

Antibiotice **at**

Plan de Administrare

2022-2024



S.C. Antibiotice S.A. Iași

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I. Presentation of the current situation

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

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

I.1. Short history

1955

- Antibiotice starts its activity, producing *penicillin* for the first time in Romania and South-East Europe.
- Until 1990, our company predominantly produced active substances and sterile products for parenteral use (injectables), ointments and suppositories.

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

- 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

- Since April 16, Antibiotice shares (ATB symbol) have been traded at the first category of the Bucharest Stock Exchange;

- SC Antibiotice SA implements a high-performance quality assurance system that involves strict control of manufacturing processes.

1999

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

2000 – 2010 : the first quantitative stage, marked by:

- Ample investment process (over 30 million EUR) for refurbishment and purchasing modern and competitive equipment.
- The product Nystatin (active substance) obtains the FDA approval (Food and Drug Agency in the US) which subsequently propels our company as a world leader in the production of Nystatin (2002).

2005

- The new corporate brand identity is launched to mark, at the image and communication level, the development and positive changes in our company, its modern character, the brand mission and values.

2006

- Antibiotice heavily invests in the research & development of new products. Center for Drug Evaluation starts its activity which involves phase I clinical and bioequivalence studies, including for the third parties.

2007

- Our Company obtains the Certification of the Integrated Management System (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.

2010

- Antibiotice delivers the first finished products in the US market . Until 2010, our company was present in this market, only with active substances.

2010 - 2020 : the second quantitative stage, marked by::

- The FDA approval is obtained for another finished product for injection in two doses, which allows expanding the export for these injectable penicillins 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 drugs.
- Antibiotice increases its capacity to manufacture oral solid dosage forms up to 400 million of tablets/year.

2013

- The manufacturing flows of sterile injectable powders and the manufacturing flow of Nystatin are FDA are reapproved and GMP recertified.
- Antibiotice ranks first in the world production of the active substance, Nystatin.
- The first export of Nafcillin in the American market is recorded.
- Antibiotice opens an international representative agency in Chişinău, Republic of Moldova.

2014 - 2015

- Antibiotice exports in the US market Ampicillin 250 mg, 500 mg, 1 g and 2 g, powder for solution for injection/infusion and Nafcillin 1 g and 2 g, powder for solution for injection/infusion. In 2015, our presence was extended in the international market through the completion of the authorization procedure in the US market for Ampicillin and Sulbactam 1.5 g and 3 g, powder for solution for injection/infusion.
- Antibiotice extends its business in the Republic of Serbia through its partner, ATB Pharma which represents our company in the local commercial relations.
- Authorization process on the foreign markets goes on, our company obtaining 12 new marketing authorizations in five countries in Europe, Asia and Africa. Our company consolidates its business also by reauthorizing 10 products.
- The European decentralized procedure that allows simultaneous authorization in several EU countries is completed for Zatinex (duloxetine) 30 mg and 60 mg, capsules (medicine for the treatment of depression and neuropathic pain).

2016:

- The representative agency in Vietnam is opened.
- The 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 (DCPs) for simultaneous authorization in the EU member countries.

2017:

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

- The active substance Nystatin produced by Antibiotice becomes a USP reference standard.

2018:

- The distribution market is under a process of transformation and concentration (mergers, acquisitions); our company remains the main supplier of antibiotics for the national tenders.
- Higher sales in the international market.
- Ample investment process.

2019

- Our business continues to expand internationally, recording the highest sales growth rate in the last five years;
- Antibiotice redefines its organizational structure.

2020-2030 : the first qualitative stage will be oriented towards :

- Expansion of products in the ATB territories, our company aiming to develop a favorable structure for international markets, in terms of profitability, the major objective being a 50% export share in the total turnover, developing business models adapted to the geographical area:
 - North Europe, CIS, Asia, Middle East – local distribution partnerships for the products registered under the Antibiotice brand;
 - West Europe, North America, South America, South Africa – business development projects for products registered under the external partner's brand;
 - Strengthening the sales in the ATB territories (appropriate pricing and trade policies).
- Brand development, through multi-annual budgeting, focusing the portfolio towards OTCs & food supplements segment in terms of profitability, aiming to evolve from the current share of 18% to 30-40%;
- Optimizing the commercial budget and focusing it towards projects of communication and support of brand names / umbrella brands that will be consolidated in time, evolving from volume and wholesale trade to the individual market share of each product;
- Improving the sales and collection of receivables, by consolidating the business relationships with each partner, with an effect in optimizing the cash flow and credit structure in the short and long term;

- Consolidating the sales structure by complying it with the targeted markets, territories, product quantity, average price, multiplication coefficient of the active substance, factorial analysis in terms of product / division;
- Developing the communication and sales channels according to the market trend, anticipating trends related to the online commerce, promotion methods, communication with the target audience;
- Consolidation of the international market by participating in tenders for beta-lactam antibiotics;
- Continuation of strategic investments (new equipment and works at the new topicals plant, equipment for production flows, investments in research-development of new products and acquisition of state-of-the-art laboratory equipment).

I.2. Presentation of the main indicators on 31.12.2021

In 2021, Antibiotice put a major emphasis on reorganizing its activities, taking into account the main functions of the company, in order to continuously adapt itself to the domestic and international market, to develop its market presence and increase business profitability.

The emphasis was also put on the strategic planning of the management systems in order to determine the improvement of the organizational functionality and efficiency, both by decentralizing the activities on three divisions (Topical Products Division, Oral Solid Products Division, Sterile Products & APIs Division) and by setting the objectives.

Achieving the company's long-term goals is based on the following strategic pillars:

Pillar 1 - Strategic adaptation of human resources;

Pillar 2 - Strategic adaptation of the product portfolio;

Pillar 3 – Business sustainability through a continuous improvement of the Integrated Management System (Quality, Environment, Occupational Health and Safety);

Pillar 4 - Performance management;

Pillar 5 - Improving the Corporate Governance System.

In the stage 2021-2028, Antibiotice will turn into a sustainable company in all its functionalities, a sustainable business with responsibility towards people and environment.

The 2021 objectives and performance criteria of the executive and non-executive members of the company's Management Board are presented below:

- Non-executive members:

| INDICATORS – NON-EXECUTIVE ADMINISTRATORS | Weighting degree | IEB 2021 | ACHIEVED 2021 | Real index/ IEB 2021 | Achievement percent |
|--|-------------------------|-----------------|----------------------|-----------------------------|----------------------------|
| TURNOVER (thousand lei) | 5% | 366.500 | 368.422 | 1.005 | 5.03% |
| GROSS PROFIT (thousand lei) | 5% | 30.260 | 30.303 | 1.001 | 5.01% |
| ARREARS (thousand lei) | 5% | 0 | 0 | 1.000 | 5.00% |
| TOTAL EXPENSES PER 1000 LEI INCOME (lei) | 5% | 923 | 922 | 1.001 | 5.01% |

| | | | | | |
|--|-----|------|------|------|--------|
| Government social policies | 20% | 100% | 100% | 1.00 | 20.00% |
| Establishing risk management policies and risk monitoring | 20% | 100% | 100% | 1.00 | 20.00% |
| Monitoring the transparency and communication processes | 20% | 100% | 100% | 1.00 | 20.00% |
| Reviewing, evaluating and reporting the performance of the administrator and the director | 20% | 100% | 100% | 1.00 | 20.00% |

| | | | | | |
|-------------------------------|------|--|--|--|----------------|
| TOTAL MANAGEMENT BOARD | 100% | | | | 100.04% |
|-------------------------------|------|--|--|--|----------------|

