For the general public, the promotion was supported by the TV campaign for the Fluxiv® range (tablets, tonic cream), with the message "Fluxiv®. Healthy circulation in action!" as well as radio campaigns (for Silithor®, Equilibra®, Fezivit C®, Fluxiv®), influencer marketing campaigns (for Equilibra® and Lejer®) or the online or advertorial banner campaign on health sites (e.g. www.sfatulmedicului.ro).

Our customers' satisfaction degree³

In accordance with the requirements of ISO 9001/2015 for implementing the quality management system, for 14 years in a row, Antibiotice has been carrying out annually the market research "Customer satisfaction evaluation". In 2020, this research was conducted in the period December 2020 - February 2021. Data collection (application of questionnaires) was performed for populations of doctors, retail pharmacists, distribution managers, national pharmacy chain and mini-chain managers. The average level of satisfaction for the 5 categories of customers in 2020 was 89%. Scores over 80% (satisfied customers) were recorded for all customers representative for Antibiotice.

Nutriensa® food supplements, maufactured by Antibiotice



³ The satisfaction level is calculated in the form of absolute grades (from 1 to 5) and relative grades (percentages from 1 to 100).



2. Complex manufacturing structure adapted to international quality standards

Performance indicators	Planned 2020	Achieved 2020
Manufacturing capacity utilization	min 60%	63%

Antibiotice manufactures generic medicines for human use, active substances and biocidal products. With eight production flows GMP certified by the National Agency for Medicines and Medical Devices in Romania (ANMDMR), the company has the most complex structure for the production of medicines in the country. On seven of the flows, our company manufactures generic medicines for human use, in various pharmaceutical forms (capsules, tablets, sterile injectable powders, ointments, creams, gels, suppositories, eggs). The eighth manufacturing flow is intended for the production of active substances. Since 1985, on this manufacturing flow, through a unique process in Romania (industrial biosynthesis), Antibiotice has been producing the antifungal Nystatin (active substance).

In 2020, to increase our company's competitiveness and profitability of the production plants, the company's management decided to regroup the five manufacturing plants, in three divisions:

- **Oral Solid Products Division**
(Capsule and Tablet Plants);
- **Topical Products Division**
(Ointment & Suppository Plant);
- **Sterile Products and APIs Division**
(Parenteral Plant and Biosynthesis Plants).

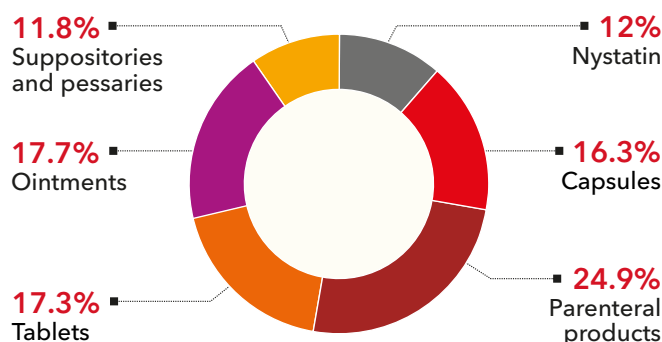
The divisions are organized and coordinated independently (as production activities, investments in technology, product portfolio) so as to become autonomous profit centers, which adapt their manufacturing and product portfolio to the needs and characteristics of the markets.

In 2020, the volume of medicinal products for human use was 453.3 million pharmaceutical units: solids (tablets, capsules), parenterals, topicals (ointments, creams, gels), suppositories, pessaries. The quantity of active substance Nystatin produced in 2020 was by 10.66% higher compared to the previous year. Manufacturing capacity utilization was 63%.

In terms of value, the production of the three divisions amounted to 360.8 million LEI in the reporting period.

Value production distribution by each pharmaceutical form - 2020

(% of the total production value)



Products manufactured in 2020

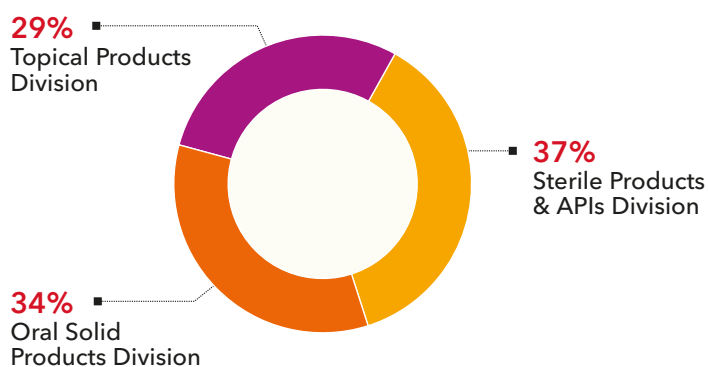
In the context of the new coronavirus pandemic, Antibiotice reintroduced into the manufacture two medicinal products included in the treatment regimens of patients with Covid (with a high demand in pharmacies): Paracetamol 500 mg (OTC) and Novocalmin® (issued on prescription). Antibiotice produced also a strategic stock of Hidroxiclorochină Atb® 200 mg (issued on prescription), stock available to the Ministry of Health and intended exclusively for consumption in hospitals. And due to high demand and market needs, Antibiotice produced biocides for the first time: *a+ Oxy* and *a+ Complex*, two solutions for disinfecting surfaces, packaged in 1 and 5 liter bottles. Also in the year of 2020, our company introduced Imunofix® into manufacturing, an immune booster.

Value of the production of Nystatin accounted for 35.6% of the value of total production achieved in 2020, by 13.3% higher compared to 2019.

At the same time, in the reporting period, our company continued its efforts to implement the environmental protection program on emissions of volatile organic compounds (VOCs) from solvents in the extraction phase of the industrial biosynthesis process of the active substance Nystatin and to reduce the specific consumption of solvents in the technological process.

Value production distribution by each division - 2020

(% of the total production value)



The first two
biocides
produced
by Antibiotice

The quantity
produced
of the active
substance
Nystatin
increased by
10.66%

453.3
million
indivisible
units achieved
in 2020



3. Optimizing operating costs and increasing operating efficiency

Antibiotice is the most important Romanian manufacturer of generic medicines, a national and international reference brand which has been continuing its mission of producing quality, safe and efficient medicines.

Managing carefully the material and financial resources, choosing the best solutions in procurement, improving processing yields in production processes, increasing the manufacturing capacity utilization, ensuring an optimal use of staff, implementing an intensive investment program, introducing new molecules in the portfolio, adopting the best solutions for the recovery of finished products, all of these are part of the actions that led to an 5,5-fold increase in sales revenue, from 62,211 thousand LEI in 2000 to 340,424

thousand LEI in 2020 and represent a solid premise for the transformation of the company, so as to achieve a doubling of revenues by 2028.

Sales revenue made up to 31.12.2020 amounted to 340,424 thousand LEI of which 46.6% (158,270 thousand LEI) represented revenues from sales in the international market. In the period 2000-2020 the value of exports increased 13 times.

Gross profit recorded on 31.12.2020 amounted to 28,329 thousand LEI, by 16% higher compared to the value planned in the rectified Income & Expenditure Budget, while the net profit recorded a value of 26,388 thousand LEI, by 15% higher the profit planned for 2020, and 5 times higher compared to the gross profit made in 2000.

