

## **ANTIBIOTICE S.A.**

Individual financial statements for the 6-month period ending on June 30, 2022 drafted in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union

## ANTIBIOTICE S.A.

Individual financial statements for the 6-month period ending on June 30, 2022

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**ANTIBIOTICE SA**  
**STATEMENT OF THE COMPREHENSIVE INCOME**  
for the 6-month period ending on June 30, **2022**  
(all amounts are expressed in LEI, if not mentioned otherwise)

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STATEMENT OF THE COMPREHENSIVE INCOME	NOTE	For the year ended on	
		30.06.22	30.06.21
<b>Sales revenues</b>	<b>4</b>	<b>248,187,211</b>	<b>161,400,649</b>
Other operating revenues	<b>5</b>	12,298,020	24,951,976
Revenues relative to costs of product stocks		25,880,818	15,474,230
Capitalized income generated by the entity's activity		5,592,604	4,920,755
Expenses with raw materials and consumables	<b>6</b>	(104,567,643)	(75,711,638)
Staff-related expenses	<b>7</b>	(57,048,693)	(54,784,430)
Expenditure on amortization and depreciation		(10,339,094)	(11,505,581)
Other operating expenses	<b>8</b>	(91,501,275)	(43,013,249)
<b>Operating profit</b>		<b>28,501,947</b>	<b>21,732,711</b>
Financial income	<b>9</b>	394	901
Financial expenses	<b>9</b>	(2,321,307)	(1,905,923)
<b>Pre-tax profit</b>		<b>26,181,035</b>	<b>19,827,689</b>
Expenses with current profit tax and deferred tax other taxes	<b>10</b>	(3,021,978)	(496,997)
<b>Profit</b>		<b>23,159,057</b>	<b>19,330,692</b>
<b>Total overall result</b>		<b>23,159,057</b>	<b>19,330,692</b>
<b>Earnings per share</b>	<b>11</b>	<b>0.0345</b>	<b>0.0288</b>

*The explanatory notes from 1 to 27 are an integrating part of the financial statements*

Approved by the Management Board on 11.08.2022

General Director,  
Ec. Ioan NANI

Financial Director,  
Ec. Paula COMAN

**ANTIBIOTICE SA**  
**STATEMENT OF THE FINANCIAL POSITION**  
for the 6-month period ending on June 30, 2022  
(all amounts are expressed in LEI, if not mentioned otherwise)

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		For the year ended on	
STATEMENT OF THE FINANCIAL POSITION	NOTE	30.06.22	31.12.21
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible fixed assets	12	482,214,540	480,544,567
Intangible fixed assets	13	32,433,317	29,839,764
<b>TOTAL FIXED ASSETS</b>		<b>514,647,857</b>	<b>510,384,331</b>
<b>CURRENT ASSETS</b>			
Stocks	14	128,816,326	106,017,774
Trade and similar receivables	15	236,182,559	276,876,198
Cash and cash equivalents	16	3,329,268	2,111,377
<b>TOTAL CURRENT ASSETS</b>		<b>368,328,153</b>	<b>385,005,349</b>
<b>TOTAL ASSETS</b>		<b>882,976,010</b>	<b>895,389,680</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and similar liabilities	17	95,464,096	98,202,288
Amounts due to credit institutions	18	63,795,403	87,163,549
Liabilities from current taxes and fees	20	10,232,153	9,611,682
Short-term provisions	17	2,415,534	3,853,530
Subsidies for investments	19	306,289	306,289
<b>TOTAL CURRENT LIABILITIES</b>		<b>172,213,476</b>	<b>199,137,339</b>
<b>LONG-TERM LIABILITIES</b>			
Subsidies for investments	19	2,007,157	2,160,302
Deferred tax	20	30,481,413	31,483,086
Amounts due to credit institutions	18	52,270,108	57,617,153
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>84,758,678</b>	<b>91,260,541</b>
<b>TOTAL LIABILITIES</b>		<b>256,972,154</b>	<b>290,397,880</b>

*The explanatory notes from 1 to 27 are an integrating part of the financial statements*

Approved by the Management Board on 11.08.2022

General Director,  
Ec. Ioan NANI

Financial Director,  
Ec. Paula COMAN

**ANTIBIOTICE S.A.**  
**STATEMENT OF THE FINANCIAL POSITION** (continued)  
for the 6-month period ending on June 30, 2022  
(all amounts are expressed in LEI, if not mentioned otherwise)

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	NOTE	30.06.22	31.12.21
<b>Share capital and reserves</b>			
Share capital	21	264,835,156	264,835,156
Reevaluation reserves	22	112,721,465	114,150,766
Legal reserves	22	13,426,761	13,426,761
Other reserves	22	261,644,439	259,154,126
Reported result	23	(49,783,022)	(51,212,323)
Distribution of profit	24	-	(25,302,090)
Current result	24	23,159,057	29,939,404
<b>TOTAL EQUITY</b>		<b>626,003,856</b>	<b>604,991,800</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>882,976,010</b>	<b>895,389,680</b>

*The explanatory notes from 1 to 27 are an integrating part of the financial statements*

Approved by the Management Board on 11.08.2022

General Director,  
Ec. Ioan NANI

Financial Director,  
Ec. Paula COMAN

**ANTIBIOTICE S.A.**  
**CASH FLOW STATEMENTS**

for the 6-month period ending on June 30, 2022  
(all amounts are expressed in LEI, if not mentioned otherwise)

**CASH FLOW STATEMENTS**

**For the year ended on**  
**30.06.22                      30.06.21**

<b>I. Cash flows from operating activities</b>		
Cash collection from the sales of goods and provision of services	275,529,384	179,986,837
Cash collection from royalties, fees, charges and other revenue	178,863	2,033,938
Cash collection from royalties, fees, charges and other revenue	(137,958,753)	(96,251,999)
Cash payments to and on behalf of employees, payments made by the employer for its employees	(55,043,198)	(53,181,792)
VAT paid	(4,435,204)	(913,593)
Contributions to the Ministry of Health and the Ministry of the Environment	(17,024,473)	(14,039,895)
Other duties, taxes, and similar levies	(2,464,291)	(1,761,500)
<b>Operating cash flow</b>	<b>58,782,328</b>	<b>15,871,995</b>
Interest charged	394	901
Interest paid	(2,160,438)	(1,850,674)
Corporate tax	(2,989,618)	(3,600,692)
<b>Net cash flows from operating activities</b>	<b>53,632,665</b>	<b>10,421,531</b>
<b>II. Cash flows generated by investments</b>		
Cash payments for purchasing land and fixed assets, intangible assets and other long-term assets	(22,479,829)	(11,766,809)
<b>Net investment cash flow</b>	<b>(22,479,829)</b>	<b>(11,766,809)</b>
<b>III. Net investment cash flow</b>		
Receipts from long-term loans/reimbursement	(5,317,166)	(97,540)
Dividends paid	(1,165,797)	(1,232,618)
<b>Net cash flows from financing activities</b>	<b>(6,482,963)</b>	<b>(1,330,158)</b>
Gains/losses from exchange rate differences	(105,135)	(820,288)
<b>Net increase/(decrease) in cash</b>	<b>24,564,738</b>	<b>(3,495,724)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(74,321,128)</b>	<b>(81,192,179)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(49,756,390)</b>	<b>(84,794,169)</b>
 <b>The cash and cash equivalents at the end of the period include:</b>	 <b>(49,756,390)</b>	 <b>(84,794,169)</b>
Accounts in banks and cash	3,329,268	945,282
Credit lines for working capital financing	(53,085,658)	(85,739,451)
	<b>(53,085,658)</b>	<b>(85,739,451)</b>

*The explanatory notes from 1 to 27 are an integrating part of the financial statements*

Approved by the Management Board on 11.08.2022

General Director,  
Ec. Ioan NANI

Financial Director,  
Ec. Paula COMAN

**ANTIBIOTICE S.A.**  
**MODIFICATIONS OF EQUITY**  
for the 6-month period ending on June 30, 2022  
(all the amounts are expressed in LEI, if not mentioned otherwise)

	Subscribed capital	Capital adjustments	Reserves	Other reserves	Current result	Result from revaluation reserves	Profit distribution	Revaluation reserves	Reported result from the correction of errors	Result following applying IAS/IFRS for the first time	Result following applying IAS 29 for the first time	TOTAL
31.12.21	67,133,804	197,701,352	13,426,761	259,154,126	29,939,404	22,906,688	(25,302,090)	114,150,766	0	123,582,341	(197,701,352)	604,991,800
Current global result	-	-	-	-	23,159,057		-	-		-	-	23,159,057
Reserve from revaluation												-
Deferred tax relative to the revaluation difference	-	-	-	-	-		-			-	-	-
Result of error correction												-
<b>Total other items of the global result</b>					23,159,057							23,159,057
Transfer of reevaluation surplus				-	-	1,429,301		(1,429,301)		-		-
Allotment of other reserves *	-	-	-	2,490,313	(27,792,403)	-	25,302,090	-	-	-	-	-
Dividends	-	-	-		(2,147,001)		-	-		-	-	(2,147,001)
Mandatory distributions				-	-		-					-
30.06.22	67,133,804	197,701,352	13,426,761	261,644,439	23,159,057	24,335,989	0	112,721,465	0	123,582,341	(197,701,352)	626,003,856

*The explanatory notes from 1 to 27 are an integrating part of the financial statements*