- Executive members:

| INDICATORS - EXECUTIVE ADMINISTRATORS | Weighting degree | IEB 2021 | ACHIEVED 2021 | Real index/ IEB 2021 | Achievement percent |
|--|-------------------------|-----------------|----------------------|-----------------------------|----------------------------|
| TURNOVER (thousand lei) | 10% | 366,500 | 368,422 | 1.005 | 10.05% |
| GROSS PROFIT (thousand lei) | 15% | 30,260 | 30,303 | 1.001 | 15.02% |
| ARREARS (thousand lei) | 15% | 0 | 0 | 1.000 | 15.00% |
| TOTAL EXPENSES PER 1000 LEI INCOME (lei) | 10% | 923 | 922 | 1.001 | 10.01% |

| | | | | | |
|---|-----|------|-------|-------|--------|
| Government social policies | 10% | 100% | 100% | 1.000 | 10.00% |
| Degree of utilization of production capacity not less than 60% | 10% | 60% | 62.7% | 1.05 | 10.45% |
| Achieving a degree of customer satisfaction of at least 80% in the domestic market | 10% | 80% | 88% | 1.11 | 11.05% |
| The average number of continuing education hours per employee | 10% | 34 | 34,35 | 1.01 | 10.10% |
| Monitoring the transparency and communication processes | 10% | 100% | 100% | 1.00 | 10.00% |

| | | | | | |
|-------------------------------|------|-------------|--|--|----------------|
| TOTAL GENERAL DIRECTOR | 100% | 100% | | | 101.69% |
|-------------------------------|------|-------------|--|--|----------------|

1.2.1. Strategic adaptation of human resources

| Performance indicators | Planned 2021 | Achieved 2021 | Achieved/Planned 2021 |
|--|--------------|---------------|-----------------------|
| Average number of hours of continuous professional training / employee | 34 | 34 | 1,00 |
| Average number of employees | 1,415 | 1,410 | 1.00 |
| Average monthly salary / employee (lei) | 6,178 | 6,109 | 0.99 |
| Labor productivity * (thousand lei) | 274 | 272 | 0.99 |
| Government social policies ** | 100% | 100% | 1.00 |

* determined as operating income / average number of employees

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

The company's vision in terms of human resources is to motivate each employee to believe and act in the spirit of innovation and collective performance. Organizational culture encourages proactivity, the exchange of ideas and solutions and team spirit to overcome ourselves, individually and collectively.

Antibiotice SA implements for this purpose a series of programs of motivation, professional training and development of competencies, facilities for practicing sports and for socialization, volunteer programs.

In the field of human resources, the year of 2021 meant::

- Non-discriminatory staffing, development of our employees' skills necessary to achieve the objectives and increasing their degree of involvement;
- Training programs for professional and personal development of employees;
- Strategies and measures to increase our employees' motivation;
- Improving the organizational climate and focusing the organizational culture towards innovation and performance.

The Antibiotice's social responsibility strategy focuses on developing campaigns and projects, highlighting the company's commitment to responsible practices to do more and better for people's health.

In 2021, Antibiotice involved itself in the development of the following social responsibility projects, which are part of the company's long-term strategic development direction „Antibiotice, a friendly and responsible brand“:

- Vaccination center a+
- „Choose to be a pharmacist“
- Antibiotice supports the World Patient Safety Day. Commitment to patient safety.
- Antibiotice is in the *Top 100 best employers to work for* *

* according to the study conducted in 2020 by Catalyst Solutions

I.2.2. Strategic adaptation of the product portfolio

- Ensuring a sustainable and marketable portfolio by increasing the degree of innovation, both by developing our own research for each division and by acquiring licenses;
- Research-Development for adapting and durably consolidating our company portfolio.

The portfolio of the Sterile Products & APIs Division includes:

- the active substance Nystatin;
- biocidal products: 1 product with 2 forms of presentation;
- injectable products: 35 medicinal products for human use, of which:
 - 33 prescription medicinal products;
 - 2 non-prescription medicinal products.

The portfolio of the Topical Products Division includes 50 products traded in 2021, of which 48 are medicinal products for human use and 2 are products for veterinary use.

In terms of prescription, half of the products for human use are prescription products and half are non-prescription products.

Both products for veterinary use are prescription medicinal products.

The portfolio of the Oral Solid Products Division includes 65 products for human use manufactured in two plants: Tablets Plant and Capsules Plant.

The portfolio of the Tablets Plant has 41 products manufactured by 3 methods: direct compression, dry granulation and wet granulation.

The portfolio of the Capsules Plant includes 24 products manufactured on three distinct manufacturing flows: penicillins, cephalosporins and non-penicillins.

The research plans for the three divisions are:

- Oral Solid Products Division : 10 new molecules (8 Rx and 2 non-Rx);
- Topical Products Division: 13 new molecules (1 Rx and 12 non-Rx);
- Sterile Products & APIs Division: 3 new molecules (1 Rx for injection, 1 RX – oral suspension, 1 disinfectant solution from the category of biocides).

In 2021, the Sterile Products & APIs Division conducted 6 projects that targeted products obtained through biosynthesis (Nystatin and other active substances). Two more active substance synthesis projects were added to these projects

Studies are underway for the active substance Nystatin to improve its quality by upgrading the long-term stability (3 years) from storage temperatures between 2 - 8 degrees Celsius to storage temperatures up to 25 degrees Celsius. Following the favorable results of the analyzes, the documentation for the registration of variations was submitted to the main international authorities: EDQM (Europe) and USFDA (USA).

In order to expand the product portfolio, besides its own research-development activity, Antibiotice intends to conclude out-licensing, co-development, contract manufacturing and co-marketing partnerships in the European Union and other markets with high growth potential in the future.

I.2.3. Continuous improvement of the Integrated Management System (Quality, Environment, Occupational Health and Safety);

➤ *Certified quality of the manufacturing flows;*

The Quality Management System implemented by Antibiotice SA complies with the EU GMP, GMP - USA, ISO 9001: 2015 requirements, as well as with the requirements of the other guidelines applicable to the drug manufacturing industry, corresponding to the pharmaceutical forms in the portfolio. All the 8 manufacturing flows are GMP certified, being regularly subject to recertification inspections conducted by the national regulatory authority, NAMMDR.

The production of active substances is supported by the EDQM and FDA approvals for Nystatin.

➤ *Occupational health and safety*

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

➤ *Environmental responsibility*

The Environmental Protection Department develops activities to prevent pollution and to continuously improve the environmental performances, acting in order to comply with the requirements of the environmental legislation.

In order to obtain the renewed Integrated Environmental Authorization, in June 2021 our company collaborated with the Regional Center for Public Health Iași, conducting together the study for evaluating the impact of the activity on the population's health. The study was prepared according to the regulations in the field, based on the documentation submitted by the beneficiary and consisted of a combination of procedures, methods and tools based on which to determine whether a plan / project can have potential effects on the health of the population from the targeted area.

At the end of September 2021, our company received the Integrated Environmental Authorization, issued by the Iasi Environmental Protection Agency.

➤ *Focus on stakeholders*

I.2.4. Strategic planning and performance management

| Performance indicators | Planned 2021 | Achieved 2021 | Achieved/Planned 2021 |
|---|--------------|---------------|-----------------------|
| Income sales (mil. LEI) | 366,5 | 368 | 1,00 |
| Gross profit (thou. LEI) | 30,3 | 30,3 | 1,00 |
| Total expenses at 1,000 revenues (LEI) | 923 | 922 | 1,00 |
| Arears (thou LEI) | 0 | 0 | 1,00 |
| Production capacity utilization not less than 60% | 60.20% | 62.70% | 1,05 |
| A 80% minimum customer satisfaction degree in the domestic market | 80% | 88.45% | 1,11 |

- Strengthening and maintaining the position of world leader in the production of the active substance Nystatin;
- Tripling the sales of sterile powders for injection in highly regulated and competed markets in Europe;
- Consolidation of the company's position in the domestic market.