Profitability indicators

(thousand LEI)	2000	2010	Rectified IEB 2020	31.12.2020	2020 / Rectified IEB
Sales income	62,211	243,626	376,961	340,424	0.90
Other operating revenue	21	2,319	39,222	36,062	0.92
Revenues related to the costs of product stocks	-5,725	1,685	8,900	23,677	2.66
Income generated by the entity and capitalized	70	900	5,000	6,352	1.27
Expenditure on raw materials and consumables	31,523	76,018	145,900	131,865	0.90
Staff costs	13,054	65,439	109,105	111,823	1.02
Amortization and depreciation expenses	1,230	13,181	23,500	21,794	0.93
Other operating expenses, of which:	164	2,124	120,471	107,333	0.89
– expenses with taxes and fees, of which:	646	1,055	37,400	32,678	0.87
– claw-back tax	0	0	32,444	27,767	0.86
Operating profit	11,978	30,563	31,106	33,701	1.08
Net financial income	-6,071	-12,090	-6,606	-5,372	0.81
Pre-tax profit	5,906	18,472	24,500	28,329	1.16
Income tax expenses	1,177	5,933	1,500	1,941	1.29
Net profit	4,729	12,539	23,000	26,388	1.15

The research-development activity is a continuous concern for our company, pursuing the development of valuable molecules for patients' health, as well as supporting the internationalization of our business, by permanently adapting the formulas of medicines from our portfolio to the registration requirements in other countries. Thus, the value of income from the activity performed by the entity and capitalized is higher by 27% compared to the value estimated in the Income & Expenditure Budget.

Expenditures on raw materials and consumables amounted to 131.865 million LEI in 2020. The special measures implemented to protect the health of our employees resulted in higher expenditures on consumables compared to expenditures made in the previous year.

Staff costs made in 2020, in value of 111,823 thousand LEI, are the result of the continuation of the project initiated in 2019 for implementing a modern ranking and salary system, in order to align the package of salary benefits to the performance level of each employee, a component of strategically adapting the human resources policy in order to increase the company's attractiveness both for the internal workforce and for the potential employees.

Depreciation and amortization expenses maintain the pace of the investment program and will increase in the coming years.

Clawback tax amounted to 27.767 thousand LEI in 2020, its level being amended by law, starting with the second quarter of 2020. The claw-back tax has been paid by the pharmaceutical manufacturers as a tax to the state budget since 2011.

Negative net financial income represents the monthly revaluation of receivables, suppliers, loans and cash flow in foreign currency, as a result of the ROL depreciation against EURO and USD..

Patrimonial assets

In the period 2000–2020 the value of the assets increased from 84,093 thousand LEI to 863,000 thousand LEI.

Fixed assets on 31.12.2020 recorded a 28% increase compared to the value recorded in the same period of the previous year. In their structure, the value of tangible fixed assets was higher by 29% as a result of the revaluation of the lands at the market price and the commissioning of some assets from the investment plan, while the value of the intangible fixed assets was higher by 20% compared to the same period of the previous year.

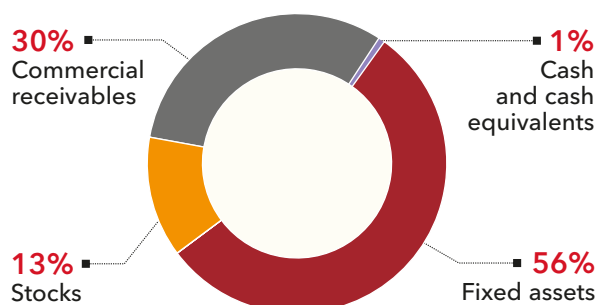
The value of stocks was higher compared to the value recorded on 31.12.2019, as a result of the change in prices through the price correction procedure, starting with the date of 01.07.2020.

Receivables amounted to 260.30 million LEI, a value lower by 23% than that recorded on 31.12.2019, being correlated both with the level of sales income and with the result of continuous measures to optimize the trade relations with our customers.

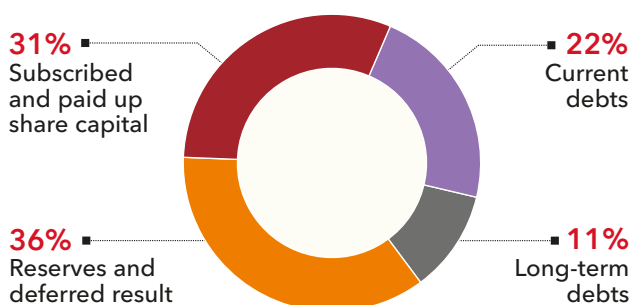
Patrimonial liabilities

Current liabilities amounted to 186.7 million LEI on 31.12.2020, lower by 13% compared to the value at the beginning of 2020, correlated with the income level.

Asset breakdown



Liability breakdown



Financial Position Statement

(thousand LEI)

Indicators	2000	2010	Rectified 31.12.2019	31.12.2020	2020/ 2019
ASSETS					
FIXED ASSETS					
Tangible fixed assets	39,177	210,901	363,617	467,881	1.29
Intangible fixed assets	13	1,989	16,386	19,710	1.20
Financial fixed assets	7	81	0	0	
TOTAL FIXED ASSETS	39,197	212,972	380,002	487,590	1.28
CURRENT ASSETS					
Stocks	17,762	40,289	73,976	108,691	1.47
Trade and other receivables	21,793	181,673	338,160	260,389	0.77
Cash and cash equivalents	978	3,784	1,877	6,329	3.37
TOTAL CURRENT ASSETS	40,532	225,747	414,013	375,409	0.91
TOTAL ASSETS	84,093	438,719	794,015	863,000	1.09
LIABILITIES					
CURRENT LIABILITIES					
Trade and similar debts	8,248	40,103	65,198	66,104	1.01
Amounts owed to credit institutions	8,153	69,335	125,951	95,569	0.76
Debts from current taxes and fees	9,386	9,134	15,296	11,189	0.73
Short-term provisions	0	0	7,149	13,529	1.89
Investment grants	0	0	306	306	1.00
TOTAL CURRENT LIABILITIES	25,786	118,571	213,901	186,697	0.87
LONG-TERM LIABILITIES					
Investment grants	516	0	2,773	2,467	0.89
Deferred tax	0	0	17,884	31,120	1.74
Long-term provisions	0	10,905	0	0	
Amounts owed to credit institutions	988	0	57,080	65,444	1.15
TOTAL LONG-TERM LIABILITIES	1,503	10,905	77,737	99,031	1.27
TOTAL LIABILITIES	27,289	129,475	291,638	285,728	0.98
SHARE CAPITAL AND RESERVES					
SHARE CAPITAL	6,884	47,766	264,835	264,835	1.00
Revaluation reserves	28,544	103,383	50,804	116,637	2.30
Legal reserves	1,043	10,022	13,427	13,427	1.00
Other reserves	15,655	89,848	213,189	231,136	1.05
Retained earnings	2,611	22	-63,433	-60,698	0.96
Distribution of profit	4,729	924	-7,269	-14,452	1.99
Current result	4,729	12,539	30,823	26,388	0.86
TOTAL EQUITY	52,499	262,611	502,377	577,272	1.15
TOTAL EQUITY AND LIABILITIES	84,093	438,719	794,015	863,000	1.09

They included:

- > short-term loans were worth 95.57 million LEI, by 24 lower compared to the value recorded in the previous year;
- > trade payables were higher by 1%;
- > debts representing current taxes and fees decreased by 27%.

In the value of long-term debts, the important share was held by the bank loan contracted for financing the investments in the new Ointment & Suppository Plant, whose value increased by 15% compared to the value at the beginning of the year.

Equity doubled compared to the value recorded in 2010 as a result of increasing the share capital by reinvesting the profit.

The amounts due to credit institutions on 31.12.2020

Short-term debt	95,568,514 LEI
Long-term debt (including interest)	65,444,478 LEI

Antibiotice SA did not submit guarantees and did not pledge, respectively did not mortgage its own assets in order to guarantee some obligations in favor of a third party.