**ANTIBIOTICE S.A.**  
**MODIFICATIONS OF EQUITY**  
for the 6-month period ending on June 30, 2022  
(all the amounts are expressed in LEI, if not mentioned otherwise)

	Subscribed capital	Capital adjustments	Reserves	Other reserves	Current result	Result from revaluation reserves	Profit distribution	Revaluation reserves	Reported result from the correction of errors	Result following applying IAS/IFRS for the first time	Result following applying IAS 29 for the first time	TOTAL
31.12.20	67,133,804	197,701,352	13,426,761	231,136,239	26,388,049	20,729,784	(14,452,190)	116,636,526	-7,000,410	123,273,485	(197,701,352)	577,272,048
Current global result	-	-	-	-	29,939,404	-	-	-	-	-	-	29,939,404
Reserve from revaluation												-
Deferred tax relative to the revaluation difference	-	-	-	-	-	-	-	-	-	-	-	-
Result of error correction												-
<b>Total other items of the global result</b>					<b>29,939,404</b>							<b>29,939,404</b>
Transfer of reevaluation surplus				-	-	2,176,904		(2,485,760)		308,856		-
Allotment of other reserves *	-	-	-	2,715,797	(24,168,397)	-	14,452,190	-	7,000,410	-	-	-
Dividends	-	-	-		(2,219,652)		-	-		-	-	(2,219,652)
Mandatory distributions				25,302,090	-		(25,302,090)					-
31.12.21	67,133,804	197,701,352	13,426,761	259,154,126	29,939,404	22,906,688	(25,302,090)	114,150,766	0	123,582,341	(197,701,352)	604,991,800

*The explanatory notes from 1 to 27 are an integrating part of the financial statements*



**ANTIBIOTICE S.A.**  
**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
for the 6-month period ending on June 30, 2022  
(all the amounts are expressed in LEI, if not mentioned otherwise)

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**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

**1.1 *Brief company profile***

Antibiotice SA, based in the city of Iasi, Valea Lupului street no. 1, tax registration code RO 1973096 was established by the Decision of the Council of Ministers no. 2980/29.12.1952 and was later reorganized as a joint-stock company based on Law no. 15/1990 and Government Decision no. 1200/12.11.1990. The company is listed on the Bucharest Stock Exchange in the premium category, based on the Decision no. 43/21.02.1997 of the Bucharest Stock Exchange.

Our company's 8 manufacturing flows, upgraded and certified according to the Good Manufacturing Practice (GMP) standards, produce medicinal products in the following dosage forms: powders for injectable solutions and suspensions (penicillins), capsules, tablets, suppositories and topical preparations (ointments, gels and creams), nystatin active substance and biocidal products. Altogether they form a complex portfolio of more than 150 medicinal products for human use designed to treat a wide range of infectious, dermatological, cardiovascular, digestive tract or musculoskeletal system diseases.

All production capacities owned by our company are located to the headquarters.

The Company owns the right to ownership of all the fixed assets registered in the company's accounts.

**1.2 *Corporate Governance***

The Antibiotice's governance system is based on:

- General Meeting of Shareholders;
- Management Board;
- Advisory Committees;
- Executive Management.

**General Meeting of Shareholders**

The General Meeting of Shareholders (GMS) is the company's highest decision-making body, the place where shareholders participate directly and make decisions. Among other duties, the GMS decides upon the distribution of the profit, it appoints the Management Board and the auditors and it establishes the remuneration of the Management Board.

During the first semester of 2022, the Management Board convened one Ordinary General Meeting of Shareholders.

**ANTIBIOTICE S.A.**  
**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

for the 6-month period ending on June 30, 2022  
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All the necessary documents related to the smooth running of the General Meeting were published in due time and according to the legislation in force.

**Antibiotice in the capital market**

**Investors (according to the Shareholders' Register on 30.06.2022)**

The main shareholders of the company on 30.06.2021 (excerpt from the Register of Shareholders):

- Ministry of Health (\*) - 53,0173%,
- S.I.F. Oltenia (\*) - 26,5496%
- Other individuals and legal entities - 20,4331%

**Classes of shareholders:**

- Legal entities - 87,4188%
- Natural persons - 12,5812%

**Price per share evolution**

The titles issued by Antibiotice have been listed in the PREMIUM category of the Bucharest Stock Exchange under the ATB symbol since 1997.

The first transaction was registered on April 16, 1997, at a reference price of 0.3500 LEI/share. The historical maximum was reached on July 10, 2007, with the price of 2.1700 LEI/share, and the historical minimum of 0.0650 LEI/share was registered on June 8, 2000.

The shares of Antibiotice are included in the **BET-Plus** indices (it includes Romanian companies listed on the BSE market that meet the minimum selection criteria except for financial investment companies).

During the first semester of 2022, the minimum price of the ATB share was worth 0.4800 lei. The share price increased to the maximum value of 0.6100 lei / share.

The stock market capitalization of Antibiotice on June 30, 2022 was 358,495 thousand lei.

During this period, 7,156,504 shares were traded, amounting to 3,954,210 lei (799,301 EURO/877,036 USD), with an average price of 0. 0.5393 lei / share.

**Antibiotice shares - ATB / Regular Market**

	2018	2019	2020	2021	Sem. I 2022
Number of shares	671,338,040	671,338,040	671,338,040	671,338,040	671,338,040
Stock market capitalization (thousand lei)*	326,942	341,040	326,270	406,831	358,495
Stock market capitalization (thousand	70,100	71,370	66,935	82,211	72,526

**ANTIBIOTICE S.A.**  
**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

for the 6-month period ending on June 30, 2022  
(all the amounts are expressed in LEI, if not mentioned otherwise)

euro)*					
Stock capitalization (thousand \$)*	80,259	79,873	82,163	93,022	76,267
Total traded value (million lei)	9	15	14	44	4
No. of traded shares	17,109,263	30,364,292	27,085,005	80,534,368	7,156,504
Opening price (lei/share)	0,5200	0,5780	0,5120	0,4940	0,4940
Maximum price (lei/share)	0,5920	0,5780	0,5550	0,6080	0,6100
Minimum price (lei/share)	0,5200	0,4550	0,4130	0,4800	0,4800
Price at the end of the period (lei/share)	0,5380	0,4870	0,4860	0,6060	0,5340
Average price (lei/share)	0,5585	0,5028	0,5079	0,5913	0,5393

\* Calculated based upon the share price in the last trading day of that year,

### **Rights of financial instruments holders**

The corporate governance framework adopted and applied:

- protects the shareholders' rights;
- ensures the fair treatment of all shareholders;
- recognizes the role of third parties with interests in the company;
- guarantees the information and transparency;
- guarantees the responsibility of the Management Board towards the company and the shareholders.

On the company's website there is a section dedicated to shareholders ([www.antibiotice.ro/investitori/informatii/actionari](http://www.antibiotice.ro/investitori/informatii/actionari)) where each shareholder can access and download documents related to the General Shareholders' Meetings: procedures regarding the access and participation in the meetings, the convocation, additions to the agenda, informative materials, special representation proxies, correspondence voting forms, draft decisions, decisions, voting results, and so on.

Antibiotice makes available to all the interested persons the periodical and annual financial statements prepared according to the legislation in force. The company also complies with all the disclosure requirements under the legislation of commercial companies and the capital market.

Within the company there is a structure specialized in the relationship with the existing and potential investors, called Investor Relations, with the main role of implementing and monitoring the standards of corporate governance within the company, informing the shareholders and investors in accordance with the legal provisions and providing a proactive communication focused on the information needs of investors.

The persons appointed to keep in touch with the investors deal with the shareholders' requests with maximum efficiency and facilitate their dialogue with the management of the company. The company creates and develops an appropriate policy to promote an effective communication with investors and shareholders.

**ANTIBIOTICE S.A.**  
**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**  
for the 6-month period ending on June 30, 2022  
(all the amounts are expressed in LEI, if not mentioned otherwise)

### **The Investor Relations activity**

The investor relations activity supports the constant communication between the company and the investors and it is the simplest form of respect towards our shareholders and investors. This process allows for the knowledge of the operational activity, of the strategy and perspectives of the business, in order to knowingly achieve a fair evaluation of the company. As it is a listed company, we make available to the public and send to the Financial Supervisory Authority (ASF) and the Bucharest Stock Exchange (BVB), annual, half-yearly, quarterly and current reports, as well as documents related to the smooth conduct of the general meetings.

As we are oriented towards the development and increase of transparency towards our shareholders, immediately after the periodic (annual and half-yearly) financial reports, we organize our own meetings and presentation events. These events are attended by interested investors and analysts, who have the opportunity to convey their questions, opinions and suggestions, thus ensuring a dialogue with the representatives of the Romanian capital market, so that they gain a proper basis for investment decision-making.

During the first semester of 2022, a teleconference was organized on 17.05.2022.

All the documents regarding the good development of the above mentioned events were published in accordance with the legislation in force - the Law no. 31/1990 republished, with the amendments and completions up to date, the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, the Law no. 24/2017 regarding the issuers of financial instruments and market operations, the Regulation no. 5/2018 regarding the issuers of financial instruments and market operations.

The maximum mark obtained for the third consecutive year in the evaluation of the VEKTOR indicator, based upon 15 criteria of good practice in the relationship with investors, proved once again that Antibiotice SA is an A-plus company in which it is worth investing.

### **The Management Board**

Antibiotice SA is managed by a Management Board responsible for carrying out all the tasks necessary to achieve the object of the company's activity, except for those provided by the law for the General Meeting of Shareholders. There is a clear division of responsibilities between the Management Board and the Executive Board.

