

Accounting, Expertise & Accounting Consultancy Company
SOCECC Ltd.

INDEPENDENT AUDITOR'S REPORT

on

the INDIVIDUAL FINANCIAL STATEMENTS

drawn up by ANTIBIOTICE S.A.

for the FISCAL YEAR ended on

DECEMBER 31, 2020

*Emblem of
the company*

Accounting, Expertise & Accounting Consultancy Company - SOCECC Ltd.
No. in the Trade Register: J40/23240/1994; CIF: RO6636954
Registered office: Bucharest, 90 -96 Mihai Bravu St. Entrance C, Flat 114, Sector 2
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**- IAȘI –
- 2020 -**

INDEPENDENT AUDITOR’S REPORT TO THE ANTIBIOTICE SHAREHOLDERS

Report on the Audit of Financial Statements

We audited the attached individual financial statements of ANTIBIOTICE S.A. (“The Company”) with its registered office in Iași, 1 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 follows:

- 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 no. 2844/2016 (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 these requirements and to the IESBA code. 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.

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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 this 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.

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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 para 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 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.

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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 submissions 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.

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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, para. (1) from 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, 2020