2020 Cash Flow

a) Cash flow from the operational activity recorded receipts from sales of goods worth 427.6 million LEI and generated payments:

- > to suppliers of goods and services worth 190.9 million LEI;
- > related to staff worth 101.3 million LEI;
- > taxes, fees and assimilated payments in value of 36.3 million LEI;
- > bank interests amounting to 5.06 million LEI.

Net cash flow from operational activity was worth 94.05 million LEI.

b) Cash flow from the investment activity recorded payments amounting to 47.99 million LEI, both from the liquid assets from the operational activity and from the amounts available from the long-term bank credit, for the payment of the fixed assets suppliers.

c) Cash flow from the financing activity registered receipts from the long-term bank loan in value of 16.31 million LEI and generated dividend payments in the amount of 18.17 million LEI.

On 31.12.2020, our company did not record overdue obligations to the local and state budget.





Improving the Corporate Governance System

Antibiotice SA is organized on the principles of corporate governance, which regulates the selection and appointment procedure of administrators and directors, as well as the functioning of the management system, seeking to strengthen the independence, accountability and professionalism of management structures, transparency and quality of publicly presented information and protection of shareholders.

Management of the company is organized to meet the expectations of shareholders in terms of competitiveness, profitability and long-term value generation. A well-defined, traceable decision-making system is ensured and the delegations of attributions and competences are made in proportion to the prerogatives granted and the existing control system.

The principles of good corporate governance practices applied in strict compliance with the recommendations of the Corporate Governance Code of the Bucharest Stock Exchange (CGC-BVB), ensures transparency and efficiency of the company's activities and processes, thus providing the framework for maximizing in the long run the value of Antibiotice shares protecting the interests of stakeholders and increasing trust in our company. The Antibiotice's management considers the Corporate Governance Code an important tool for obtaining a sustainable performance, ensuring the accuracy and transparency of the company's decision-making process, through equal access of all shareholders to relevant information about the company.

The basic pillars of the corporate governance system of Antibiotice SA:

- Corporate Governance Code
- Code of ethics
- General Meeting of Shareholders
- Management Board
- Advisory Committees
- Executive Management
- Internal audit, Inventory Financial Control, Risk Management

Corporate Governance Code

The Code of Corporate Governance of Antibiotice SA embraced the principles and recommendations of the Bucharest Stock Exchange and represents the tool through which Antibiotice implements these principles and recommendations by observing the rules of corporate governance. The Corporate Governance Code creates the necessary framework for establishing strong relationships with the shareholders and stakeholders, as well as for an effective and transparent, trust-based communication.

The Corporate Governance Code of Antibiotice SA is divided into four chapters and two annexes: Chapter I - Responsibilities of the Management Board, Chapter II - Risk Management and Internal Control System, Chapter III - Fair reward and motivation, Chapter IV - Investor relations, Annex I - Management Board's Rules of Procedure, Annex II - Rules for evaluating the Antibiotice's administrators.

Chapter I - Responsibilities of the Management Board

Chapter 1 defines the role of the Management Board while setting the guidelines in terms of competence, experience, knowledge and independence of its members, enabling them to effectively perform their specific duties and responsibilities.

Chapter II - Risk Management and Internal Control System

Chapter II demonstrates that the company's activity is supervised by certain risk management and internal control systems set up for this purpose. Also, internal audits are conducted in order to assess independently and periodically the safety and effectiveness of the risk management and internal control systems.

Chapter III - Fair reward and motivation

Chapter III establishes the general principles and conditions that are the

foundation of the method for setting the level of remuneration for the Board members and company's management team.

Chapter IV - Investor relations

Chapter IV states the fact that Antibiotice has to make constant efforts to provide the shareholders with updated information on events of interest to them (e.g. general meetings of shareholders, their rights, etc).

The Corporate Governance Code of Antibiotice SA and its annexes draws the general framework under which the Management Board develops its activity in accordance with the rules and principles of corporate governance established by the Bucharest Stock Exchange, in order to create an attractive capital market, based on the best practices, transparency and trust.

Code of ethics

The Code of Ethics of Antibiotice SA presents the ethical standards of conduct that establish and regulate the corporate values, the company's business responsibilities and obligations and how the company operates. The Code of Ethics provides rules in key areas relating to employees, human rights, environmental management, social responsibility and corporate governance.

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



The Code of Ethics is fully presented on our company website: <https://bit.ly/2ybDEa9>

General Meeting of Shareholders

The Meeting of Shareholders (GMS) represents the highest decision-making body of the company, where the shareholders participate directly in the decision-making process. Among other attributions, GMS decides the distribution of profit, elects the Management Board, sets the remuneration for the Management Board members and appoints the auditors. In 2020, the Board convened five Ordinary General Meetings and three Extraordinary General Meetings of Shareholders. The decisions of these sessions can be found on the company's website: <https://bit.ly/3pU8M4b>.

All the necessary documents on the good conduct of the General Meetings were published in time and according to the legislation in force.

The Ordinary General Meetings of Shareholders of Antibiotice approved:

- 2020 Income & Expenditure Budget (OGMS held on 5.03.2020);
- Financial statements of Antibiotice for the fiscal year 2019, based on the 2019 Management Report and Financial Auditor Report (OGMS held on 9.04.2020);
- Distribution of the net profit for 2019, setting the gross dividend per share for 2019 in the value of 0.029879738 LEI/share and setting the date of 21.09.2020 for its payment (OGMS held on 9.04.2020);
- recording as income the unsolicited and uncollected dividends related to the financial year 2015 (OGMS held on 9.04.2020);
- the degree of achievement of the objectives and performance criteria met by the Management Board members in 2019 (OGMS held on 9.04.2020);
- assignment of the company SOCECC as an external audit firm, for a three-year period (OGMS held on 9.04.2020);
- discharge of administration for the activity developed in the financial year 2019, based on the submitted reports (OGMS held on 9.04.2020);
- the 2020 objectives of the Management Board members included in the Management Plan (OGMS held on 9.04.2020);
- establishing the remunerations of the Management Board members, according to the provisions of GEO no. 109/2011 on the corporate governance of public enterprises and GD no. 722/2016 for approving the Methodological Norms for the application of some provisions of GEO no. 109/2011 on the corporate governance of public enterprises (OGMS held on 9.04.2020);
- change in the composition of the Management Board by appointing Mr. Nicolae Stoian and Ms. Elena Calîţoiu as non - executive administrators, for a four-year term, starting on April 18, 2020, in accordance with the procedures established by art. 29 of GEO no. 109/2011 on the corporate governance of public enterprises and the renewal of the mandate of executive director of Mr. Ioan Nani pursuant to art. 27, para. 7, of GEO no. 109/2011 on the corporate governance of public enterprises, until 31.05.2020 (OGMS held on 9.04.2020);
- choosing the registration date of 31.08.2020 for identifying the shareholders affected by the effects of the decisions adopted, in accordance with the provisions of art. 86, para. 1 of Law 24/2017 on issuers of financial instruments and market operations and the establishment of 28.08.2020 as the ex-dates. (OGMS held on 9.04.2020);
- renewal of the term of office of Mr. Ioan Nani as executive administrator, for the period 01.06.2020-18.04.2024 (OGMS held on 20.05.2020);

- appointment of Mr. Lucian Timofticiuc as an interim administrator for a four-month period, with the possibility of extending this period up to six months (OGMS held on 20.05.2020);
- the H1,2020 financial statements of Antibiotice, based on the H1, 2020 Management Report and Financial Auditor Report (OGMS held on 16.09.2020);
- 2020 rectified Income & Expenditure Budget, in accordance with the provisions of G.O. no. 26/2013 on strengthening financial discipline within companies where the state or administrative-territorial units are sole or majority shareholders or hold directly or indirectly a majority, changing the performance for the Antibiotice administrators, in correlation with the 2020 rectified Income & Expenditure Budget (OGMS held on 16.09.2020);
- the appointment of Mr. Lucian Timofticiuc as an Antibiotice administrator, for a term valid until 18.04.2024, in accordance with the procedures established by art. 29 of GEO no. 109/2011 on the corporate governance of public enterprises (OGMS held on 16.09.2020);
- the evaluation report of the Antibiotice administrators and the order to replace Mr. Dan-Octavian Alexandrescu from the position of administrator. The Management Board will apply the procedures established by GEO 109/2011 on corporate governance of public enterprises, so that the General Meeting of Shareholders can appoint an interim administrator at its first meeting (OGMS held on 16.09.2020);
- the appointment of Mr. Ionel Damian as an interim administrator for a four-month period, with the possibility of extending this term up to six months, pursuant to art. 64, para. 4 and para. 5 of GEO no. 109/2011 on corporate governance of public enterprises (OGMS held on 16.09.2020).