The Management Board seeks that its own decisions, the decisions of the Company's management and those of the General Meeting of Shareholders, as well as the internal regulations, be lawful and properly implemented. The Board is responsible for monitoring the company management on behalf of the shareholders.

**ANTIBIOTICE S.A.**  
**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

for the 6-month period ending on June 30, 2022  
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The tasks of the Management Board are described in the Company's Articles of Association and in the relevant internal regulations, available on the company's website, under the section Corporate Governance.

During the first semester of 2022, the Chairman of the Management Board convened 6 meetings of the Management Board, during which the results obtained in the implementation of the strategy according to the business plan, the pre-performance criteria and the revenue and expenditure budget were analyzed.

In this regard, the company's management informed the Management Board about all the significant aspects of the activity carried out and its evolution in relation to the previous forecast, by presenting reports according to the agendas of the meetings. These reports were analyzed by the members of the Management Board and, based on them, as well as on other information, decisions were adopted with effects in the development of the company's activities.

### **The executive management**

Antibiotice is represented by the General Director, according to the powers provided by law and by the company's Articles of Association. The Management Board represents the company in relationship with the appointed managers.

The executive management of Antibiotice on 30.06.2021 can be accessed at <https://www.antibiotice.ro/investitori-php/corporate-governance/structuri-de-guvernanta/>

## **2. ACCOUNTING POLICIES**

### ***2.1 Declaration of conformity***

The financial statements have been prepared by the company in accordance with:

- The Accounting Law no. 82 from 1991, republished and updated;
- The provisions of the Order of the Minister of Public Finance no. 2844/2016, for the approval of the Accounting Regulations conforming to the International Financial Reporting Standards, applicable to the commercial companies whose securities are admitted to trading on a regulated market, with the subsequent modifications and amendments.

The current individual financial reports have been prepared in accordance with the criteria for recognition, measurement and evaluation according to the International Financial Reporting Standards, Interpretations and International Accounting Standards (collectively referred to as "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("IFRSs adopted");

The financial statements for the financial year ended on June 30, 2022 include the statement of the financial position, the statement of the comprehensive income, the

**ANTIBIOTICE S.A.**  
**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

for the 6-month period ending on June 30, 2022

(all the amounts are expressed in LEI, if not mentioned otherwise)

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statement of cash flows, the statement of changes in equity and the explanatory notes.

The main accounting policies applied to the preparation of the financial statements are set out below. The policies have been applied consistently to all the years presented, unless stated otherwise.

The preparation of the financial statements in accordance with the adopted IFRS requires the use of certain crucial accounting estimates. It also asks the management to use the reasoning in the process of applying the Company's accounting policies. The areas in which decisions have been made and significant estimates have been made in the preparation of the financial statements and their effect are shown below.

### ***2.2 Bases of assessment***

The separate financial statements are prepared using the historical convention / depreciated cost except for the fixed tangible assets at revalued cost by using the fair value as deemed cost and the items presented at the fair value, i.e. financial assets and liabilities at fair value through profit and loss account, and the financial assets available for sale, except for those for which the fair value can not be reliably determined.

These financial statements have been prepared for general purposes, for the use of persons who know the provisions of the International Financial Reporting Standards, applicable to trading companies whose securities are admitted to trading on a regulated market. Consequently, these financial statements should not be considered as the only source of information by a potential investor or by another user.

### ***2.3 Functional and presentation currency***

The company's management believes that the functional currency, as defined by IAS 21 "Effects of exchange rate variation" is the Romanian leu ("RON" or "LEU"). The separate financial statements are presented in lei, the values are rounded to the nearest leu, the currency that the Company chose as the presentation currency.

The transactions made by the company in a currency other than the functional currency are recorded at the rates in force at the date when the transactions take place. The monetary assets and liabilities in foreign currencies are converted at rates in effect at the reporting date.

The profit and loss arising from the exchange rate differences following the conclusion of these transactions and from the conversion to the exchange rate at the end of the reporting period of the monetary assets and obligations denominated in foreign currency is reflected in the statement of the comprehensive income.

The exchange rates of the main foreign currencies as reported by the NBR (National Bank of Romania) are as follows:

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	<b>30.06.22</b>	<b>31.12.21</b>
EUR	4,9454	4.9481
USD	4,7424	4,3707

#### ***2.4 Critical accounting assessments and estimates***

As a result of the uncertainties inherent in business activities, many items in the financial statements cannot be precisely assessed, but only estimated. The estimation involves judgements based upon the latest available reliable information. The use of reasonable estimates is an essential part for preparing the financial statements and does not undermine their reliability.

An estimate may need review if changes occur regarding the circumstances on which the estimate was based or as a result of new information or subsequent experiences. By its nature, the review of an estimate does not relate to prior periods and is not the correction of an error in the current period. Any effect, if any, on future periods is recognized as income or expense in those future periods.

The company makes certain estimates and assumptions about the future. The estimates and judgments are continually evaluated based upon the historical experience and other factors, including forecasting future events that are believed to be reasonable under the existing circumstances. In the future, the concrete experience may differ from these estimates and assumptions. The following are examples of assessments, estimations, assumptions applied within our Company:

***(a) The evaluation of investments in land and buildings owned***

The company obtains evaluations conducted by external evaluators to determine the fair value of its real-estate investments and its buildings owned. The current assessments are based upon assumptions which include future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The evaluators also refer to market information related to the prices of transactions with similar properties.

***(b) Adjustments of the impairment of receivables***

The assessment for the impairment of receivables is performed individually and is based upon the management's best estimate of the present value of cash flows that are expected to be received. To estimate these flows, the management makes certain estimates on the financial situation of the partners. Each impaired asset is analyzed individually. The precision in adjustments depends upon the estimates of future cash flows.

***(c) Legal proceedings***

The company reviews the unsettled legal cases following the evolutions in the legal proceedings and the existing situation at each reporting date, in order to assess the provisions and disclosures in its financial statements. Among the factors considered in decisions related to the provisions we mention the nature of litigation or claims and the potential level of damage in the jurisdiction which settles the dispute, the

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progress of the case (including the progress after the date of financial statements but before those statements are issued), the opinions of legal advisors, the experience in similar cases and any decision taken by the company's management related to how it will respond to the litigation, complaint, or assessment.

*(d) Cost accounting estimates*

There are objective situations in which, until the closing of some fiscal periods or up to the closing date of a financial year, the exact values of certain expenses incurred by the company are not known (e.g. marketing and promotion/sales campaigns of products, campaigns for boosting the sales). For this category of expenditure, preliminary spending will be made, which will be corrected in the following periods when cash outflows will occur. The estimates of expenditure for each category of expense will be made by someone with experience in the type of activity that generated the expense.

*(e) Taxation*

The taxation system in Romania experiences a stage of consolidation and harmonization with the European legislation. However, there are still different interpretations of the tax legislation. In some cases, the tax authorities may have different approaches to certain issues, calculating additional taxes and penalties for their late payment. In Romania, the fiscal year has been remaining open for tax verification for a 5-year period. The company's management believes that the tax liabilities included in the financial statements are appropriate.

***2.5 Presentation of separate financial statements***

The financial statements are presented in accordance with the requirements of IAS 1 "Presentation of the financial statements". The company adopted a liquidity-based presentation in its financial position statement and a presentation of its revenue and expense according to their nature in the overall result statement, considering that these disclosures provide information that is more credible and relevant than what would have been presented under other methods allowed by IAS 1.

***2.6 Intangible assets***

The inventory of the intangible assets is done in accordance with IAS 38 "Intangible assets" and IAS 36 "The impairment of assets". The externally acquired intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic life.

The expenses related to the acquisition of patents, copyrights, licenses, trademarks or factory brands and other intangible assets recognized from an accounting viewpoint, with the exception of formation expenses, goodwill, intangible assets with indefinite useful life, fitted according to the accounting regulations shall be recovered by means of linear depreciation deductions for the duration of the contract or for the period of use, as the case may be.



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***Intangible assets generated by the company internally (development costs)***

The research expenditure (or related to the research stage of an internal project) is recognized as an expense for the year to which it relates.

The development costs related to projects for new products are recognized as intangible assets. They consist of: the consumption of raw materials and consumables, costs related to the hours worked for each project, other authorization fees paid to regulatory authorities in the pharmaceutical field with the amounts required for authorization.

***2.7. Tangible assets***

The tangible assets are tangible items that:

- a) are held for use in the production of goods or the provision of services, for rental to other parties or for administrative purposes; and
- b) are expected to be used over several financial years.

***Recognition:***

The cost of a tangible asset item should be recognized as an asset if and only if:

- a) the entity is likely to generate future economic benefits related to the asset; and
- b) the cost of the asset can be reliably measured.

***The evaluation after recognition***

After the recognition as an asset, an item of property, plant and equipment is accounted for at its cost or minus the accumulated depreciation and accumulated impairment losses.

After the recognition as an asset, an item of tangible assets whose fair value can be reliably measured is accounted for at a revalued amount, this being its fair value at the revaluation date.

The revaluations are made regularly enough to ensure that the accounting amount does not significantly differ from what would have been determined by using the fair value at the end of the reporting period.

The fair value of land and buildings is generally determined based upon the prices in the market through an evaluation normally performed by qualified professional assessors. The fair value of the items of tangible assets is generally their value in the market determined after evaluation.