In 2021, in the domestic market, Antibiotice SA:

- leader in the generic anti-infectives segment, with a 29.3% value market share;
 - leader in terms of quantity for the following pharmaceutical dosage forms: ointments (20.4%), suppositories and pessaries (32.9%) and powders for injection (63%);
 - leader in the segment of generic medicines and OTCs sold in hospitals, with a 14.8% market share;
 - ranked 1st in the relevant market of prescription and non-prescription medicines (OTCs, food supplements, medical devices), with a 13.6% value market share.
- **Complex manufacturing structure, highly competitive in the pharmaceutical market and complying with the international quality standards (GMP and FDA)**

Sterile Products & APIs Division:

- leader in terms of quantity - powders for injection (63% market share);
- leader in terms of quantity (67.5% market share) and value (36.3% market share) – anti-infectives for injection;
- leader in the relevant markets for 10 products;
- 9 unique products.

Topical Products Division:

- leader in the production of ointments, with a 12.4% market share:

- Dermatological Preparations: in terms of quantity (29%); in terms of value (19.5%);
- Sensory Organs (ophthalmic ointments): in terms of quantity (30%); in terms of value (37%) ;
- leader in 4 relevant markets and 13 unique products in form of ointments
- leader in the production of suppositories, with a 22.3% market share:
 - digestive tract class: in terms of quantity (39.3%); in terms of value (33.6%);
 - Central Nervous System class (antithermals): in terms of quantity (94.3%); in terms of value (94.4%);
 - leader in 4 relevant markets and 1 unique product.

Oral Solid Products Division:

- ranked 1st in terms of quantity - oral antiinfectives (26.1%);
- partner of the Ministry of Health within the National TB Program, the Antibiotic portfolio covering 82.1% from the necessary consumption of oral dosage forms.
- Leader in the relevant markets for 18 products
- 16 unique products

data source: Cegedim Sell-Out Romania, December 2021

The main economic-financial indicators achieved during the period 2000 – 2021 are presented in the following table:

| No. | Indicators | UM | 2000 | 2005 | 2010 | 2015 | 2020 | 2021 |
|------|--|---------------------|------|------|------|------|------|-------|
| 1 | Turnover | Mil lei | 62 | 163 | 244 | 330 | 341 | 368 |
| 1.1 | Domestic | Mil lei | 50 | 143 | 190 | 238 | 182 | 225 |
| 1.2 | Export | Mil lei | 12 | 20 | 54 | 92 | 158 | 143 |
| 1.3 | Export share in turnover | % | 19% | 13% | 22% | 28% | 46% | 39% |
| 2 | Gross profit | Mil lei | 6 | 24 | 18 | 32 | 28,3 | 30 |
| 3 | Gross profit + claw back tax | Mil lei | 6 | 24 | 19 | 58 | 56 | 59 |
| 4 | Equity | Mil lei | 52 | 144 | 263 | 395 | 577 | 605 |
| 5 | Total liabilities | Mil lei | 27 | 56 | 129 | 140 | 269 | 290 |
| 6 | Total Assets | Mil lei | 84 | 212 | 439 | 545 | 863 | 895 |
| 7 | Degree of indebtedness (Total debts / Total assets) | % | 32% | 27% | 29% | 26% | 31% | 32% |
| 8 | Solvency (Total Assets / Total Liabilities) | | 3,08 | 3,77 | 3,4 | 3,9 | 3,2 | 3,08 |
| 9 | Total expenses per 1,000 lei income | Mii lei | 907 | 858 | 930 | 908 | 926 | 922 |
| 10.1 | Labor productivity (Operating income / no. of employees) | Thous. lei/employee | 32 | 100 | 172 | 235 | 264 | 272 |
| 10.2 | Labor productivity (Sales revenue / no. of employees) | Thous. lei/employee | 32 | 99 | 169 | 226 | 240 | 261 |
| 11 | Taxes and fees, of which: | Mil lei | 8 | 28 | 35 | 73 | 97 | 89,08 |
| 11.1 | - Claw back tax | Mil lei | 0 | 0 | 0,05 | 26 | 27 | 28,7 |
| 12 | Added value | Mil lei | 33 | 90 | 129 | 173 | 200 | 185 |
| 13 | Arrears | Mii lei | 55 | 15 | 0 | 0 | 0 | 0 |
| 14 | Profitability of gross profit (Gross profit / Sales revenue) | % | 9% | 15% | 7,6% | 9,7% | 8,3% | 8,2% |
| 15 | Profitability of gross profit + claw back (Gross profit + claw back/ Sales income) | % | 9% | 15% | 8% | 17% | 16% | 16% |

Antibiotice SA, a profitable company

Investments in research, quality and modernization of manufacturing technologies have turned Antibiotice into a profitable, dynamic and attractive company for investors. Antibiotice has been included in the Top 100 most valuable companies operating in Romania, a top made by Ziarul Financiar, based on the stock market capitalization.

The Antibiotice shares has been listed on the Bucharest Stock Exchange, Premium category, since April 1997. In the same year, the company's shares have been included in the Bucharest Exchange Trading (BET) index.

Starting with 2005 the ATB shares have been included in the ROTX index (Romanian Traded Index) of the Vienna Stock Exchange, and in 2007 in the Dow Jones Wilshire Global Total Market Index of the New York Stock Exchange. The ATB shares are currently included in the BET-Plus index which includes the Romanian companies listed on the BVB market and which meet the minimum selection criteria regarding the liquidity and value of the shares included in the free float, with the exception of the Financial Investment Companies. Traded under the ATB symbol, the Antibiotice shares are issued in dematerialized form and are freely transferable. The Register of Antibiotice Shareholders has been maintained by Depozitarul Central SA Bucharest. In the 24 years (1997 – 2021) since Antibiotice has been included in the capital market, **over 821 million of shares** were traded, with a total value of **over 301 million EUR**.

81 million shares were traded in 2021, with a total value of **43.6 million lei**. The average price at the end of December 2021 was 0.5913 lei/share.

1.2.5 Corporate Governance

| Performance indicators | Planned 2021 | Achieved 2021 |
|---|--------------|---------------|
| Updating the ATB Rules Code | 100% | 100% |
| Development of an integrated system for establishing, monitoring and evaluating performance | 100% | 100% |

- Selection of administrators and directors in a professional and transparent manner, on meritocratic criteria;
- Adoption and implementation of a complete system of performance indicators that will be monitored at all levels involved;
- Integrity in business and labor relations, a principle achieved by applying the Codes applicable in the company.

1.2.6. Investments and assimilated activities for the strategic development of the site

| Performance indicators | Planned 2021 | Achieved 2021 | Achieved/Planned 2021 |
|---------------------------------------|--------------|---------------|-----------------------|
| Realizarea obiectivelor de investitii | 93,5 | 55 | 0.59 |

The company's objectives and performance criteria are supported by the multi-annual investment plan. The most important investments in 2021:

- Investments in the production, research, utilities, transport, storage infrastructures and in computerization and digitization of processes;
- Investments to consolidate and ensure continuity in environmental protection, quality and occupational health and safety;
- Investments for developing the infrastructure for training the human resources and for adapting it to the concept of strategic development.