The Extraordinary General Meetings of Shareholders of Antibiotice approved:

- to extend with a 12-month period the validity of the multi-product multi-currency credit of 30 million LEI borrowed by SC Antibiotice SA from the Export Import Bank of Romania - EximBank SA (EGMS held on 9.04.2020);
- to maintain the guarantees related to the multi-product multi-currency credit of 30 million LEI for the entire validity period (a calendar year starting with 25.06.2020) (EGMS held on 9.04.2020)
- to issue a decision-commitment of Antibiotice SA not to divide itself, not to merge and not to decide on the early dissolution during the entire validity of the multi-product multi-currency credit without the prior consent of the Export-Import Bank of Romania - EximBank SA (EGMS held on 9.04.2020);
- to ratify the Addendum no. 9 of 19.11.2019 to the Special Credit Conditions (CSC) to the Credit Agreement no. IAS3-42-2016 of 17.08.2016, concluded between UniCredit Bank SA and Antibiotice SA. (EGMS held on 9.04.2020);
- to ratify the Real Estate Mortgage Contract authenticated under. No. 4174/2019 of 20.12.2019 for guaranteeing the Credit Agreement no. IAS3-42-2016 of 17.08.2016 concluded between UniCredit Bank SA and Antibiotice SA. (EGMS held on 9.04.2020);
- to ratify the Real Estate Mortgage Contract of 19.11.2019 concluded between UniCredit Bank SA and Antibiotice SA. (EGMS held on 9.04.2020);
- to ratify the Real Estate Mortgage Contract of 20.12.2019 concluded between UniCredit Bank SA and Antibiotice SA (EGMS held on 9.04.2020);

- the modify of the company's Articles of Association by completing the company's object of activity with a new secondary activity, id est the one specified by the NACE code 2020 "Manufacture of pesticides and other agrochemical products". (EGMS held on 20.05.2020);
- to change of the Antibiotice representative office headquarters in Vietnam, at the following address: Room 807, 8th floor, Building 3A, 3 Lane 82 Day Tan, Can Giay District, City of Hanoi, Vietnam (EGMS held on 16.09.2020);
- to amend the Antibiotice's Articles of Association by eliminating secondary activity objects that are not made by the company: 6612- Security and commodity contracts brokerage, 6630 - Fund management activities, 7500 - Veterinary activities, 8690 - Other human health activities, 8710 - Residential nursing care activities, 8720 - Residential care activities for mental retardation, mental health and substance abuse, excluding hospitals, 8730 - Residential care activities for the elderly and disabled (EGMS held on 16.09.2020);
- to refinance the credit line from EximBank to CEC Bank (EGMS held on 16.09.2020);
- to refinance the credit facility from EximBank, in value of 30 million LEI at CEC Bank (EGMS held on 16.09.2020);
- the credit facility guarantee, in the amount of 30 million LEI at CEC Bank (EGMS held on 16.09.2020);
- to set up the Seniors Club association, Antibiotice having the quality of founding member (EGMS held on 16.09.2020).

Management Board

Antibiotice is administered by a Management Board responsible for fulfilling all the tasks necessary to achieve the company's object of activity, except those provided by law for the General Meeting of Shareholders. There is a clear division of responsibilities between the Management Board and Executive Management. The Management Board aims as its own decisions, those of the company's management and of the General Meeting of Shareholders as well as the internal regulations be compliant with the legal requirements and properly implemented.

The Board is responsible for monitoring the company's management on behalf of the shareholders. Its duties are described in the company's Articles of Association and in the relevant internal regulations available on our company's website under the *Corporate Governance* section.

In 2020, the Management Board met in 15 sessions, registering a 100% presence each time, and adopted decisions that enabled it to carry out its tasks in an effective and efficient manner.

Management Board of Antibiotice SA on December 31, 2020**Ioan Nani**, Economist, 61 years old**Executive Administrator, Vice-President of the Management Board and General Director**

Member of the Management Board since 2009, Mr. Nani was reconfirmed as a member of the Management Board, for a 4-year period within the OGMS held on 20.05.2020. The Management Board reelected as its Vice President in the meeting held on 20.05.2020. Mr. Ioan Nani is the General Director of the trading company Antibiotice.

Economist specialized in management and chartered accountant

Number of Antibiotice SA shares held - 1.513*

Elena Calitoiu, Engineer, 57 years old**Non-Executive Administrator, Member of the Management Board representing the shareholder SIF Oltenia and other shareholders - legal entities**

Member of the Management Board since 2016, Ms. Calitoiu was reconfirmed as a member of the Management Board, for a 4-year period within the OGMS held on 9.04.2020.

Mechanical Engineer.

Number of Antibiotice SA shares held - 0*

Nicolae Stoian, Economist, 64 years old**Non-Executive Administrator, Member of the Management Board representing the shareholder SIF Oltenia and other shareholders - legal entities**

Member of the Management Board since 2012, Mr. Stoian was reconfirmed as a member of the Management Board, for a 4-year period within the OGMS held on 9.04.2020.

Chartered accountant, tax consultant and financial auditor.

Number of Antibiotice SA shares held - 0*

Lucian Timofticiuc, Physicist, 46 years old**Non-Executive Administrator, Member of the Management Board representing the Ministry of Health**

Member of the Management Board since 2020, Mr. Timofticiuc was confirmed as a member of the Management Board, for a 4-year period within the OGMS held on 16.09.2020.

Administrator and General Director of the publication "Vremea Nouă", Vaslui.

Number of Antibiotice SA shares held - 0*

Ionel Damian, 49 years old**(Interim) Non-Executive Administrator, Member of the Management Board representing the Ministry of Health**

Elected as an interim member of the Management Board within the OGMS held on 16.09.2020.

Executive Director of Fiscal Inspection, Directorate-General of Public Finance of Iași

Number of Antibiotice SA shares held - 0*

* Number of Antibiotice (ATB) shares held on December 31, 2020 according to the latest database owned by Antibiotice for 2020.

Advisory Committees

The specialized Advisory Committees of the Management Board of Antibiotice carry out investigations and analyse and elaborate recommendations in their specific areas, periodically submitting reports on their activity to the Management Board.

The specialized advisory committees in 2020:

- > **Audit Committee:** Mr. Ionel Damian, Mr. Nicolae Stoian and Ms. Elena Calitoiu
- > **Nomination and Remuneration Committee:** Ms. Elena Calitoiu, Mr. Lucian Timofticiuc and Mr. Nicolae Stoian
- > **Trade Policy Committee:** Mr. Lucian Timofticiuc, Mr. Ionel Damian and Mr. Nicolae Stoian.