When an element of tangible fixed assets in category I provided in the Catalog regarding the classification and normal lifetime of fixed assets is revalued, any accumulated depreciation on the revaluation date is eliminated from the gross accounting value of the asset, and the net value is recalculated to the revalued value of the asset.

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If an element of tangible assets is revalued, then the entire class of tangible assets to which that element belongs is revalued.

If the carrying value of an intangible asset is increased as a result of the revaluation, then the increase is recognized in other items of the comprehensive income and accrued in equity as a revaluation surplus. However, the increase should be recognized in profit or loss to the extent that it compensates for a decrease in the revaluation of the same asset previously recognized in profit or loss.

If the carrying value of an asset is diminished as a result of a revaluation, this decrease should be recognized in profit or loss. However, the decrease should be recognized in other items of the comprehensive income to the extent that the revaluation surplus shows a credit balance for that asset. The reduction recognized in other items of the comprehensive income reduces the amount accumulated in equity as a revaluation surplus.

The revaluation surplus included in equity related to an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. The transfers from the revaluation surplus to the retained earnings are not made through profit or loss.

If any, the effects of taxes on income from the revaluation of tangible assets are recognized and presented in accordance with IAS 12 Income Tax.

*Depreciation*

The depreciable amount of an asset is systematically allocated over its useful lifetime. The depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition required to operate in the desired manner.

The land owned is not depreciated.

For the depreciable fixed assets, the company utilizes, in accounting terms, the straightline depreciation method. The depreciation periods are determined by an internal specialized committee according to the company's internal procedures. Below there is a brief presentation of the lifetimes of the fixed assets by major categories of goods:

<b>Category</b>	<b>Lifetime</b>
Buildings and constructions	24-40 years
Equipment and installations	7-24 years
Means of transport	4- 6 years
Computing technology	2- 15 years
Furniture and office equipment	3- 15 years

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*Impairment*

To determine whether an item of tangible assets is impaired, an entity applies IAS 36 the Impairment of assets. At the end of each reporting period, the entity estimates if there are indications of impairment of assets. If such evidence is identified, the entity estimates the recoverable amount of the asset.

If and only if the recoverable amount of an asset is lower than its book value, the book value of the asset will be reduced to be equal to the recoverable amount. Such a reduction represents an impairment loss. An impairment loss is immediately recognized in the profit or loss of the period in question, except when the asset is reported to the revalued amount, in accordance with another standard (for example, in accordance with the revaluation model in IAS 16 Tangible assets). Any impairment loss concerning a revalued asset is considered to be a decrease generated by revaluation.

***2.8 Financial assets - IFRS 9 Financial instruments (replaces IAS 39 Financial instruments: recognition and valuation)***

*Initial valuation of financial assets and financial liabilities*

IFRS 9 replaces IAS 39, Financial Instruments - recognition and valuation. The IASB developed IFRS 9 in three stages, which deals separately with IFRS classification and evaluation of financial assets, impairment and risk coverage. Other aspects of IAS 39, such as scope, recognition and derecognition of financial assets, have survived with only a few changes to IAS 39.

The classification on IFRS 9 is determined by the characteristics of the cash flows and the business model within which an asset is held.

***2.9 Stocks***

According to IAS 2, the stocks are active:

- a) held for sale in the ordinary course of business;
- b) under production for such sale; or
- c) as raw materials, materials and other consumables to be used in the production process or in the provision of services.

*Stock assessment*

The stocks are assessed at the lowest value between the cost and the net achievable value.

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*Costs of stocks*

The cost of stocks includes all the purchase costs, conversion costs as well as other costs incurred in bringing the inventories to the state and location where they are now.

The stocks of raw materials and consumables are stated at the cost of acquisition. The inventory outflow is performed using the Weighted Average Price method. The stocks of products in progress are stated at the value of the raw materials and consumables included in them. The stock of finished products is recorded at production cost.

*Adjustments for depreciation of stocks*

The stock depreciation assessment is performed individually and is based upon the best estimate of the management on the current value of the cash flows that are expected to be received. Each depreciated asset is individually analyzed. The accuracy of the adjustments depends upon the estimation of future cash flows.

The stock adjustments are based on the end-of-year calculation for adjusting the specific value of stocks of raw materials, consumables and finished products and finished products which no longer correspond from a quality viewpoint. The calculation of the general adjustment for the depreciation of inventories is based upon the validity period of existing items in stock.

**2.10 Receivables**

Receivables arise mainly from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. The receivables are presented in the balance sheet at historical value less the adjustments for impairment in cases where it was found that the realizable value is lower than the historical value.

The impairment adjustments are recognized when there is objective evidence (such as significant financial difficulty of the partners or the non-fulfillment of payment obligations or significant payment delay) that the company will not be able to collect all the amounts due under the terms regarding the receivables and the amount of that adjustment is the difference between the net book value and the current value of expected future cash flows associated with the impaired receivable.

The assessment for the impairment of receivables is performed on an individual basis and is based upon a risk analysis based on customer categories, being the best estimate of the management regarding the current value of the cash flows expected to be received.

The Company assesses at each balance sheet date the extent to which there is any objective evidence that a financial asset (receivable) is impaired. If there is any evidence of this kind, the Company treats it differently to determine the amount of any impairment loss, depending upon the type of asset: financial assets accounted

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for at amortized cost, financial assets accounted for at cost and available-for-sale financial assets.

The carrying amount of the asset should be reduced either directly or by using a depreciation adjustment account. The amount of the loss should be recognized in profit or loss.

If, in a subsequent period, the value of the related impairment loss decreases and the decrease can be objectively correlated with an event occurring after the impairment has been recognized (such as an improvement in the debtor's credit rating), the loss from the previously recognized impairment should be resumed either directly or by adjusting a provision account for impairment. The resumption should not result in a carrying amount of the financial asset higher than the amount that would have been the amortized cost if the impairment would have been recognized at the date when the impairment is resumed. The value of the resumption must be recognized in profit or loss.

The adjustments for the impairment of trade receivables consist of the specific provision, entirely constituted for litigation, based upon which the general provision is calculated.

The general provision for the impairment of client receivables is calculated based upon the maturity of the outstanding receivables in the balance. The calculated depreciation adjustments may not exceed from a value viewpoint the amounts that are required to settle the trade receivable. When analyzing receivables to be cashed, based upon commercial effects, in situations where events are identified that indicate the occurrence of payment incidents or the deterioration of the debtor's financial situation, adjustments may be calculated and the amount of the provision for impairment is at most equal to the value of the effect.

### ***2.11 Value added tax***

The Value Added Tax must be paid to the tax authorities upon the basis of the monthly VAT return until the 25th of the following month, regardless of the level of receivables recovery from customers. The tax authorities allow the VAT to be settled on a net basis. If the deductible VAT is higher than the VAT collected, the difference is refundable at the request of the company. That particular VAT may be reimbursed after a tax audit, or even in the absence thereof, if certain conditions are met. The VAT on sales and purchases that were not settled at the end of the reporting period is recognized in the statement of the financial position at net cost and presented separately as a current asset or liability. In cases where adjustments for impairment of receivables have been recorded, the impairment loss is recorded for the debtor's gross value, including VAT. The related VAT must be paid to the state budget and can be recovered only in case of the debtor's prescription as a result of the bankruptcy decision.

## ***2.12 Financial liabilities***

The financial liabilities include primarily trade payables and other short-term financial liabilities (payables related to staff, tax and duty liabilities, short-term bank debt, debt in relation to various creditors) that are initially recognized at fair value and subsequently recorded at amortized cost using the effective interest method.

## ***2.13 Recognition of revenues and expenses***

### ***2.13.1 Recognition of revenues IFRS 15 - Revenues from customer contracts (replaces IAS 18 Revenues)***

The income represents the gross inflow of economic benefits during the period, generated in the course of the normal activities of an entity, when these inputs result in increases in equity, other than increases related to participants' contributions to equity.

The income constitutes increases in economic benefits recorded during the accounting period, in the form of inflows or increases in assets or debt reductions, which result in increases in equity, other than those resulting from shareholder contributions.

The fair value is the value at which an asset can be traded or a debt settled between interested and knowledgeable parties, in a transaction conducted under objective conditions.

Starting with January 1, 2018, the IFRS 15 standard regarding the contracts concluded with the clients has entered into force. In some cases, IFRS 15 may require changes to current systems and this may affect some aspects related to operations.

IFRS 15 is a complex standard that introduces far more prescriptive requirements than previously included in IAS 18 Revenues, IAS 11 Construction Contracts and can therefore lead to changes in revenue recognition policies.

### ***Income assessment***

According to IAS 18, the revenues were measured at the fair value of the counterperformance received or to be received, after deducting rebates or discounts. The revenues from the sale of the goods were recognized when all the following conditions were met:

- (a) the entity transferred to the buyer the significant risks and benefits related to the ownership of the goods;
- (b) the entity no longer manages the goods sold at the level at which it would normally have done in the case of their ownership and no longer has the effective control over them;
- (c) the value of the revenues can be reliably evaluated;
- (d) the economic benefits associated with the transaction are likely to be generated for the entity;

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(e) the costs incurred or to be incurred in relation to the respective transaction can be reliably evaluated.

Instead, the new standard focuses upon identifying obligations and makes a clear distinction between obligations that are satisfied "at one point in time" and those that are satisfied "over a period of time"; this is determined by the manner according to which the control of goods or services is transferred to the client. The principle underlying this standard is that the company should recognize and record income in a way that indicates the transfer of goods or services.