1.3. Statistical analysis of the domestic and international market

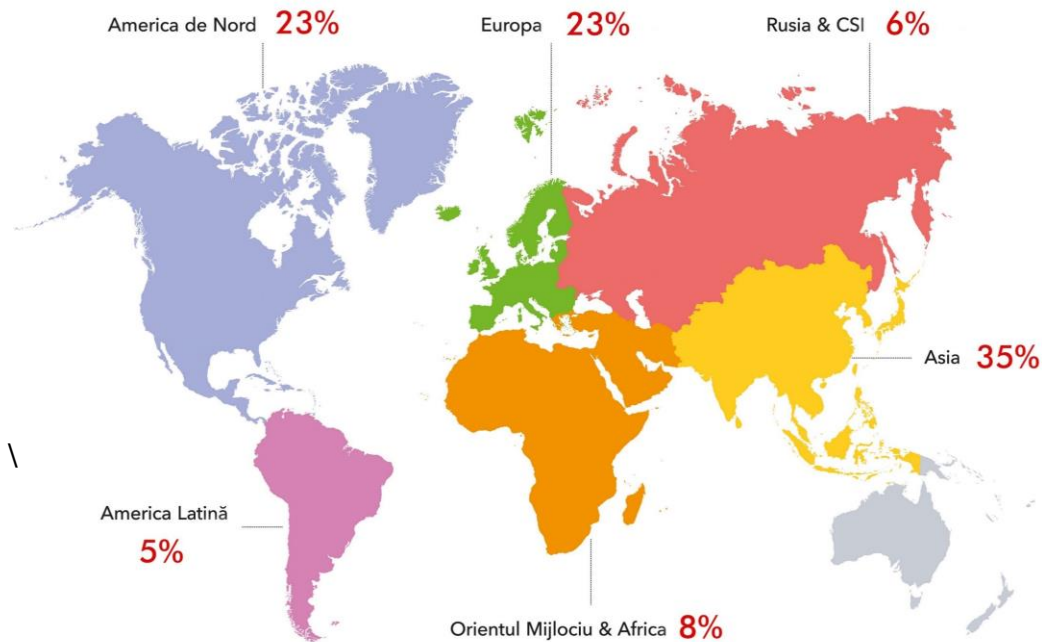
- Ranks first globally in the production of Nystatin;
- Its exports account for 39% of the turnover (2021);
- Traditional supplier of antiinfective medicines for the hospitals in the US, Vietnam and the UK.
- Winner of the National Health Service (NHS) tender in the amount of 11 million Euro.
- Tripling the sales of sterile powders for injection in the strongly regulated and competing European markets.

In 2021, our company' s sales in international markets amounted to **143 million lei**.

Share of sales in the international market (2021)

- North America: 23%
- Europe: 23 %
- Russia & CIS: 6 %
- Asia: 35 %
- Middle East & Africa: 8 %
- Latin America: 5 %

Pondereea vânzărilor pe piața internațională (2021)



Our company's commercial strategy at international level is based on the two great strengths: the active substance Nystatin and anti-infective medicines formulated as sterile powders for injection.

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

The sales of active substance Nystatine have been in line with the last 3-year trend of consolidating the market leader position, with approximately 65% market share in sold volumes and a presence in more than 55 countries, in five continents: Africa, North America, South America, Asia and Europe.

Thus, in the main export markets, the targets were reached at the end of 2021 and there have been optimistic premises that the ascending trend will continue in the next period as well.

Internationalization of the finished product business

Although the year of 2021 ended at a level compared to 2020 (21.84 million USD, +3%), the performance in the international market of finished products is characterized by significant increases in the sales structure (focus on strategic products for the company - sterile beta-lactams for injection) and in territorial distribution, focused on regulated markets in Europe and the United States. These actions led to a 8% increase in the profitability of the sales structure.

Antibiotice Iasi has become an important player, competitive in the global segment of simple and combined penicillins, a long-term partner of health systems in the UK, the US, Hungary, the Baltic countries. For example, the following performances are relevant: tripling the quantities exported to the US, a number of 6 sterile injectable products in the conditions of a relatively constant consumption in the market; doubling sales of Amoxicillin/Clavulanate, the most representative product in our portfolio, in the Great Britain as well as doubling the quantities delivered to Lithuania and Latvia .

At the opposite pole, there are a number of markets, such as Vietnam or Irak, that recorded in 2021 a contraction in medicine consumption both in hospitals as well as in the outpatient department, in retail. The influencing factors were various, specific to each region or health system: in the period May-September, the access of the population to hospitals and pharmacies was severely restricted (sometimes even militarily) as a measure to control the Covid-19 pandemic.

The effects of the pandemic felt since 2020 on the retail segment, continued also in 2021, leading to reduced exported volumes of topical products (dermatologicals, anti-hemorrhoids, products for women's health – antibiotics to treat gynecological infections) and pharmaceutical oral dosage forms (capsules, tablets). The pandemic imposed measures such as the restriction of circulation, social distancing, quarantine or isolation among the population. The pharmacies sold mainly medicines for chronic and Covid-19 associated diseases.

Part of our company's medium- and long-term projects, the foundations were laid in 2021 for expanding the company's presence in the international territories with the collaboration of the R&D and Regulatory Affairs departments.

In parallel, marketing projects have been developed in collaboration with the local distributors and promotion teams in the market in order to increase the awareness of the corporate brand and product brands. These projects are aimed at health professionals (for the prescription medicines) and patients (for medical devices and OTCs), by complying with the legislation in the field (development of the product concept and promotional messages with the approval of the Medical Unit, campaigns approved by national authorities, participation of promotion teams in specialized symposia - AIC, dermatology).

Evolution of the pharmaceutical market in Romania¹

In 2021, the value of medicines released to the patients in Romania amounted to 21.15 billion LEI (distribution price), by 17.1% higher compared to 2020. Consumption as a number of boxes was relatively constant, i.e. 658.6 million boxes.

The Romanian pharmaceutical market was dominated in 2021 by prescription drugs (Rx). These represented 73.9% of total value sales and 61.7% of total medicine consumption (reported as number of boxes).

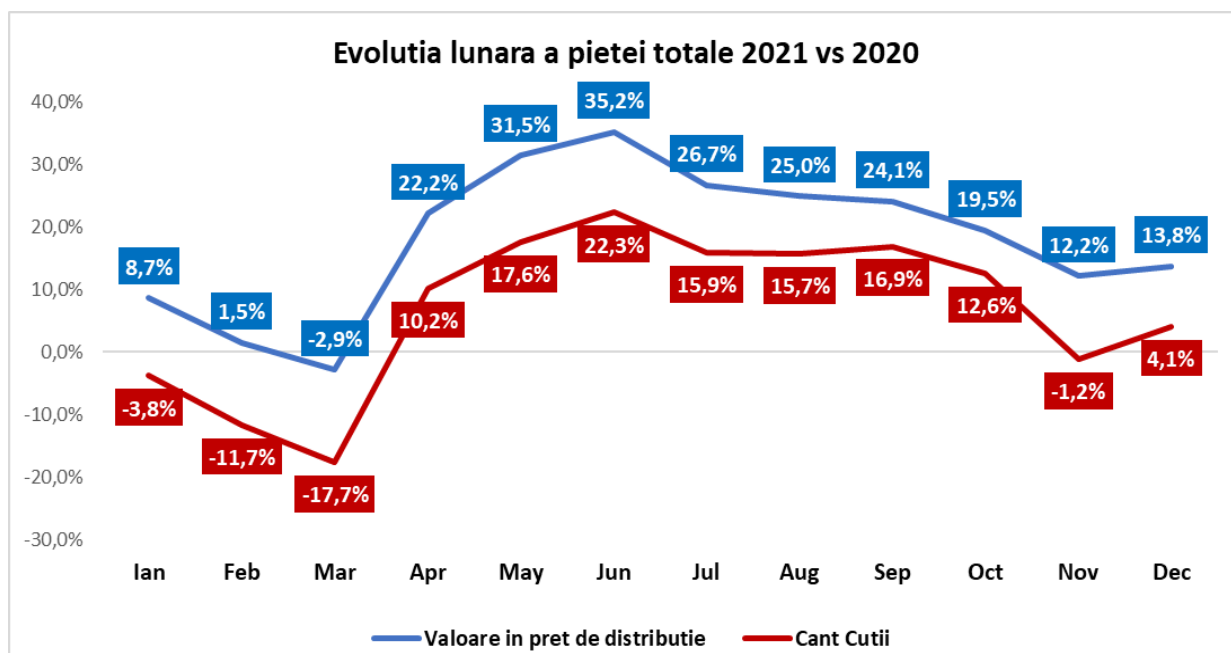
¹ According to the datasource CEGEDIM Sell Out Romania, December 2021

In 2021, prescription medicines recorded a 16.4% increase in value, from 13.4 billion LEI in 2020 to 15.6 billion LEI in 2021.

The number of boxes released by pharmacies increased by 10 %, from 384.9 million boxes in 2020 to 406.6 million boxes in 2021.