Audit Committee

The **Audit Committee**, consisting of three independent non-executive administrators (Mr. Ionel Damian, Mr. Nicolae Stoian and Ms. Elena Calitoiu), held seven sessions in 2020, attended by all members of the Committee. Among the responsibilities of the Audit Committee, we mention the following:

- performs an annual evaluation of the internal control system. The evaluation must consider the effectiveness and comprehension of the internal audit function, adequacy of the risk management and internal control reports submitted to the Audit Committee, promptness and effectiveness with which the executive management solves the deficiencies or weaknesses identified following the internal control and submission of relevant reports to the Management Board;
- manages the conflicts of interest in connection with the transactions made by Antibiotice and its subsidiaries with the affiliated parties within the meaning of the Fiscal Code;
- monitors the application of legal standards and generally accepted internal audit standards;
- receives and evaluates the reports prepared by the Internal Audit team.

In 2020, in exercising its main attributions and responsibilities, the Audit Committee:

- examined and verified the correctness of the company's annual and interim consolidated financial statements and any other financial reports, before their submission to the Board for approval;
- analyzed the appointment, renaming or revocation of external auditors;
- periodically evaluated the efficiency, independence and objectivity of the external auditor and the way in which they provided additional services;
- analyzed and approved the Internal Audit Office and monitored its activity to be ensured that it acted objectively and independently.

Nomination and Remuneration Committee

The **Nomination and Remuneration Committee** consisting of three independent non-executive administrators (Ms. Elena Calitoiu, Mr. Lucian Timofticiuc and Mr. Nicolae Stoian) has, mainly, the following attributions and responsibilities:

- formulates proposals for the positions of administrator, elaborates and proposes the selection criteria of the candidates for the positions of administrator and director, recommends to the Management Board the candidates for the listed positions, formulates proposals regarding the remuneration of the administrators and directors;
- evaluates, at least once a year, the independence of the members of the Management Board;
- makes sure that the persons applying for the position of administrator have the necessary training and experience to fulfill their obligations;
- draws up an annual report on the remuneration of the administrators and directors appointed by the Board, as well as the incentives granted to them, a report that will be submitted to the General Meeting of Shareholders.

In 2020, the Nomination and Remuneration Committee met in eight meetings for evaluating the activity of the administrators, remuneration policy and for selecting three members of the Management Board.

Trade Policy Committee

The Trade Policy Committee, consisting of three independent non-executive administrators (Mr. Lucian Timofticiuc, Mr. Ionel Damian and Mr. Nicolae Stoian), supports the Management Board in implementing the Management Plan by transposing it into appropriate trade policies. The Trade Policy Committee analyzes the trade policies, including the marketing and promotion policies, through which the company's Management Plan and the management component of the Management Plan (Business Plan) are implemented.

Executive management

Antibiotice is represented by the General Director, according to the prerogatives established by the law and company's Articles of Association. The Management Board represent the company in relation with the appointed directors. Our executive team consists of 10 directors, one of them being our General Director, six executive directors and three specialty directors.

Antibiotice Executive Team on December 31, 2020

Ioan Nani, Economist

General Director, Executive Administrator
and Vice President of the Management
Board

General Director of Antibiotice since 1998
until 2008 and since 2009 until now

Number of Antibiotice SA shares held -
1.513*

Ovidiu Bățaș, Economist

Executive Director

Strategic Planning & Business
Management Unit

Number of Antibiotice SA shares held - 0*

Cornelia Moraru, Engineer

Executive Director

Production & Industrial Strategies Unit

Number of Antibiotice SA shares held -
1.513*

Paula-Luminița Coman, Economist

Executive Director

Financial & Logistics Unit

Number of Antibiotice SA shares held - 0*

Carmen Iustain, Physicist

Executive Director

Research & Development Unit

Number of Antibiotice SA shares held - 0*

Cristina Diaconescu, Engineer

Executive Director

Quality Unit

Number of Antibiotice SA shares held -
1514*

Liviu Vatașu, Legal Adviser

Executive Director

Human Resources & Legal Unit

Number of Antibiotice SA shares held - 0*

Cristina Pârlog, Physician

Specialty Director

Medical Unit

Number of Antibiotice SA shares held - 0**

Darius-Georgiani Agafitei, Economist

Specialty Director

Business Development Unit

Number of Antibiotice SA shares held - 0*

Mihai Stoian, Economist

Specialty Director

Strategic Projects Unit

Number of Antibiotice SA shares held - 0*

* Number of Antibiotice (ATB) shares held on
December 31, 2020, according to the latest
database held by Antibiotice for 2020.



Internal audit, Financial inventory control, Risk management

Our company carries out the specialized control forms provided by the legislation in force. Their organization and functionality are evaluated annually by the Internal Audit Office: preventive financial control, financial inventory control, control of inventories and risk management. In order to evaluate the internal control exercised in the company, quarterly reports are submitted to the Audit Committee, on achieving the objectives of the activity, findings and recommendations resulting from the audit and control actions.

Internal audit

In 2020, our specialized department conducted 7 internal evaluation audit missions, according to the approved annual plan, in the following fields of activity: budget, procurement, legal, sales and asset management, internal control system and financial-accounting system, which had general objectives adapted to each field, such as:

- > to examine the compliance of the audited activity with all the principles, specific procedural and methodological rules, internal notes and decisions;
- > to examine the way in which the audited activity is organized;
- > to evaluate the management and control system of the audited activity.

The recommendations formulated in the internal audit missions are followed until the implementation. Thus, out of the 67 recommendations, 36 were implemented, 13 are partially implemented and the remaining 18 recommendations are within the implementation term.

Financial inventory control

The financial inventory control developed in compliance with the legal provisions, had the following objectives:

- > substantiation of the draft Income & Expenditure Budget for 2020;
- > execution of the 2019 Income & Expenditure Budget;
- > the method of carrying out the annual inventory of the elements of the nature of assets, liabilities and equity for 2019;
- > receipts and payments in lei and foreign currency, of any nature, in cash or by bank transfer;
- > rectification of the 2020 Income & Expenditure Budget;
- > preparation, circulation, storage and archiving of primary, accounting and technical-operational documents;
- > registration in the accounting records of the financial operations in the H1, 2020.

The inventory financial control actions were finalized by drawing up control reports, in which the findings and the measures for improving the verified activities were included.

Following the inventory control actions, it was found that the regulations regarding the management of stocks and the concordance between the factual and written stocks were met, as a result of the periodic verification during the year between the quantitative and the quantitative-value records. The results of the inventory are used by the central committee designated for this purpose.

Risk management

Antibiotice complies with the applicable legal and regulatory requirements for identifying, assessing, managing and reporting the risks. The main purpose of risk management is to help people understand and identify the risks to which the organization is exposed so that they

can anticipate and manage these risks without compromising the organization's effectiveness.

Antibiotice objectives on risk management:

- to understand the risks to which our company is exposed as well as their general and specific causes;
- to improve the risk profile of our company by managing the process of identifying, evaluating and managing risks and by implementing the control measures needed to maintain exposure to risk within the tolerable area.

In 2020, our company elaborated the Plan for implementing the control measures for significant risks related to our company's business and the General Risk Register, with the aim of minimizing the significant risks to which the company is exposed with impact on its objectives.

Specific risks identified for each organizational structure within Antibiotice SA were submitted to the Audit Committee:

Financial risks

In terms of financial risk management, the risks to which our company is exposed are: commercial (non-payment) risk, liquidity risk and currency risk.

Commercial (non-payment) risk is generated by the debtor's lack of financial liquidity and by the non-fulfillment of the payment obligations when due. Circumstances of non-payment risk: the large exposures of the company to the major national distributors, long collection periods caused mainly by delays with which the invoices for health services are settled by the National Health Insurance House.