IFRS 15 establishes a general framework that will be applied for the recognition of revenues from a contract concluded with a client (with limited exceptions), regardless of the type of transaction or industry; The standard sets out five steps for revenue recognition:

- the identification of the contract (s) with a client;
- the identification of the execution clauses from a contract;
- the determination of the transaction price for the obligations in the contract;
- the allocation of the transaction price for the execution obligations;
- the revenue recognition when (or as) the entity fulfills an obligation of execution.

The revenue is measured at the fair value of the amounts received or receivable net of VAT. Revenues are reduced by the value of returns, commercial discounts and other similar costs.

The revenues from the sale of the goods are recognized when there is an obligation to register a contract or when all the following conditions have been fulfilled:

- a) the parties to the contract have approved the contract (in writing, verbally or according to other common business practices) and undertake to fulfill their obligations;
- b) the company may identify the rights of each party with regard to the goods or services to be transferred;
- c) the company can identify the payment terms for the goods or services to be transferred;
- d) the contract has commercial content; and
- e) it is likely that the company will collect the counterperformance to which it will be entitled in exchange for the goods or services that will be transferred to the client.

The income from the sale of the goods is recognized when the company has transferred the significant risks and benefits related to the property right to the buyer and it is likely that the company will receive those previously agreed upon after the payment. The transfer of the risks and benefits related to the property right is considered to have been accomplished once with the transfer of the legal title of ownership or with the passing of the goods in the possession of the buyer. If the entity keeps significant risks related to the property, the transaction is not a sale and the income is not recognized.

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The Company believes that the collection terms do not generate a financial component of the revenues invoiced to distributors.

**Special cases:** If it is found that the incomes associated with a period of the current year are free of fundamental errors, they will be corrected, during the period when the error is discovered. If the error is discovered in the following years, the correction thereof will no longer affect the income accounts, but the returned earnings account carried over from the corrections of fundamental errors, if the value of the error will be considered significant.

**2.13.2 Recognition of expenses**

The expenses are decreases in the economic benefits recorded during the accounting period as outflows or decreases in the value of assets or increases in debt, which are materialized through reductions in equity, other than those arising from their distribution to shareholders.

**2.14 Impairment of non-financial assets (excluding the stocks, real estate investments and deferred tax assets) - IAS 36 “Impairment of assets”**

The assets owned by the company, as stated in IAS 36 “*Impairment of assets*”, are subject to the impairment tests whenever events or changes in circumstances indicate that their accounting value may not be fully recovered. When the accounting value of an asset exceeds the recoverable amount (i.e. the highest amount between the value of use and fair value minus the selling costs) the assets is adjusted accordingly.

When it is not possible to estimate the recoverable amount of an individual asset, the impairment test is performed on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash-generating units (“CGUs”). The impairment costs are included in the profit and loss account unless they reduce the earnings previously recognized in other items of the comprehensive income.

**2.15 Provisions - IAS37 “Provisions, contingent liabilities and contingent assets”**

The provision is measured at the best estimate of the expenses required for the settlement of the liability at the reporting date, updated at a pre-tax rate reflecting the current market assessments of the value of money over time and debt specific risks.

According to IAS 37 “Provisions, contingent liabilities and contingent assets”, a provision must be recognized, if:

- a) the Company has a current (legal or implicit) obligation generated by a past event;
- b) it is likely that an outflow of resources incorporating economic benefits will be required to settle the obligation; and
- c) a reliable estimate of the amount of the obligation can be made.



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If these conditions are not met, a provision must not be recognized. The provisions are recorded in accountancy using the accounts from the group 15 "Provisions" and are based upon the expenses, except those related to the decommissioning of tangible assets and other similar actions related thereto, for which the provisions of IFRIC 1 will be taken into account.

The recognition, assessment and updating of provisions are made in compliance with IAS 37 "Provisions, contingent liabilities and contingent assets".

The provisions are grouped in accountancy by categories and are considered for:

- a) litigation;
- b) guarantees to customers;
- c) decommissioning of tangible assets and other similar actions related thereto;
- d) restructuring;
- e) employee benefits;
- f) other provisions.

The previously established provisions are periodically analyzed and regulated.

***2.16 Benefits of employees - IAS 19 Benefits of employees***

***Current benefits granted to employees***

The short-term benefits granted to employees include allowances, salaries, and social security contributions. These benefits are recognized as expenses when providing services.

***Benefits after the termination of the employment contract***

Both the Company and its employees have a legal obligation to contribute to the social security established with the National Pension Fund administered by the National House of Pensions (contribution plan founded on the principle of "pay on the way").

Therefore, the Company has no other legal or implicit obligation to pay further contributions. Its only obligation is to pay the contributions when they are due. If the Company ceases to employ people who are contributors to the financing plan of the National House of Pensions, the Company will have no obligation to pay for the benefits earned by its own employees in previous years. The Company's contributions to the contributions plan are reported as expense in the year to which they relate.

***2.17 Deferred tax - IAS 12***

In the deferred tax calculation, the Company will take into account the provisions of IAS 12. The deferred tax assets and liabilities are recognized when the book value of an asset or liability in the statement of the financial position differs from the tax base.

The recognition of the deferred income tax assets is limited to those moments in which the taxable profit of the next period is likely to be available.

The amount of the asset or liability is determined by using tax rates that have been enacted or adopted largely up to the reporting date and are expected to be applied

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when the liabilities/(assets) concerning the deferred tax are settled/(recovered).

The Company compensates for receivables and liabilities concerning the deferred tax if and only if:

- a) it has the legal right to offset the current tax receivables with the current tax liabilities; and
- b) the deferred tax receivables and liabilities relate to the income taxes charged by the same fiscal authority.

### ***2.18 Dividends***

The share of profits that is to be paid according to the law, to each shareholder is a dividend. The dividends distributed to shareholders, proposed or declared after the reporting period, as well as the other similar distributions made from the profit determined under the IFRS and included in the annual financial statements are not recognized as a liability at the end of the reporting period.

When accounting for the dividends, the provisions of IAS 10 are taken into consideration.

### ***2.19 Capital and reserves***

The capital and reserves (equity) represents the right of shareholders over the assets of an entity after deducting all liabilities. The equity includes: capital shares, reserves, reported result and the result of the financial year.

The entity was established under Law no. 31/1990 on trading companies.

In the first set of financial statements prepared under IFRS, the Company applied IAS 29 -“Financial reporting in hyperinflationary economies” for the contributions of shareholders obtained before January 1, 2004, i.e. they were properly adjusted with the inflation index.

### ***2.20 Financing costs***

An entity shall capitalize the borrowing costs that are directly attributable to the acquisition, construction or production of an asset with a long production cycle as part of the cost of that asset. An entity must recognize other borrowing costs as expenses during the period during which it bears them.

### ***2.21 Earnings per share***

The Company shows the basic earnings per share for the ordinary shares. The basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company to the weighted average number of ordinary shares over the reporting period.

### ***2.22 Reporting on segments***

A segment is a distinct component of the Company that provides certain products or services (business segment) or provides products and services in a particular geographical environment (geographical segment) and which is subject to risks and

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benefits that are different from those of the other segments. In terms of business segments, the Company does not identify separate components in terms of associated risks and benefits.

### **2.23 Affiliated parties**

A person or a close family member of that person is considered to be affiliated with the Company if that person:

- (i) has the control or a joint control over the Company;
- (ii) has a significant influence over the Company; or
- (iii) is a member of key management staff.

The key management staff includes those persons having authority and responsibility for planning, managing and controlling the activities of the Company, directly or indirectly, including any director (executive or non-executive) of that entity. The transactions with the key personnel include exclusively the salary benefits granted to them as shown in Note 7. "Staff Expenses".

An entity is affiliated with the Company if it meets any of the following conditions:

- (i) the entity and the Company are members of the same group (which means that each parent company, subsidiary and subsidiary of the same group is linked to the other);
- (ii) an entity is the associate or joint venture of the other entity (or associate or joint venture of a member of the group the other entity belongs to);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third party, and the other is an associate of the third-party entity.
- (v) the entity is a post-employment benefit plan in the benefit of the employees of the reporting entity or an entity affiliated to the reporting entity. In the event the reporting entity is itself such a plan, the sponsoring employers are also affiliates of the reporting entity.
- (vi) the entity is controlled or jointly controlled by an affiliated person.
- (vii) an affiliated person having control significantly influences the entity or is a member of the key management staff of the entity (or the parent company of the entity).

The company does not carry out transactions with entities described in points (i) - (vii) above.

### **2.24 Standards issued that entered into force in 2021:**

Amendments to IAS 1 "*Presentation of financial statements*" regarding the classification of long-term or short-term liabilities.

Amendments to IAS 16 "*Tangible assets*", regarding the way of recognizing the income obtained from the sale of products made in the process of installation/testing of fixed assets. The amendments prohibit the deduction of these revenues from the cost of depreciation.

Amendments to IAS 37 "*Provisions, contingent liabilities and contingent assets*" in which the direct and indirect costs that must be taken into account in the

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calculation of the provisions established for onerous contracts are thoroughly defined.

Amendments to IFRS 1 "*First-time adoption of International Financial Reporting Standards*" regarding the recognition of conversion differences by a subsidiary adopting IFRS for the first time.

Amendments to IFRS 3 "*Business Combinations*" regarding the updating of references to the conceptual framework issued in 2018 and to IAS 37.