Monthly evolution of the total market – 2021 vs 2020

- distribution price value
- quantity as no. of boxes



Prescription medicines recorded in the analyzed period a 19.3%, increase in value, from 4,6 billion LEI in 2020 to 5.5 billion LEI in 2021. As regards the number of boxes released from pharmacies, there was a 4.7% increase, from 240,7 million boxes in 2020 to 251.9 million boxes in 2020.

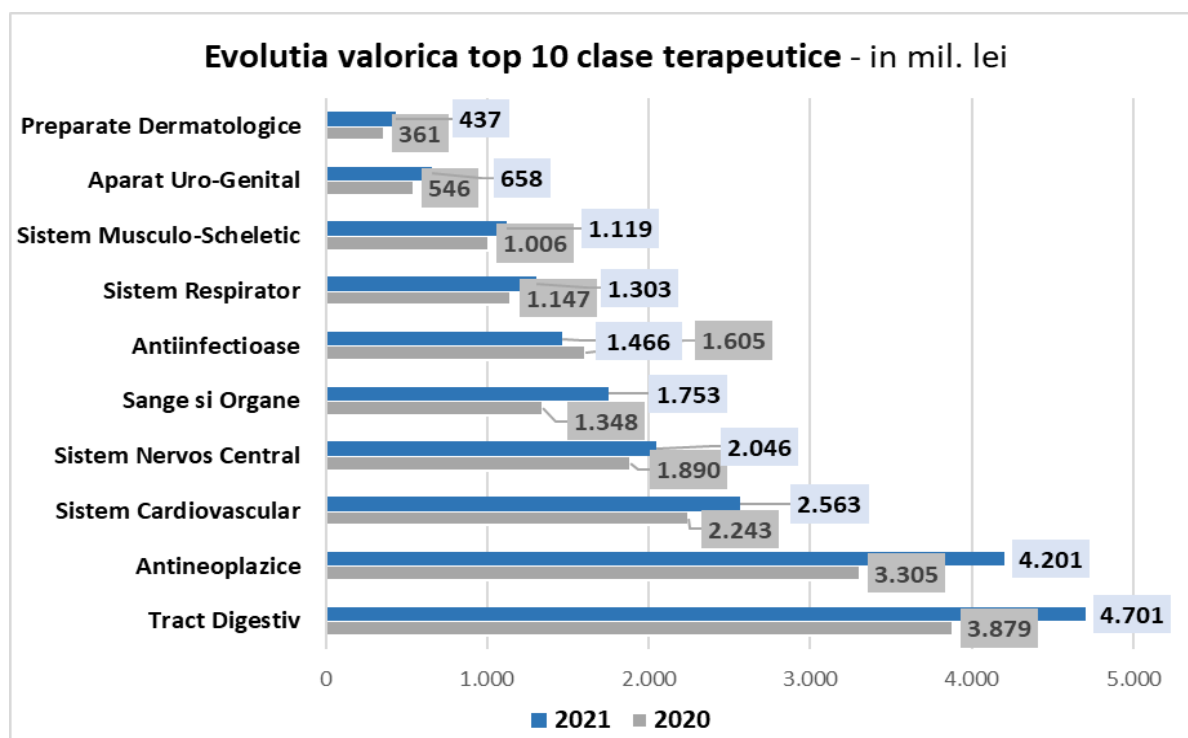
Compared to 2020, in terms of value sales, the hospital segment recorded a 29.2% increase, from 2.4 billion LEI in 2020 to 3.1 billion LEI in 2021. Consumption increased by 3.9%, from 23.9 to 25.9 million boxes.

The segment of independent pharmacies and mini-chains registered a 16.0%, increase in value, from 9.2 billion LEI in in 2020 to 10.7 billion LEI in 2021. In terms of quantity, a slight increase of 2.7% was recorded compared to the previous year, from 367.1 la 376.9 million boxes.

The national chains segment recorded a 14,3% value increase, from 6.4 to 7.3 billion LEI and a 9.0 % increase in consumption (number of boxes), from 234.6 in 2020 to 255.8 million boxes in 2021.

The first 5 therapeutic classes in the Romanian pharmaceutical market, by share in value sales in 2021, were: Digestive tract, Antineoplastics, Cardiovasular system, Central Nervous System, Blood and Organs. These represent 72.2% of the total sales in the market.

Value evolution of the top 10 therapeutic classes – mil. lei



Evolution of the pharmaceutical market relevant for Antibiotice SA

The relevant market of the products from the Antibiotice portfolio (the data refer exclusively to the sales of the products included in the 2021 plan) recorded in the analyzed period a 19.0% increase (from 2.4 to 2.9 billion LEI). Consumption grew by 5.2%, a number of 168.8 million boxes being released by pharmacies in 2021, compared to 160.5 million boxes in 2020.

In 2021, prescription medicines (Rx) represented 48.3% of the total value sales and 54.7% of the total consumption of medicines (no. of boxes). They recorded in the analyzed period a 14.0 % increase in value, from 1.21 billion LEI in 2020 to 1.38 billion LEI in 2021 and a quantitative increase of 4.9%, from 88.1 to 92.3 million of boxes.

As regards the non-prescription medicines (OTCs), they represented in 2021, 51.7% of the total value sales and 45.3% of total drug consumption (reported as number of boxes). The OTCs recorded a 24.1% value increase (from 1.19 billion LEI in 2020 to 1.48 billion LEI in 2021) and a 5.6% increase in consumption (from 72.4 in 2020 to 76.5 million of boxes in 2021).

Antibiotice in the Romanian pharmaceutical market

In 2021 , in the domestic market, Antibiotice SA:

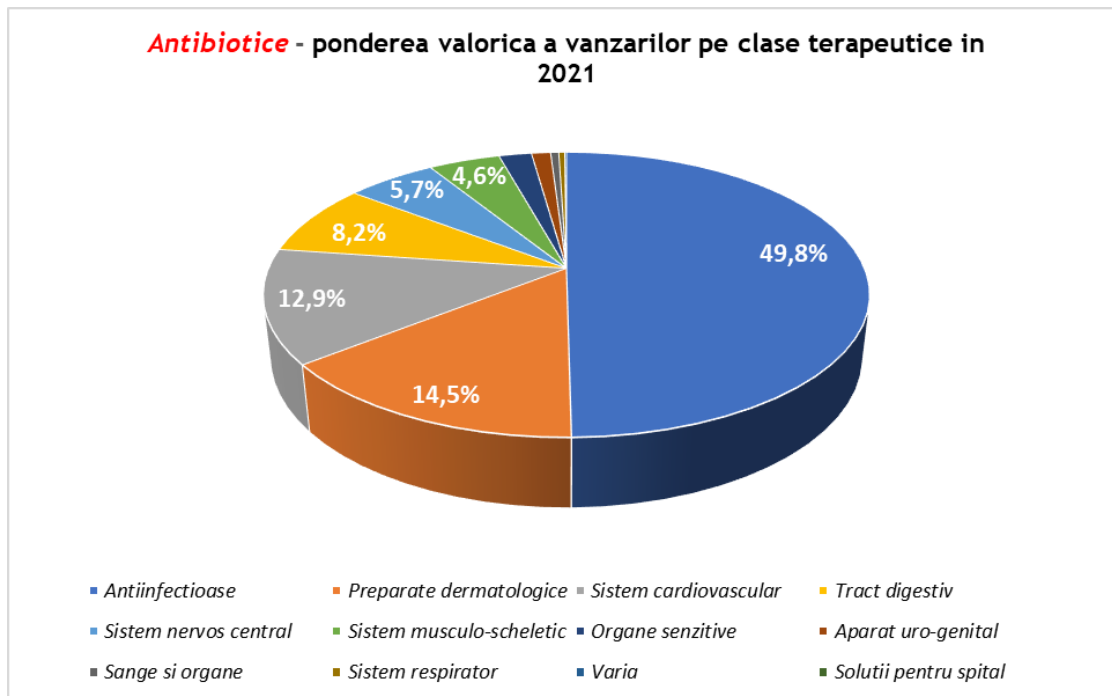
- ✓ ranked first in the relevant market, with a 13.6% value market share;

- ✓ was the quantitative leader on the following pharmaceutical dosage forms: ointments (20.4%), suppositories and pessaries (32.9%) and powders for injection (63.0%);
- ✓ ranked 4th in the segment of prescription generic medicines and OTCs (a 4.0 % market share);
- ✓ was the leader in the segment of prescription generic medicines and OTCs sold in hospitals, with a 14.5% market share.