The measures taken by our company to control and reduce the commercial risk include: monitoring the customer creditworthiness, diversifying the customer portfolio and requesting guaranties.

Liquidity risk arises from the company's failure to honor, at any time, the short-term payment obligations. Liquidity risk may

occur in the following circumstances: lack of cash-flow generated by the gap between receipts and payments determined by the collection of receivables at maturities exceeding 300 days, fluctuations in interest rates and currency rates, volume of investments, level of taxation price of raw materials. Our company's policy on liquidity risk is to maintain, as far as possible, sufficient liquid resources to meet the payment obligations as they reach maturity, to correlate the payment terms with the collection ones and obtain necessary financing through credit lines.

Currency risk, a component of the financial risk, occurs frequently in the current market economy where monetary rates fluctuate under the supply and demand rule. Exchange rate fluctuations are reflected both in the costs of imported raw materials, as well as in the prices of finished goods for export. In order to mitigate the exposure to the currency risk, Antibiotice took a series of measures such as the synchronization of import and export activities by correlating payment and collection terms as well as correlating the weight of currencies so that the payment for the imported goods be made as close to or even simultaneous with the collection of money for the exported products.

Legislative risk

Pharmaceutical market is a regulated market, with clear legislative requirements elaborated for controlling the quality and therapeutic efficiency of the medicines present in the market and for avoiding counterfeiting. Our effort for complying with these provisions is reflected in additional costs related to updating the documentation, in line with the latest quality standards. Our company's strategy of managing these risks involves a permanent concern for obtaining international certifications for the manufacturing flows, updating the authorization documentation for the products in the portfolio, continuous monitoring of legislative changes at international level, constantly adapting our policies, rules and procedures to the changes.

Human resource risk

The main human resource risk for Antibiotice is the lack of candidates specialized in the pharmaceutical field in the labor market. In 2020, in order to ensure the necessary staff, the Human Resources Unit continued the Perform a+, project intended to identify young talents. Now in its fifth edition, the program aims to provide practical training and selection of employees through partnerships with the Iași universities.

Reputational risk

Reputational risk is defined as the current or future risk of negatively affecting the company's profits and equity determined by the unfavorable perception on the company's image. Our company's strategy is to limit the reputational risk through procedures, rules and flows specially created in this respect and through a sustained, transparent and efficient proactive communication.

Operational risk

Operational risk is the risk of loss that results either from the use of some inadequate processes, persons or internal systems that did not perform their function properly, or from external events. Operational risks can materialize in equipment failures, human errors, faulty operational processes which can lead to unplanned shutdowns. Antibiotice constantly monitors the operational risks in order to take measures to maintain them at an acceptable level that does not threaten its financial stability, interests of creditors, shareholders, employees, partners.

In 2020, under the influence of the SARS-Cov 2 virus pandemic, the following risks were identified:

Risks related to the health and safety of employees

In order to minimize these risks, Antibiotice implemented organizational and technical measures for protecting the health of its employees and, implicitly, for ensuring the continuity of its activity.

Difficulties in achieving the performance indicators

The difficulties in achieving the performance indicators were generated by the reduced productive activities in areas where the physical distance of employees was not possible, reduction in the number of consumers in open circuit pharmacies and in the number of hospitalizations (hospitalizations were registered only in hospitals for patients infected with Sars-CoV virus 2) and by a limited access of the promotion team to doctors and pharmacists.

To minimize these risks, our company took the following measures:

- > put a stronger focus on the international sales;
- > maintained a proactive connection with its distributors;
- > developed an online promotion (e-mail marketing campaigns, webinars, video conferences);
- > communicated intensively with the general public (by launching and managing social media pages for the range of food supplements and cosmetics);
- > monitored carefully its expenditures.



05

Investments and related activities to strategically develop our company

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Medium and long-term investments for developing our company

In 2020, a year affected by the SARS COV-2 virus pandemic, Antibiotice doubled its investments in new product research, quality assurance equipment, modernization of manufacturing technologies and digitization of activities.

This shows the company's orientation both towards the prompt support of the national health system through investments for the introduction in the manufacture of products used in the COVID-19 therapy, and towards an accelerated sustainable development.

The investments of our company amounted to 48,06 million LEI according to the contracts concluded with our partners and with the 2020 work schedule.

Also, in the reporting period, Antibiotice doubled the value of its investment in equipment, exceeding 14 million LEI compared to the value of about 7 million LEI recorded in 2019.

In 2020, our company continued its investment policy according to the management plan approved in the General Meeting of Shareholders of April 2020, on the following strategic directions:

Development of production, research, utilities, transport and storage infrastructures

Investments in new manufacturing sites and for continuing the new manufacturing plant for topicals and suppositories

The new site for topicals and suppositories will have a double production capacity and will determine an increased turnover by selling these products both in the Romanian and international markets. At the national level, our company is the leader in the production of topicals (ointments, gels, creams) and suppositories.

Performance indicators

	Planned 2020	Achieved 2020
Investment program	71.75 million LEI	48.06 million LEI*

*the difference is represented by the projects in different stages of development

The planned investment for the continuation of the works at the new manufacturing plant for ointments and suppositories has the value of 19.64 million LEI. An amount of 13.14 million LEI were used in 2020.

The works for performing the clean rooms and the related installations continued, correlated with the installation of the equipment and technological installations for the production and transport of the utilities.

In the period March-June, the works were stopped due to the circulation restrictions imposed by the coronavirus pandemic. The degree of achievement of this important investment objective is 92.52%.

Investments for modernizing the existent manufacturing sites

In order to refurbish the manufacturing flows from the three divisions, our company invested 1.02 million LEI in 2020 for purchasing equipment, installations and laboratory equipment.



Research & Development investments

In 2020, our company invested in research-development 8.57 million LEI. Antibiotice purchased equipment and software for supporting and improving the research activities, in order to obtain new, quality, safe, efficient and competitive products.

Investments for rehabilitating the industrial site

In the reporting period, Antibiotice invested 14.58 million LEI for rehabilitating auxiliary buildings and constructions, transport and storage infrastructure and logistics, maintenance infrastructure, production and distribution of utilities, as well as for rehabilitating the land released after demolition and decommissioning.

Digitization and computerization of the company's activities and processes

Our company adapted itself to the challenges of this period, making the most of the possibilities of work, training and communication in the online environment. As a part of the digitization and computerization plan, Antibiotice accessed softwares to streamline human resources activities but also to secure data and information in all the company.

Investments to strengthen the integrated management system and ensure continuity in environmental protection

The year of 2020 our company invested 1.95 million LEI in product quality control, environmental protection, occupational safety and health. Increasing the accuracy of laboratory analysis methods and reviewing monographs in pharmacopoeias required investments in state-of-the-art equipment to maintain the quality standards of manufactured products and comply with legal requirements to protect the environment and employees.

Investments in social responsibility projects

In 2020, 6.43 million LEI were invested in projects on the employee motivation and retention system:

- Under the **"Friendly and responsible brand"** pillar, our company completed the project for its employees and community, named **"The Friendship Park a+"**, a recreational area with benches and alleys, trees and shrubs, sports field and children's playgrounds, located in the immediate vicinity of Antibiotice. Investments were also made for arranging some common spaces: locker rooms, social groups, dining rooms.
- Under the **"We live healthy in a healthy company"** pillar, Antibiotice invested in modernizing **"Penicilina"** Sports Hall and setting up the **"Club a+"**.



Procurement – an important link in the value chain

Procurement represents an important link in the value chain that generates favorable conditions for the long term development of our business, bringing its contribution to the profitability of the company. The activity is organized to meet the needs of the company, developing business relationships both with the suppliers from Romania and from the intra- and extra-community areas.