***Standards issued, but which are not yet in force and have not been adopted in advance***

The following new standards, interpretations and amendments, which are not yet in force and have not been adopted in advance in these financial statements, may have an effect on the future financial statements of the Company. The list below presents the IFRSs (and amendments to IFRSs) that have been issued, but are not mandatory for financial statements for periods beginning on or after January 1, 2022:

The standard IFRS 17 "*Insurance contracts*" which will replace IFRS 4 and will enter into force after 2023. The company does not estimate a significant impact on the situations.

Amendments to IAS 1 and IFRS practical Statement 2 in relation to the Presentation of accounting policies and it will enter into force after January 1, 2023.

Amendments to IAS 12 "*Income tax*" in relation to the application of exceptions to the initial recognition of assets and liabilities regarding deferred tax and will enter into force after January 1, 2023.

Amendments to IAS 8 "*Accounting policies, changes in accounting estimates and errors*" regarding the definition of accounting estimates and the clarification of the differences between changes in accounting policies and changes in accounting estimates. The amendments will enter into force after January 1, 2023.

There will be no significant effects on the financial statements of the company, following the changes made to the standards or the annual improvements that will be in force after January 1, 2023.

### **3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company is exposed through its operations to the following financial risks:

- The credit risk;
- The foreign exchange risk;
- The liquidity risk;

Like all the other activities, the Company is exposed to risks arising from the use of financial instruments. This note describes the company's objectives, policies and processes for managing these risks and methods used to assess them. The additional quantitative information on these risks is presented in these financial statements.

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There were no major changes in the Company's exposure to financial instruments related risks in its objectives, policies and processes for managing these risks or in the methods used to assess them in comparison to the prior periods, except where otherwise stated in this note.

***Main financial instruments***

The main financial instruments used by the Company, of which the risk concerning the financial instruments may occur are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Investments in quoted participation titles;
- Trade and other liabilities.

A summary of the financial instruments held by category is provided below:

<b>ASSETS</b>	<b>Loans and receivables</b>	
	<b>30.06.22</b>	<b>31.12.21</b>
Trade and similar receivables	236,182,559	276,876,198
Cash and cash equivalents	3,329,268	2,111,377
<b>Total</b>	<b>239,511,827</b>	<b>278,987,575</b>

<b>LIABILITIES</b>	<b>Depreciated cost</b>	
	<b>30.06.22</b>	<b>31.12.21</b>
Trade and similar receivables	95,464,096	98,202,288
Short-term loans	63,795,403	87,163,549
Long-term loans	52,270,108	57,617,153
<b>Total</b>	<b>211,529,607</b>	<b>242,982,990</b>

The overall objective of the Management Board is to establish policies that seek to reduce the risk as much as possible without affecting the competitiveness and flexibility of the Company.

Further details on these policies are set out below:

***Credit risk***

The credit risk is the risk of financial loss for the Company, which occurs if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is primarily exposed to the credit risk arising from sales to customers.

Antibiotice SA has developed a Commercial Policy approved by its Management Board. This policy clearly states the commercial conditions for sale and there are conditions imposed in the selection of the clients.

Antibiotice SA cooperates solely with large distributors in the national pharmaceutical market. In all situations where possible, the export sales are paid in advance.

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**Calculation and analysis of the net statement (equity)**

Indicators (LEI)	30.06.22	31.12.21
Short-term credits and loans	63,795,403	87,163,549
Long-term credits and loans	52,270,108	57,617,153
Cash and cash equivalents	(3,329,268)	(2,111,377)
<b>Net debt</b>	<b>112,736,243</b>	<b>142,669,325</b>
<b>Total equity</b>	<b>626,003,856</b>	<b>604,991,800</b>
<b>Net debt in equity (%)</b>	<b>18.01%</b>	<b>23.58%</b>

**Foreign exchange risk**

The Company is mainly exposed to the currency risk in the purchases made from the suppliers of raw materials, packaging and other materials outside Romania. The suppliers from whom the company purchases these items for the production of medicines must have documents attesting the quality of their goods, as required by the European medicine registration rules. The Company cannot limit the acquisitions in third countries so much. The Financial Unit is responsible for tracking the payment deadlines and for ensuring the available funds for payment, so that the effect of foreign exchange risk to be minimized.

On June 30, 2022 the company's net exposure by types of currency to the foreign currency risk was as follows:

Active/pasive in EURO echivalent LEI	For the year ended on	
	30.06.22	31.12.21
Monetary financial assets	4,043,953	3,930,286
Monetary financial liabilities	(24,945,170)	(20,445,472)
<b>Net financial assets</b>	<b>(20,901,217)</b>	<b>(16,515,187)</b>
<hr/>		
Assets and liabilities in EURO	30.06.22	
	31.12.21	
Monetary financial assets	817,720	794,302
Monetary financial liabilities	(5,044,116)	(4,131,984)
<b>Net financial assets</b>	<b>(4,226,396)</b>	<b>(3,337,682)</b>
<hr/>		
Assets/liabilities in USD equivalent in LEI	30.06.22	
	31.12.21	
Monetary financial assets	25,152,724	32,339,421
Monetary financial liabilities	(19,735,469)	(19,845,584)
<b>Net financial assets</b>	<b>5,417,255</b>	<b>12,493,838</b>
<hr/>		
Assets and liabilities in USD	30.06.22	31.12.21

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Monetary financial assets	5,303,796	7,399,140
Monetary financial liabilities	(4,161,494)	(4,540,596)
Net financial assets	<u>1,142,302</u>	<u>2,858,544</u>

The company's net exposure to the foreign exchange risk, equivalent in LEI, is shown in the table below:

<b>Assets / Liabilities</b>	<b>30.06.22</b>	<b>31.12.21</b>
LEI	120,612,188	109,149,576
EUR	(20,901,217)	(16,515,186)
USD	5,417,255	12,493,837
Other currency (CAD,GBP)	-	-
<b>Net exposure</b>	<u><b>105,128,226</b></u>	<u><b>105,128,227</b></u>

Given the relatively low exposure to exchange rate fluctuations, reasonable fluctuations in exchange rates are not expected to have significant effects in the future financial statements.

### **Liquidity risk**

The Company's policy is to provide the necessary cash for the payment of obligations when they become due. To achieve this objective, the Company seeks to maintain cash balances (or facilities agreed upon) to satisfy the payment needs.

The following tables show the contractual maturities (representing outdated contractual cash flows) of the financial liabilities:

<b>30.06.2022</b>	<b>Up to 3 months</b>	<b>Between 3 and 12 months</b>	<b>Over 12 months</b>	<b>Total</b>
Commercial and similar debt	73,509,815	21,954,281	-	95,464,096
Debts from taxes and current fees	10,232,153	-	-	10,232,153
Short-term loans	-	63,716,864	-	63,716,864
Long-term loans	-	-	52,270,108	52,270,108
<b>Total</b>	<b>83,741,968</b>	<b>85,671,145</b>	<b>52,270,108</b>	<b>221,683,221</b>

<b>31.12.2021</b>	<b>Up to 3 months</b>	<b>Between 3 and 12 months</b>	<b>Over 12 months</b>	<b>Total</b>
Commercial and similar debt	68,786,419	29,415,869	-	98,202,288
Debts from taxes and current fees	9,611,682	-	-	9,611,682
Short-term loans	-	87,163,549	-	87,163,549
Long-term loans	-	-	57,617,153	57,617,153
<b>Total</b>	<b>78,398,101</b>	<b>116,579,418</b>	<b>57,617,153</b>	<b>252,594,672</b>

### **Bank liquidity**

The banks where the company has bank accounts are periodically reviewed by the company's management.

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***Operational risk***

The operational risk is the risk of some direct or indirect losses arising from a wide range of reasons associated to processes, staff, technology and infrastructure of the Company as well as from external factors, others than the credit, market and liquidity risk, such as those arising from legal and regulatory requirements and from the generally accepted standards on the organizational behavior. The operational risks arise from all the Company's operations.

The company's management is responsible for conducting operational risk related-controls. The management is supported in its mission through the development of the company's general operational risk standards in the following fields:

- the requirements for the separation of responsibilities, including the independent transaction authorization;
- the requirements for reconciling and monitoring the transactions;
- the compliance with regulatory and legal requirements;
- documenting controls and procedures;
- requirements for the periodic review of the operational risk the Company is exposed to and the adequacy of controls and procedures to prevent the identified risks;
- requirements for reporting the operational losses and proposals to remedy the causes that generated them;
- the development of business continuity plans;
- professional development and training;
- professional development and training;
- Preventing the litigation risk, including insurance, where applicable;
- the mitigation of risks, including the efficient use of insurance, where applicable.

***Adequacy of capital***

The management's policy regarding the capital adequacy is focused upon maintaining a sound capital base, in order to support the company's ongoing development and reach its the investment objectives.

**4. SALES INCOME**

The sales income includes the following items:

STATEMENT OF THE COMPREHENSIVE INCOME	For the year ended on	
Description	30.06.22	30.06.21
Finished product sales	251,166,796	165,628,472
Sales of goods	50,005,990	51,167,961
Trade discounts	(52,985,575)	(55,395,785)
<b>Total</b>	<b><u>248,187,211</u></b>	<b><u>161,400,649</u></b>



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The sales revenues are mainly driven by the sales of finished products directly to pharmaceutical distributors. The intra and extra-community sales during the first semester of 2022 amounted to 95,245,234 lei.