Antibiotice has consolidated its core business component – antiinfectives for systemic use - developing also the therapeutic classes where it holds important positions in the domestic market: dermatologicals and cardiovasculars.

Antibiotice - value share of 2021 sales by therapeutic classes

- *Antiinfectives*
- *Central nervous system*
- *Blood and organs*
- *Dermatological preparations*
- *Musculoskeletal system*
- *Respiratory system*
- *Cardiovascular system*
- *Sensitive organs*
- *Varia*
- *Digestive tract*
- *Urogenital tract*
- *Hospital solutions*



Antibiotice S.A. kept a constant connection with the distributors, for preventing syncopes in the supply of medicines to hospitals and pharmacies and for creating optimal stocks in order to make all the deliveries in the shortest time.

The value of sales to distributors (sell in) was 393,7 million LEI, by +13,5% higher than the value recorded in 2020.

In terms of value, the Hospital segment recorded a return on sales, with a significant increase of 48.1%, from 75.9 million LEI in 2020 to 112.4 mil lei in 2021. This evolution was similar to that of the relevant market. The number of units sold recorded a 12.9% increase, from 1.25 million of boxes in 2020 to 1.41 million of boxes sold in 2021.

Value sales on the channel of independent pharmacies and mini-chains increased by 10.5% compared to 2020 and quantitative sales decreased by 6.4% (number of boxes released from pharmacies).

Value sales recorded in the chain pharmacies increased by 19.2% in 2021 compared to 2020 (from 88.9 million LEI to 105,9 million LEI), while the number of boxes released from the pharmacies increased by 4.9% (from 9.1 to 9.6 million of boxes).

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

II. Pillars supporting the Management Plan

Pillar 1: Strategic adaptation of human resources

It involves the development and implementation of strategies to motivate and retain valuable employees and attract new talents, correlated with labor market trends.

| Performance indicators | UM | Planned 2022 | Planned 2023 | Planned 2024 |
|--|------------|--------------|--------------|--------------|
| Average number of hours of continuous professional training / employee | no. | 35 | 36 | 36 |
| Average number of employees/year | no. | 1.350 | 1.260 | 1.170 |
| Average monthly salary / employee * (net €) | euro | 810 | 828 | 950 |
| Work productivity ** | Thous. lei | 329 | 401 | 491 |
| Government social policies *** | | 100% | 100% | 100% |

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

** determined as operating income / average number of employees

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

Strategy 1. Implementing the modern human resources management

Measure 1. Analyzing and redefining the organizational structures in the company, in line with the modern principles on human resources, correlated with the need of our business;

Measure 2. Adapting motivational packages in order to attract and retain valuable employees (key positions) and increase retention;

Measure 3. Employee career and succession plan management;

Measure 4. Carrying out training programs and developing the skills of employees.

Strategy 2. Modernization of organizational culture

Measure 1. Implementing the Plan resulted from the study of the organizational climate carried out in 2021 to consolidate the organizational culture.

Pillar 2: Strategic adaptation of the product portfolio

The Antibiotic portfolio has been continuously adapted to the markets in which our company operates (the Romanian market and ATB territories) covering the main therapeutic classes, developing innovative products (prescription and over-the-counter medications) including the main pharmaceutical dosage forms able to offer flexibility and diversity in terms of administration. Our portfolio will be organized on branded products and only in special, well-founded cases, in non-branded products, referring here mainly to products for the treatment of rare diseases in the WHO list.

Our current portfolio

Strategy 1. Analysis of the current portfolio and establishing the maximum growth potential in the domestic and international markets.

| Performance indicators | UM | Planned 2022 | Planned 2023 | Planned 2024 |
|--|-----------|---------------------|---------------------|---------------------|
| Total turnover Sell In+Export Current Portfolio | Mil lei | 595 | 613 | 679 |
| Romania | Mil lei | 430 | 424 | 434 |
| International market | Mil lei | 165 | 190 | 245 |

Measure 1. Analysis of the therapeutic trends, of medical guidelines, new efficacy and safety studies for the molecules in the current portfolio of each Division for adaptation to national and local regulations;

Measure 2. Analysis of the current portfolio in terms of market evolution and of the main competitors in the market, by therapeutic classes;

Measure 3. Analysis of the current portfolio of each Division, of the pharmaceutical forms in terms of value contribution and their structuring for an optimal capitalization;

Measure 4. Evaluation of the current and future portfolio of each Division for including the products in portfolio projects (P1, P 2, P3, P4).

Our future portfolio

Strategy 2. Developing the product portfolio by enhancing it with new molecules

| Performance indicators | UM | Planned 2022 | Planned 2023 | Planned 2024 |
|--|----------------|--------------|--------------|--------------|
| Turnover – the future portfolio | Mil lei | 3,02 | 33,07 | 51,25 |
| Turnover - products under research | Mil lei | 1,63 | 17,95 | 23,41 |
| Turnover - in-licensing products | Mil lei | 1,39 | 15,13 | 27,84 |

Consistent with the evolution of the pharmaceutical market, one of our objectives for the 2030 portfolio is **to increase the share of nonRx products** in the sales plan, **from 27% in 2021 to 40% in 2030**.

The nonRx segment is grouped in **6 portfolio concepts** defined mainly according to the target audience: **Women's health, Quality Life, Family health, Cold & Flu, Nutriensa, Derm A+**.

Measure 1. Developing our future portfolio through own research (new molecules and new pharmaceutical forms introduced in portfolio – suspensions for sterile solutions. biocides);

Measure 2. Developing our future portfolio by identifying and developing first generics/innovative products, consistent with the strategic development directions;

Measure 3. Developing our future portfolio by license acquisitions;

Measure 4. Establishing the criteria for prioritizing the entry of products in the ATB portfolio;

Measure 5. Creating a calendar for introducing products in the portfolio.

Strategy 3. Adapting our product portfolio to the international market

Measure 1. Evaluation of the current portfolio in each ATB territory, for each Division, from the point of view of the evolution of the foreign markets and of the main competitors in the respective markets;

Measure 2. Analysis of the current portfolio in each territory, by therapeutic classes, pharmaceutical forms in terms of value contribution brought by each ATB territory;

Measure 3. Adapting the products to complete the portfolio in the ATB territories, in accordance with the requirements of the respective markets.

Pillar 3: Business Sustainability through Continuous Improvement of the Integrated Management System (quality, environment, occupational health and safety)

The Integrated Management System designed, documented and implemented in Antibiotice integrates all its business components in a coherent structure which enables the achievement of its objectives and mission. Our company maintains, improves and continuously makes the integrated management system more efficient in accordance with the reference standards and with our organization's strategy and objectives.

| Performance Indicators | | 2022 | 2023 | 2024 |
|---|------------|-------------|-------------|-------------|
| ISO 9001:2015 certification | Obtained | √ | | |
| | Maintained | | √ | √ |
| ISO 45001:2018 certification | Obtained | √ | | |
| | Maintained | | √ | √ |
| ISO 14001:2015 certification | Obtained | √ | | |
| Implementation of the sustainability policy | | √ | √ | √ |

Strategy 1. Redefining the Integrated Management System to support the sustainability of the business

Measure 1. Updating the sustainability policy of our business with reference to the Integrated Management System;

Measure 2. Analysis of the risks and opportunities generated by climate changes;

Measure 3. Developing a new Integrated Management System (quality, environment, health) in line with our company's development vision;

Measure 4. Continuous compliance and improvement of the Quality Management System in accordance with the ISO 9001:2015 requirements;

Measure 5. Continuous compliance and improvement of the Occupational Health and Safety Management System in accordance with the ISO 45001:2018 requirements;

Measure 6. Continuous compliance and improvement of the Environmental Management System in accordance with the ISO 14001:2015 requirements.