In 2020, the pandemic has profoundly disrupted the supply chain, with all attention shifting to the global medical industry. The continuous pressure on the healthcare infrastructures was at its highest, being essential to keep the pharmaceutical supply chain resilient.

In order to support the medical system, the pharmaceutical industry's main objectives were to ensure the need for medicines and prevention materials and to develop a stronger supply chain. Apariția pandemiei COVID-19 a conturat un nou obiectiv: atenuarea impactului viitoarelor provocări.

In this internal and international context, the procurement activity adapted to the new realities and, through sustained efforts, our company ensured the stocks of equipment, protective materials and disinfectants, necessary to continue the manufacturing processes on its site and maintain the health of its employees.

The consolidated business relations developed by our management with the international partners was a significant advantage. Through them, we managed to supply all our departments with protective materials and equipment, so that the activity carried out by the company's employees was continuous and safe.

Our specialists rethought the supply chain in order to ensure the purchase of directly productive raw materials and the actions

that ensured in 2020 the success of the procurement activity in Antibiotice were:

- to manage proactively the risks and share them with the suppliers;
- to collaborate with suppliers for a better planning, forecasting and delivering its products;
- to use "what-if" scenarios to counteract the unwanted surprises and identify possible methods of solving;
- to identify and consider new suppliers to be qualified.

The negative effects of globalization could also be felt during 2020. Aggressive cost reduction strategies, implemented years ago, are behind some important current shortcomings. Companies have been able to reduce their costs, but have significantly increased their risk exposure.

Antibiotice gives priority to a dynamic supply chain management, in order to be prepared to overcome all the difficult situations that may follow.

Professionalism, ethics, flexibility and cost optimization are the essential attributes of the Purchasing Department that ensure a sustainable future for Antibiotice.



06

Social responsibility



Antibiotice, a responsible company involved in sustainable development

In 2020, a difficult year in the global context full of pandemic challenges, Antibiotice focused its social responsibility activities on vulnerable communities, on supporting the national health system and its own employees. Acting sustainably, our company creates long-term value for both its employees and stakeholders, respecting the environment, being concerned about the health and safety of its employees and supporting the community.

Antibiotice has been involved in the community life by carrying out social responsibility program based on four pillars: health, education, environment and social matters.

Health

Antibiotice developed social responsibility programs on improving the health of its employees and communities in which it operates. Education and information campaigns on health prevention were developed within these programs.

Supporting our employees' health

Since the beginning of the pandemic, Antibiotice set up a Health and Safety Committee, responsible for taking the necessary measures to prevent the spread of new coronavirus infection among employees, and conducted employee training and awareness campaigns. Among the adopted measures, we mention the following: free distribution of disposable masks to all employees present at work, provision of disinfectant solutions for hands and surfaces, sanitation and decontamination of common areas, maintaining a physical distance and installation of protective panels where the social distancing was not possible (1.5-2 meters between people), scanning the temperature of our employees when entering the company, establishing a work schedule in several shifts, work from home for a limited period of time, organizing online meetings. The same protection measures were taken on

buses transporting free of charge our staff to and from work (wearing masks, hand disinfecting, social distancing).

Supporting the national health system

As a gesture of solidarity with the medical system, in the first months of the pandemic, Antibiotice SA offered financial aid and donations in medicines. Thus, along with 8 hospitals in Iași including the Regional Institute of Oncology and the Infectious Diseases Hospital, several hospitals in Pascani, Onesti and Brasov. received sponsorships. Also, an important pole for treating people with Covid-19, "Prof. Dr. Matei Bals" National Institute of Infectious Diseases in Bucharest, received also help from our company, both in money and medicines. The total value of these donations was 125,000 EUR.



70
employees
donated
blood

12
supported
hospitals

Donate blood! Put your soul to life!

Despite all the difficulties imposed by the new coronavirus pandemic, on June 16, 2020, around the World Blood Donor Day (June 14, 2020), the Antibiotice - Science and Soul" foundation managed to organize the 19th edition of the "Donate blood! Put your soul to life!" campaign, attended by 70 employees. Together, the volunteers donated 32 liters of blood, which helped save more than 150 lives. Considering the permanent need for life-saving blood in hospitals, since 2010, the "Antibiotice - Science and Soul" Foundation, in partnership with the Regional Blood Transfusion Center Iasi, organizes biannually, blood donation campaigns.

Education

Antibiotice has been investing, with science and soul, in the education of young people, future models of responsible behavior. Our company recognizes the role of the local community in forming and developing the company's main source of value - the well trained people.

Bookster books on the Bookcase a+ shelves

Starting with October 30, 2020, our company offered as a free benefit to its employees passionate about reading the opportunity to access the Bookster.ro platform. The goal of the "Bookster books on the Bookcase a+ shelves" project is to encourage our employees to read and gain new knowledge by facilitating their and their families' access to materials such as books, articles, podcasts, etc., covering areas from personal and professional development to hobbies and fiction. Bookster is a public library that lends books to company employees through its online platform. The borrowed books are then delivered to employees, free of charge, at the office. At the end of the year, 211 employees had an account opened on Bookster.ro.

"Science and Soul" Scholarships

Every year, starting from 2001, the "Antibiotice - Science and Soul" Foundation together with the "Pro Ruralis" Association offer five scholarships to students without material possibilities in rural areas, but with special skills and higher IQ. As in the year of the pandemic, 2020, school courses were held mainly online, Antibiotice SA donated a tablet to each of the five high school students from the Pedagogical High School from Iași, with the help of which they were able to access the resources necessary in the educational process.

Environment

Antibiotice has been developing a sustainable partnership with the community by carrying out activities meant to protect the environment, being permanently concerned with improving its environmental performance.

Friendship Park a+

Pe On December 1, 2020, on the occasion of the National Day of Romania, our company inaugurated the "Friendship Park a+", a social responsibility project within the "Antibiotice, a friendly and responsible brand" program. The project involved the arrangement of the forest curtain area, adjacent to the DN28 national road near the Valea Lupului commune. With a total area of 25,000 square meters, the park arranged in front of our company has over 1,000 trees and shrubs, lawn, pedestrian alleys, a sports field and a playground for children. The initial forest curtain raised on the site of the current Friendship Park was planted by the first Antibiotice employees, in 1955.

Social matters

Antibiotice has been involving in the community life, supporting disadvantaged groups of people through social programs.

Respect for the forerunners

Since April 2020, in the midst of the pandemic, Antibiotice SA started taking care of 31 of its former employees. Through the "Antibiotice - Science and Soul" Foundation, 31 Antibiotice retirees in difficulty, with health problems, who cannot move, have become the beneficiaries of the "Respect for the forerunners" project, receiving basic foodstuffs delivered to their homes every two weeks (or on request).

"Be generous! Be Santa Claus!"

Although 2020 was full of restrictions due to the pandemic, on December 17 and 18, 2020, Antibiotice SA managed, for the eighth consecutive year, to be Santa Claus for 78 children coming from needy families, with reduced material possibilities, from the counties of Iași and Neamț. The children's letters (aged between a few months and 15 years) sent to Santa, reached several "elves", employees of Antibiotice SA who managed to fulfill their every wish. How, due to the pandemic, the children could not reach the tree organized at Antibiotice, Santa Claus and his elves went from house to house to share their gifts.

The "Antibiotice - Science and Soul" Foundation has been organizing annually this campaign since 2013, in collaboration with the Metropolitan Church of Moldova and Bucovina within the Romanian Orthodox Church, Pro Vita Department, Mission Sector of the Iași Archdiocese.