## 5. OTHER OPERATING INCOME

Other operating income includes the following:

Description	30.06.22	30.06.21
Rental income	154,298	143,321
Income from research and studies	3,969	0
Income from various activities	273,496	1,853,783
Income from indemnities, fines and penalties	0	0
Other operating income	1,897,037	2,281,941
Income from adjustments for depreciation of current assets	4,213,900	5,939,260
Income from provisions for risks and expenses	1,437,996	11,528,900
Exchange rate differences	4,317,324	3,204,771
<b>Total</b>	<b>12,298,020</b>	<b>24,951,976</b>

## 6. RAW MATERIALS, CONSUMABLES AND GOODS

The expenditure on raw materials and consumables consists of:

Description	For the year ended on	
	30,06,22	30,06,21
Raw materials	71,165,428	41,949,284
Auxiliary materials	5,292,925	3,367,597
Goods	25,283,080	27,779,803
Expenditure on fuel and spare parts	2,039,315	2,010,307
Inventory items	256,282	323,370
Other consumables	530,613	281,277
<b>Total</b>	<b>104,567,643</b>	<b>75,711,638</b>

## 7. STAFF COSTS

The staff costs are as follows:

Description	For the year ended on	
	30.06.22	30.06.21
Wages	51,831,779	49,953,460
Civil contracts	1,054,145	972,986
Tax and social contributions	1,926,873	1,576,304
Other benefits (meal vouchers and employee participation in the 2021 profit, recipes given to employees)	2,235,896	2,281,680

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<b>Total</b>	<b>57,048,693</b>	<b>54,784,430</b>
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The company is managed in a unitary system within the meaning of Law 31/1990 on commercial companies; the management of the company is provided by the Management Board of SC Antibiotice SA. The Component of the Management Board and Executive Management are presented in Note 1. General Information. The remuneration granted to the Management Board and the Executive Management is presented in the following table:

<b>Description</b>	<b>For the year ended on</b>	
	<b>30,06,22</b>	<b>30,06,21</b>
Wages	2,714,009	2,690,850
Civil constructs	1,054,145	972,986
Taxes and social contributions	91,583	84,571
<b>Total</b>	<b>3,859,737</b>	<b>3,748,407</b>

## 8. OTHER OPERATING EXPENDITURE

Other operating expenditure include the following:

<b>Description</b>	<b>For the year ended on</b>	
	<b>30.06.22</b>	<b>30.06.21</b>
Utilities	10,350,320	5,056,586
Repairs	689,133	831,230
Rent	146,210	416,523
Insurances	694,240	740,816
Bank fees	792,555	747,589
Advertising & promotion of products	8,905,131	4,505,798
Travel & transport	2,303,569	1,055,637
Postal & telecommunication services	268,467	263,883
Other services provided by third parties	6,163,417	5,182,700
Other taxes and fees	19,991,542	16,897,646
Environmental protection	592,400	468,457
Loses and adjustments of uncertain receivables	33,944,116	1,486,273
Exchange rate differences	4,206,668	2,689,723
Sundries	2,453,507	2,670,388
<b>Total</b>	<b>91,501,275</b>	<b>43,013,249</b>

## 9. FINANCIAL INCOME AND EXPENSES

The net financial income consists of:

<b>Description</b>	<b>For the year ended on</b>	
	<b>30.06.22</b>	<b>30.06.21</b>
Interest income	394	901
Interest charges	(2,220,330)	(1,774,742)
Other financial expenses	(100,977)	(131,181)
<b>Total</b>	<b>(2,320,913)</b>	<b>(1,905,022)</b>

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Other financial expenses represent settlement discounts on receivables settled before maturity materialized in bonuses granted to the company's clients for the advance payment of the amounts which they owe.

**10. CURRENT AND DEFERRED PROFIT TAX EXPENSES AND OTHER TAXES**

Description	For the year ended on	
	30,06,22	30,06,21
Current tax	4,023,651	0
Deferred tax expense/ (income)	(1,001,673)	496,997
<b>Total</b>	<b>3,021,978</b>	<b>496,997</b>

To determine the current and deferred tax, the Company takes into account the impact of uncertain fiscal positions and the possibility of additional taxes and interest being owed. This assessment is based on estimates and assumptions and it may involve a series of professional judgments regarding future events. The company management believes that the accounting records for taxes due are appropriate for all the open fiscal years, based on the assessment made by the management taking into account various factors, including the interpretation of the tax legislation and the previous experience. New information may become available which may cause the Company management to modify its reasoning regarding the adequacy of the existing tax liabilities; such changes in tax liabilities will have an impact on the income tax expense during the period in which this determination is made.

**10.1 - Current corporate tax**

The profit tax payable was calculated taking into account the influence of the non-deductible expenses, that is the taxable income, the tax facilities as well as the effects of provisions for profit tax.

A reconciliation between the accounting profit and the tax profit that was the basis of the profit tax calculation is shown in the table below:

Description	For the year ended on	
	30.06.22	30.06.21
Total income	287,723,764	189,745,267
Total expenses (excluding income tax)	260,279,260	169,605,806
<b>Gross accounting result</b>	<b>27,444,504</b>	<b>20,139,461</b>
Deductions	(10,770,714)	(39,500,371)
Non-deductible expenses	32,164,114	20,342,996
<b>Fiscal result</b>	<b>48,837,904</b>	<b>982,086</b>
<b>Profit tax (tax result x 16%)</b>	<b>7,814,065</b>	<b>157,134</b>
Tax reductions	(3,790,414)	(157,134)
<b>Current profit tax</b>	<b>4,023,651</b>	<b>0</b>
<b>Deferred profit tax</b>	<b>(1,001,673)</b>	<b>496,997</b>
<b>Total profit tax and other taxes</b>	<b>3,021,978</b>	<b>496,997</b>

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**10.2 - Deferred profit tax**

The change in deferred income tax liabilities is presented in the following table, after restating the comparative data in accordance with IAS 1 and IAS 8:

Description	30.06.22	31.06.21
<b>Deferred tax - assets</b>		
Initial balance	8,064,005	8,064,005
Deferred tax costs/(income).	887,385	0
<b>Final balance (a)</b>	<b>8,951,390</b>	<b>8,064,005</b>
<b>Deferred tax liabilities</b>		
Initial balance	39,547,091	39,183,879
Deferred tax costs/(income)	(114,288)	363,212
<b>Final balance (b)</b>	<b>39,432,803</b>	<b>39,547,091</b>
<b>Net deferred tax (b)-(a)</b>	<b>30,481,413</b>	<b>31,483,086</b>

The main components of the deferred tax come from: revaluation of fixed assets from the period 2004-2009, revaluation of land on 31.12.2020, adjustment of provisions related to debts to employees and similar, adjustments for stock depreciation, adjustments for customer depreciation.

**11. EARNINGS PER SHARE**

	For the year ended on	
Description	30.06.22	30.06.21
Net profit (A)	23,159,057	19,145,254
Number of ordinary shares (B)	671,338,040	671,338,040
<b>Earnings per share (A/B)</b>	<b>0.0345</b>	<b>0.0285</b>

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**12. TANGIBLE ASSETS**

	Land	Buildings	Technical installations & equipment	Other installations, equipment & furniture	Tangible assets in progress	Total
<b>COST</b>						
<b>December 31, 2020</b>	189,933,152	135,932,746	196,972,841	8,043,800	81,817,195	612,699,734
Procurement		21,580,807	29,882,568	737,012	35,098,176	87,298,563
Outputs		275	984,194	31,238	52,200,388	53,216,095
<b>December 31, 2021</b>	189,933,152	157,513,278	225,871,215	8,749,574	64,714,983	646,782,202
Procurement		18,539,892	23,543,572	252,015	11,548,886	53,884,365
Outputs		361,458	2,386,779	40,719	42,335,479	
<b>June 30, 2022</b>	189,933,152	175,691,712	247,028,008	8,960,870	33,928,390	655,542,132
<b>DEPRECIATION</b>						
<b>December 31, 2020</b>	-	14,889,373	123,642,039	5,991,292	-	144,522,704
Cost of the period	-	8,701,978	13,251,269	477,982	-	22,431,229
Outputs	-	275	981,037	31,237	-	1,012,549
<b>December 31, 2021</b>	-	23,591,076	135,912,271	6,438,037	-	165,941,384
Cost of the period	-	4,319,028	5,430,487	137,983	-	9,887,498
Outputs	-	125,391	2,386,779	40,720	-	2,552,890
<b>June 30, 2022</b>	-	27,784,713	138,955,979	6,535,300	-	173,275,992
<b>PROVISION</b>						
<b>December 31, 2020</b>	-	51,600	244,652	-	-	296,252
<b>Outputs 2021</b>	-	-	-	-	-	-
<b>December 31, 2021</b>	-	51,600	244,652	-	-	296,252
<b>Outputs 2022</b>	-	-	244,652	-	-	244,652
<b>June 30, 2022</b>	-	51,600	-	-	-	51,600
<b>NET VALUE</b>						
<b>June 30, 2022</b>	189,933,152	147,855,399	108,072,029	2,425,570	33,928,390	482,214,540
<b>December 31, 2021</b>	189,933,152	133,870,602	89,714,292	2,311,537	64,714,983	480,544,566
<b>December 31, 2020</b>	189,933,152	120,991,773	73,086,150	2,052,508	81,817,195	467,880,779

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***Depreciation of fixed assets***

The accounting depreciation is calculated using the straight line method. For the new fixed assets, entered during the first semester of 2022, such as installations, machines and measuring and control devices, the useful life times have been established taking into account:

- the estimated level of use based on the use of the asset's capacity;
- the repair and maintenance program performed by ANTIBIOTICE SA for installations and equipment;
- the obsolescence determined by possible changes in the production process according to the structure of the product portfolio provided by the company.