Strategy 2. Focus on stakeholders – shareholders, patients, business partners, health professionals, employees, authorities, from the perspective of the Integrated Management System policy

Measure 1: Making reports in correlation with the requirements of stakeholders.

Pillar 4: Performance Management

The Performance Management is supported by the strategic planning concept, by carrying out managerial plans, interconnected and monitored in order to achieve our company's general and specific objectives, consolidating our presence in the internal market, internationalizing the business, efficiently managing the costs, processes and investments to double our business.

| Performance Indicators | UM | Planned 2022 | Planned 2023 | Planned 2024 |
|--|---------|--------------|--------------|--------------|
| Total income | Mil lei | 449 | 511 | 581 |
| Net turnover - Romania | Mil lei | 270 | 313 | 327 |
| Net turnover - international market | Mil lei | 162 | 187 | 243 |
| Gross profit | Mil lei | 32 | 40 | 49 |
| Gross profit + claw-back tax | Mil lei | 60,5 | 71 | 81 |
| Total expenses per 1000 lei income | Mii lei | 928 | 922 | 916 |
| Arrears | Mil lei | 0 | 0 | 0 |
| Degree of utilization of production capacity not less than 60% | % | >60% | >60% | >60% |
| Achieving a degree of customer satisfaction in the domestic market of at least 80% | % | >80% | >80% | >80% |

Strategy 1. Consolidating the business in the domestic market

Measure 1. Increasing the average selling price of products in the current and future portfolio;

Measure 2. Increasing the awareness of some umbrella brands and / or brand names;

Measure 3. Increasing the sales in a profitable structure in the pharmacy chains;

Measure 4. Increasing the sales in a profitable structure in the pharmacy mini chains and independent pharmacies;

Measure 5. Increasing the sales in the hospital segment;

Measure 6. Balancing the stock structures and distribution at the estimated level;

Measure 7. Cash flow optimization.

Strategy 2. Internationalization of our business in the ATB territories and in other territories

Measure 1. Increasing the turnover for fiished products in the international market;

Measure 2. Consolidating the product Nystatin and maintaining the position of world leading manufacturer of this active substance.

Strategy 3. Developing strategic partnerships

Measure 1. Developing our company's portfolio through in-licensing projects;

Measure 2. Developing strategic partnerships for exploiting the potential of the Antibiotic portfolio (Out-licensing);

Measure 3. Managing efficiently the import of raw materials and finished products.

Strategy 4. Cost management and efficient process management

Measure 1. Monthly monitoring of income and expenses;

Measure 2. Quarterly cost monitoring per each production division.

Strategy 5. Applying business consolidation principles

Measure 1. Increasing the company's profitability;

Measure 2. Reducing the indebtedness degree;

Measure 3. Increasing the financing capacity, in order to ensure the financing of long-term investments;

Measure 4. Increasing the preventive control and reducing the operational risks.

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

| | 2021 | | 2022 | | 2023 | | 2024 | |
|------------------------------|------------|-----|------------|-----|------------|-----|------------|-----|
| | Mil.lei | % | Mil.lei | % | Mil.lei | % | Mil. lei | % |
| NET ACCOUNTING ASSETS | 605 | | 643 | | 714 | | 798 | |
| ADDED VALUE | 185 | | 209 | | 229 | | 245 | |
| of which: | | | | | | | | |
| + Salary expenses | 111 | 60% | 120 | 58% | 124 | 54% | 128 | 52% |
| + Current taxes and fees | 35 | 19% | 34 | 16% | 36 | 16% | 37 | 15% |
| +Net profit | 30 | 16% | 32 | 15% | 38 | 17% | 47 | 19% |

The estimated values of the main indicators of assets and liabilities, determine a positive and increasing value of the net accounting assets, indicating a healthy economic situation and ensure the premises of an efficient and effective activity.

For the period 2022-2024 an increasing trend of the *value added* indicator is estimated, which reflects the performance of the operating activity, respectively the difference between the value of the goods produced and sold and the value of the goods and services bought and consumed.

Financial balance indicators

| | (mil lei) | | | |
|---|-----------|------|------|------|
| Rate | 2021 | 2022 | 2023 | 2024 |
| Working capital (mil lei) <i>(Permanent capital - Fixed assets)</i> | 186 | 185 | 194 | 238 |
| Request of Global Working Capital (mil) <i>(Stocks + Debtors - TS Creditors)</i> | 271 | 243 | 242 | 233 |
| Net Treasury (mil lei) <i>(FR - NFR) or (Cash availabilities - TS Credits)</i> | -85 | -58 | -49 | 5 |
| General Liquidity Rate (>1.8) <i>(Current assets / Current debts)</i> | 1.94 | 2.1 | 2.1 | 2.8 |
| Immediate Liquidity Rate (>1.3) <i>(Current assets -Stocks)/ Current debts</i> | 1.40 | 1.47 | 1.40 | 1.77 |
| Indebtedness rate (<0.5) <i>(Debts/Total Assets)</i> | 0.32 | 0.29 | 0.27 | 0.21 |

The investment activity in research of new products, equipment for quality assurance, modernization of manufacturing technologies and digitization of activities has an impact on the value of the *net treasury* indicator.

The value of the *indebtedness rate* indicator is improved as a result of the decrease in long-term bank indebtedness by reimbursing the investment loan (contracted to finance the new topical products plant) as well as as a result of the decrease of the credit for financing the working capital - a priority objective of the company for the next period.

Rates of patrimonial structure

| Rate | 2021 | 2022 | 2023 | 2024 |
|-----------------------------|------|------|------|------|
| Fixed Assets / Total Assets | 57% | 62% | 62% | 63% |
| Stocks / Total Assets | 12% | 12% | 13% | 13% |
| Receivables/ Total Assets | 31% | 26% | 25% | 23% |
| Equity/Total Liabilities | 68% | 71% | 73% | 79% |
| Suppliers/Total Liabilities | 11% | 8% | 9% | 9% |

The analysis of the patrimony structure rates reflects a careful management of the assets and liabilities elements, the values being at the optimal level recommended in the specialized literature for the companies with production activity.

| CONAN & HOLDER MODEL | | | 2021 | 2022 | 2023 | 2024 |
|---|---------|-----------|-------------|-------------|-------------|-------------|
| Current assets | MIL LEI | Ac | 385 | 350 | 366 | 371 |
| Stocks | MIL LEI | S | 106 | 107 | 125 | 136 |
| Current assets-Stocks | MIL LEI | Ac-S | 279 | 243 | 241 | 234 |
| Total debts | MIL LEI | Dt | 290 | 267 | 261 | 211 |
| Permanent capital | MIL LEI | Cpm | 697 | 745 | 803 | 876 |
| Total assets | MIL LEI | At | 895 | 910 | 975 | 1.009 |
| Financial expenses | MIL LEI | Chf | 9 | 8 | 10 | 14 |
| Turnover | MIL LEI | Ca | 368 | 432 | 500 | 570 |
| Staff costs | MIL LEI | Chp | 111 | 120 | 124 | 128 |
| Gross operating surplus | MIL LEI | Ebe | 38 | 55 | 68 | 80 |
| Added value | MIL LEI | Va | 185 | 209 | 229 | 245 |
| R1 | % | Ebe/Dt | 13.15% | 20.53% | 26,14% | 38,02% |
| R2 | % | Cpm/At | 77.79% | 81.81% | 82,34% | 86,87% |
| R3 | % | (Ac-S)/At | 31.16% | 26.69% | 24,67% | 23,19% |
| R4 | % | Chf/Ca | 2.46% | 1.81% | 2,00% | 2,37% |
| R5 | % | Chp/Va | 60.16% | 57.52% | 54,45% | 52,18% |
| Z=0,24XR1+0,22xR2+0,16XR3-0,87XR4-0,1XR5 | | | 0,17 | 0,20 | 0.21 | 0.25 |