78

letters for
Santa Claus,
78 fulfilled
wishes

31

former
employees
supported
in the
pandemic



07

**Independent Auditor's
Report on the Individual
Financial Statements
drawn up by Antibiotice SA
for the fiscal year ended
on December 31, 2020**

To the Antibiotice shareholders

Report on the Audit of Financial Statements

Our opinion

We audited the attached individual financial statements of Antibiotice S.A. ("The Company") with its registered office in Iași, Valea Lupului St., tax identification number RO1973096, comprising the financial position statement as of December 31, 2020, statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year ended on the above-mentioned date as well as a summary of the significant accounting policies and other explanatory notes.

The individual financial statements as of December 31, 2020 are identified as such:

- Net assets/ total equity:
577,272,048 LEI
- Net profit of the fiscal year:
26,388,049 LEI

In our opinion, the attached individual financial statements give a true and fair view, in all significant aspects, on the financial position of Antibiotice company on December 31, 2020, as well as on the financial performance and cash flows for the fiscal year ended on the above-mentioned date in accordance with the Order of the Minister of Public Finance (OMPF) no. 2844/2016 for approving the accounting regulations compliant with the International Financial Reporting Standards adopted by the European Union ("IFRS-UE").

We conducted our audit in accordance with the International Standards on Auditing ("ISAs"), Regulation (EU) no. 537 of the European Parliament and of the European Council ("The Regulation") and Law no. 162/2017.

Our responsibilities are described in detail in the section Auditor's responsibilities in an audit of financial statements in our report.

We are independent of the Company, in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA code), according to the relevant ethical requirements for the audit of financial statements in Romania, including the Regulation and Law no. 162/2017 and we fulfilled our ethical responsibilities according to the IESBA code requirements.

We believe that our audit evidence is sufficient and appropriate to provide a basis for our audit opinion.

Key issues

Key audit issues are those issues that, based on our professional judgement, had the greatest importance for auditing the financial statements of the current period.

The following key issue was approached in the context of the audit of the financial statements as a whole and in forming our opinion on them and we do not offer a separate opinion on this key issue.

Key issue - Value of trade receivables

Presentation value of trade receivables according to IFRS depends significantly on the calculation and estimation process of the trade discounts as well as on the process of estimating their recoverability.

The company presented in the financial statements in the explanatory note no. 4 - "Sales Income" the value of the granted trade discounts and, in the explanatory note no. 15 - "Trade and other receivables" the company presented the trade receivables in net value of 260 million LEI, adjusted with the estimated depreciation.

During our mission, we conducted the following audit procedures that included, but were not limited to these:

- > We assessed the compliance of the policies for recognizing the income and trade receivables;
- > We conducted analytical review procedures and detail tests for verifying the amount of granted discounts, including through extending the verifications on the discounts granted in the next fiscal year related to the sales in the audited fiscal year;
- > We conducted procedures for direct confirmation of trade receivable balances;
- > We evaluated the internal procedures and methods used by the management team for estimating the probable amount to be collected;
- > We verified the consistency of applying the accounting policies related to the adjustment of trade receivables.

Other information - Management Report

The administrators are responsible for drafting and submitting other information. This other information includes the Management Report but it does not include the financial statements and auditor's report related to these statements. The Management team is responsible for other information.

Our audit opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit on the financial statements, our responsibility is to read this other information and, in this approach, to evaluate whether this information is significantly inconsistent with the financial statements or with the knowledge we gained from the audit or if it appears to include significant errors. If, based on the performed activity, we come to the conclusion that there are significant errors in this information, we must report this. We have nothing to report on this matter.

Additionally, in accordance with the provisions of OMPF no. 2844/2016, we read the Management Report and report the following:

- > In the Management Report we did not identify information that is not consistent in all significant aspects with the information presented in the financial statements on December 31, 2020.
- > The above-identified Management Report includes, in all the significant aspects, the information requested by OMPF no. 2844/2016 to the paragraphs 15-19 of the Annex no. 1;
- > The Management Report does not include the non-financial declaration specified to the paragraphs 39-42 from OMPF no. 2844/2016 which will be presented later in a separate report.
- > Based on our knowledge and our understanding gained during the audit of the financial statements drafted on December 31, 2020 about the Company and its environment, we did not identify significant erroneous information presented in the Management Report.

Responsibility of the management team and other persons responsible for the governance related to the financial statements

The Management team is responsible for drafting and fair presentation of these financial statements in accordance with

OMPF no. 2844/2016 and for the internal control which is considered relevant by the management for elaborating the financial statements without significant misstatements due to fraud or error.

When drafting the financial statements, the management is responsible for assessing the company's ability to continue its activity, presenting, if needed, the aspects related to continuation of the activity and using the accounting based on the going concern principle unless the management plans to either liquidate the company, stop operations or it has no realistic alternative, except for these.

The persons responsible for administering the company are also responsible for supervising the financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance that the financial statements as a whole do not include material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The reasonable assurance represents a high level of assurance but it is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement, if it exists. Misstatements can arise from either fraud or error and are considered material if, they reasonably can be expected, individually or cumulatively, to influence the users' economic decisions based on these financial statements.

As part of an audit in accordance with the ISA standards, we exercise our professional judgement and maintain our professional skepticism during the audit. Moreover:

- > We identify and evaluate the risks of material misstatements in the financial statements caused either by fraud or by error, establish and perform audit procedures to respond to these risks and we get enough and appropriate audit evidence to form a basis for our opinion. The risk of not detecting a

material misstatement caused by fraud is greater than the risk of not detecting a material misstatement caused by error, as fraud may include complicity, forgery, intentional omissions, false statements, or avoidance of internal control.

- > We consider the internal control as relevant to the audit to establish the audit procedures appropriate in the given circumstances, but not to express an opinion on the effectiveness of the Company's internal control.
- > We assess the appropriateness of the used accounting policies and reasonableness of accounting estimates and of the related information presented by the management team.
- > We formulate a conclusion on the appropriateness of using the going-concern principle by the company and determine, based on the obtained audit evidence whether there is a significant uncertainty related to events or conditions that could raise significant doubts about the Company's ability to continue its activity. If we conclude that there is a significant uncertainty, we need to draw attention in the audit report on the related presentations from the financial statements or, if these presentations are inappropriate, we must change our opinion. Our conclusions are based on the audit evidence obtained by the date of our audit report. However, future events or conditions may cause the Company not to continue operating on the going-concern principle.
- > We evaluate the presentation, structure and overall content of the financial statements, including the information presentations and the extent to which the financial statements reflect the transactions and basic events in a manner that lead to the accurate presentation.

We communicate to those responsible for the administration, among other things, the planned objectives and timing of the audit, as well as the significant audit findings,

including any significant internal control deficiencies that we identify during our audit.

Report on other legal and regulatory requirements

We were appointed by the General Meeting of Shareholders held on April 9, 2020 to audit the financial statements of Antibiotice S.A. Iași for the fiscal years 2020-2022. The uninterrupted total duration of our commitment is 4 years, covering the financial exercises 2017-2020.

We confirm that:

- > Our audit opinion is in accordance with the additional report submitted to the Audit Committee of the Company which we issued on the same date to which we issued this report. Also, in conducting our audit, we remained independent of the audited entity.
- > We did not provide for the company the non-audit services that are prohibited according to the article 5, paragraph (1) of the Regulation (EU) no. 537/2014.

In the name of,

**Accounting, Expertise & Accounting
Consultancy Company - SOCECC Ltd.**
headquartered in Bucharest, registered
in the Electronic Public Register with
the no. FA227

through Zegrea Laurențiu, registered
in the Electronic Public Register with
the no. AF2666

Bucharest, March 14, 2021

ANNUAL REPORT **2020**

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