Z > 0.16 Very good financial situation

Strategy 6. Investments – support for the future

Measure 1. Investments for the strategic development

- 1.1. Investments for developing the strategic portfolio
- 1.2. Investments for developing the research-development infrastructure
- 1.3. Investments for new production sites

Measure 2. Investments to consolidate the business

- 2.1. Investments in information technology, telecommunications and digitization processes
- 2.2. Adapting the industrial site to the development trends
- 2.3. Investments in the integrated management system
- 2.4. Investments for modernizing the existing sites and equipment

| Indicator | UM | 2022 | 2023 | 2024 |
|---|----------|------|------|------|
| Investments for the strategic development | | | | |
| Development of the product portfolio | MIL. LEI | 14 | 9 | 10 |
| Investments in new production sites* | MIL. LEI | 8 | 0 | 5 |
| Investments to consolidate the business | | | | |
| Investments in information technology, telecommunications and digitization processes* | MIL. LEI | 9 | 14 | 11 |

| Indicator | UM | 2022 | 2023 | 2024 |
|--|-----------------|-------------|-------------|-------------|
| Adaptation to the development trends of the industrial site, of the supply and distribution infrastructures, utilities, green energy, storage of raw materials and finished products, transport and connection to the national road system | MIL. LEI | 11 | 21 | 21 |
| Investments for modernizing the integrated management system (quality, environment, occupational health and safety) | MIL. LEI | 2 | 1 | 1 |
| Investments for modernizing the existent production sites | MIL. LEI | 9 | 2 | 1 |
| Repayment of installments of the investment loans | MIL. LEI | 11 | 11 | 11 |
| TOTAL | MIL. LEI | 64 | 57,6 | 60 |

Pillar 5: Improving the Corporate Governance System

Corporate governance, as a complex of processes, practices, policies, regulatory framework, with an impact on the management and control of the company, has an important role in protecting the interests of shareholders, as it supports maximizing the value of long-term ownership, stimulating the investors' attention on the company, by making the activities and processes transparent and efficient in the company.

Strategy 1. Ensuring the internal corporate regulation framework

Measure 1. Permanent updating the company codes, training and monitoring of their implementation.

Strategy 2. Monitoring the selection and appointment of management bodies and carrying out actions under the responsibility of the company

Measure 1. Application and observance of the decisions taken by the General Meeting of Shareholders and by the Management Board related to the selection of the management bodies, according to the legal regulations.

Strategy 3. Ensuring and maintaining an efficient system for evaluating the professional performance

Measure 1. Ensuring the traceability of the performance indicators of the Management Board by elaborating multi-annual management plans;

Measure 2. Ensuring the functionality of the performance monitoring system within the company and periodic reporting of its efficiency.

2022 – 2024 Main Indicators

| No. | Indicators | UM | 2021 | 2022 | 2023 | 2024 |
|------|--|--------------------|-------|-------|-------|-------|
| 1. | Turnover | Mil lei | 368 | 432 | 500 | 570 |
| 1.1. | - Domestic | Mil lei | 225 | 270 | 313 | 327 |
| 1.2. | - Export | Mil lei | 143 | 162 | 187 | 243 |
| 1.3. | Export share in turnover | % | 39% | 38% | 37% | 43% |
| 2. | Total income | Mil lei | 389 | 449 | 511 | 581 |
| 3. | Total expenses | Mil lei | 359 | 416 | 471 | 532 |
| 4. | Gross profit | Mil lei | 30 | 32,5 | 40 | 49 |
| 4.1 | Gross profit + claw-back tax | Mil lei | 57 | 60,5 | 71 | 81 |
| 5. | Net profit | Mil lei | 30 | 32 | 38 | 47 |
| 6. | Equity (Net accounting assets) | Mil lei | 605 | 643 | 714 | 798 |
| 7. | Total debts | Mil lei | 290 | 267 | 261 | 211 |
| 8. | Total assets | Mil lei | 895 | 910 | 975 | 1009 |
| 9. | Indebtedness degree (Total Liabilities / Total Assets) | % | 32% | 29% | 27% | 21% |
| 10. | Solvency (Total Assets / Total Liabilities) | | 3.08 | 3.41 | 3,74 | 4.78 |
| 11. | Total expenses per 1,000 lei income | Thous lei | 922 | 928 | 922 | 916 |
| 12.1 | Labor productivity (Operating income / no. of employees) | Thous lei/employee | 272 | 329 | 401 | 491 |
| 12.2 | Labor productivity (Turnover / no. of employees) | Thous lei/employee | 261 | 320 | 397 | 487 |
| 13. | Average number of employees | No. of employees | 1.410 | 1.350 | 1.260 | 1.170 |
| 14. | Taxes and fees, of which: | Mil lei | 89,08 | 94 | 99 | 103 |
| 14.1 | - claw back tax | Mil lei | 28,7 | 28 | 31 | 32 |
| 15. | Added value | Mil lei | 185 | 209 | 229 | 245 |
| 16. | Profitability of gross profit (Gross Profit / Turnover) | % | 8.2% | 8% | 8% | 9% |
| 17. | EBITDA (Net profit + Taxes + Interest + Depreciation) | Mil lei | 58 | 57 | 68 | 77 |

Strategy 4. Ensuring transparency in communication to investors, with the equal treatment of all shareholders

Measure 1. Observing the plan of reporting to investors, according to the legal requirements;

Measure 2. Adherence to the 2021-2025 National Anti-Corruption Strategy.

Strategy 5. Improving the risk management process in order to protect the company's assets

Measure 1. Identifying the risks and opportunities in the activities carried out, by organizational structures;

Measure 2. Adapting the internal control system to risk management;

Measure 3. Commercial (non-payment) risk management;

Measure 4. Ensuring a data/ information protection system;

Measure 5. Ensuring the legal framework for carrying out the activity in legal conditions and protecting the patrimony

| Indicator | 2022 | 2023 | 2024 |
|---|-------------|-------------|-------------|
| Updating the ATB Rules Code | X | | X |
| Implementing the ATB Rules Code and providing training | x | X | x |
| Identification of vulnerabilities in the activities carried out by each structure by the Risk Management | X | X | X |
| Integration of risk management with the approach of identifying the processes carried out by the company within the Integrated Management System. | | X | X |
| Setting and analysis of the integrated system for establishing, monitoring and evaluating the performances | X | X | X |
| Achieving the reporting and transparency obligations according to corporate governance rules | X | X | X |
| Compliance with the 2021-2025 National Anticorruption Strategy | x | x | x |
| Securing information | x | x | x |

These pillars represent the development directions of our company in the period 2021 - 2030 and will be implemented year by year with measures and actions to meet the objectives and performance criteria being supported by multi-annual investment programs.

III. Conclusions

The 2022–2024 Management Plan reflects the vision of the administrators on the management of the activities in the interest of the company. This is an integral part of the “2021-2030 Strategic Organization and Development Plan” (P.O.D.S.). It is a strategic tool for a continuous adaptation to the domestic and international market, for the development and increase of business profitability.

The Management Board defined the key indicators that reflect its commitment to achieving the priority objectives. The fulfillment of these indicators will be monitored quarterly, half-yearly and annually through progress reports.

Evolution of our business in the previous period, how the obstacles were overcome and solutions for growing the business were identified are the guarantee for our company to achieve in the period 2021-2030 the following objectives:

- sustainability of the business;
- standardization and efficiency of processes;
- maximizing the market potential for the products in the portfolio;
- optimizing the sales structure in the ATB territories;
- maximizing the long-term profitability;

- company cost management for balancing the activities;
- diversification of financing sources, sizing of the credit system of the partners and of the attracted credits for the support of the current activities and investment programs.

Lucian TIMOFTICIUC, President of the Management Board,

Ioan NANI, Vice President of the Management Board, General Director,

Ionel DAMIAN, non-executive administrator, representative of the Ministry of Health,

Catalin Codrut POPESCU, non-executive administrator, representative of SIF Oltenia,

Mihai TRIFU, non-executive administrator, representative of SIF Oltenia.