The inventory value of the tangible assets constituted as pledges or guarantees is 38.178.431 lei.

**13. INTANGIBLE ASSETS**

The intangible assets include in-house development projects, legal documentations (for licenses and patents) as well as software licenses.

The changes in the procurement cost and amortization related to the intangible assets are presented in the table below:

	<b>30.06.22</b>	<b>31.06.21</b>
Inputs	5,486,063	12,541,609
Outputs	2,043,119	411,960
Final balance	52,715,028	49,272,084
<b>Amortization</b>		
Initial balance	19,432,320	17,432,829
Cost of te period	849,391	1,999,491
Final balance	20,281,711	19,432,320
<b>Net value</b>	<b>32,433,317</b>	<b>29,839,764</b>

**14. STOCKS**

<b>Description</b>	<b>30.06.22</b>	<b>31.12.21</b>
Raw materials and consumables	40,377,165	41,635,510
Production in progress	4,223,624	1,156,052
Semi-finished and finished products	61,879,632	54,465,199
Goods	22,335,905	8,761,013
<b>Total</b>	<b>128,816,326</b>	<b>106,017,774</b>

The value of stocks held as collateral is 20.000.000 lei.

**15. TRADE AND OTHER RECEIVABLES**

<b>Description</b>	<b>30.06.22</b>	<b>31.12.21</b>
Trade receivables	257,576,535	291,188,584
Adjustments for trade receivables	(30,199,774)	(21,431,055)
Various debtors and other receivables	3,984,093	4,063,884
Adjustments for various debtors	(3,432,707)	(3,432,707)
Receivables related to employees	15	6

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Other receivables from the State Budget	2,705,281	3,359,260
Advance payments	5,549,116	3,128,226
<b>Total</b>	<b>236,182,559</b>	<b>276,876,198</b>

On June 30, 2022 the Company recorded adjustments for trade receivables representing customer balance that are unlikely to be collected by the company. The receivables of the company were analysed and evaluated according to criteria established according to the risks per categories of costumers.

<b>Analysis of seniority</b>	<b>30.06.22</b>	<b>31.12.21</b>
Receivables - customers	257,576,535	291,188,584
Up to 3 months	102,977,304	121,747,734
Between 3 and 6 months	81,955,054	72,186,849
Between 6 and 12 months	57,479,359	63,846,846
Over 12 months	15,164,819	33,407,155
Value adjustments related to receivables-customers	(30,199,774)	(21,431,055)

The fluctuations in the Company's provisions for the impairment of trade receivables are presented in the following table:

<b>Adjustments of receivables</b>	<b>30-lun-22</b>	<b>31-Dec-21</b>
<b>At the beginning of the period</b>	24.863.762	32.590.171
Established during the year	12.982.618	2.448.480
Cancelling the adjustments	(4.213.899)	(10.174.888)
<b>At the end of the period</b>	<b>33.632.481</b>	<b>24.863.762</b>

The value of receivables established as guaranties is 190.185.623 lei.

## 16. CASH AND CASH EQUIVALENTS

<b>Description</b>	<b>30.06.22</b>	<b>31.12.21</b>
Available in the bank	3,308,061	2,101,648
Cash and cash equivalents	21,207	9,729
<b>Total</b>	<b>3,329,268</b>	<b>2,111,377</b>

## 17. TRADE AND OTHER LIABILITIES

### 17.1 Trade and similar debts

<b>Description</b>	<b>30.06.22</b>	<b>31.12.21</b>
Trade liabilities	74,400,504	66,324,369
Suppliers of assets	6,920,815	16,400,178
Employee-related liabilities	3,758,126	3,879,368
Other liabilities	149,464	139,650
Interest to be paid	323,608	248,216
Taxes and social contributions	4,056,596	4,268,104
Dividends	3,343,812	3,774,337

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Advance payments from customers	2,511,171	3,168,066
<b>Total</b>	<b>95,464,096</b>	<b>98,202,288</b>

**17.2 Short-term provisions**

<b>Description</b>	<b>30.06.22</b>	<b>31.12.20</b>
Short-term provisions	2,415,534	3,853,530
<b>Total</b>	<b>2,415,534</b>	<b>3,853,530</b>

**18. AMOUNTS DUE TO CREDIT INSTITUTIONS**

The amounts due to the credit institutions on 30.06.2022 are shown in the table below:

Amounts due to credit institutions	Value on 30.06.2022
Amounts due in the short term	63,795,403 LEI
Amounts due in the long term (including interest)	52,270,108 LEI

The short-term contract number IAS3-42-2016/17.08.2016 concluded with Unicredit Bank S.A.

Objective	Credit line - working capital
Amount	55,000,000 LEI
Maturity	16.08.2022
<b>Balance on June 30, 2022</b>	41,463,741.08 LEI
Warranties	Mortgage contract for buildings, land/Receivable assignment contract

Credit contract no. IAS3-20-2018/03.05.2018 concluded with Unicredit Bank S.A.

Objective	Investment credit
Amount	15,406,300 EUR
Maturity	02.05.2028
<b>Balance on June 30, 2022</b>	12.719.155,90 EUR (62.901.313,59 LEI)
Warranties	Mortgage contract for buildings, land /Receivable assignment contract

The short-term contract number 12239/22.05.2012 concluded with ING BANK N.V. AMSTERDAM - Romanian Branch

Objective	Credit line - working capital
Amount	2,500,000 EUR
Maturity	22.05.2023



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<b>Balance on June 30, 2022</b>	<b>11,621,916.62 ( 2,350,045.82 EUR )</b>
Warranties	Mortgage contract for buildings, land /Receivable assignment contract

The amounts due to credit institutions on 31.12.2021 are shown in the table below:

Amounts due to credit institutions	Value on 31.12.2021
Amounts due on short term	87,163,549 LEI
Amounts due on long term ( including interest )	57,617,153 LEI

The short-term contract number IAS3-42-2016/17.08.2016 concluded with Unicredit Bank S.A.

Objective	Credit line - working capital
Amount	55,000,000 LEI
Maturity	16.08.2022
<b>Balance on December 31, 2021</b>	<b>47,370,807.68 LEI</b>
Warranties	Mortgage contract for buildings, land /Receivable assignment contract

The credit contract number IAS3-20-2018/03.05.2018 concluded with Unicredit Bank S.A.

Objective	Investment credit
Amount	15,406,300 EUR
Maturity	02.05.2028
<b>Balance on December 31, 2021</b>	<b>13,794,013.54 EUR (68,254,158.40 LEI )</b>
Warranties	Mortgage contract for buildings, land /Receivable assignment contract

The short-term contract number 12239/22.05.2012 concluded with ING BANK N.V. AMSTERDAM - Romanian Branch

Objective	Credit line - working capital
Amount	6,500,000 EUR
Maturity	22.05.2022
<b>Balance on December 31, 2021</b>	<b>29,061,697.74 LEI ( 5,873,304.45 EUR )</b>
Warranties	Mortgage contract for buildings, land/Receivable assignment contract

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SC Antibiotice SA has not lodged guarantees and has not pledged or mortgaged its own assets to guarantee obligations in favour of a third party.

**19. SUBSIDIES FOR INVESTMENTS**

The subsidies for investments have the following structure:

<b>Subsidies for investments</b>	<b>30.06.22</b>	<b>31.12.21</b>
Wastewater treatment plant	1,823,091	1,902,542
Research project-UMF Iasi	24,503	24,503
Other grants from European funds	375,582	423,551
Other grants from state budget funds	75,888	84,353
Other amounts received in the form of grants	14,382	31,642
<b>Total</b>	<b>2,313,446</b>	<b>2,466,591</b>

The amounts reflected in the account subsidies for investments represent amounts received by the company in the form of grants during the last 10 years for investments in the environmental protection and in increasing the competitiveness of industrial products through financing from the Ministry of Economy, Trade and Business Relations and UEFISCDI Bucharest.

**20. LIABILITIES FROM TAXES AND CURRENT FEES**

<b>Description</b>	<b>30.06.22</b>	<b>31.12.21</b>
Liabilities from taxes and current charges	10,232,153	9,611,682
Deferred tax	30,481,413	31,483,086

**21. SHARE CAPITAL**

The subscribed share capital of the company on June 30, 2022 is 67,133,804 lei and the nominal value of a share is 0,1000 lei/share. Our company has a number of 671,338,040 shares which provide equal rights to the company's shareholders. SC Antibiotice SA has not issued preference shares to shareholders.

According to the provisions of IAS 29 - hyperinflationary economies, the share capital was restated taking into account the inflation index communicated by the National Statistics Commission. It was applied starting with the balance determined according to GD 500/1994, from the reporting date to 31.12.2003, the date when it was considered that the national economy has ceased to be hyperinflationary.

Subsequent to 31.12.2003, the share capital increased according to the historical amounts registered with the Trade Registry.

On 31.12.2012, in the balance sheet of the Company there was a retained earnings loss result from the application for the first time of IAS 29 "*Financial Reporting in Hyperinflationary Economies*" proposed to be covered from the amount resulting

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from the application of IAS 29 “*Financial Reporting in Hyperinflationary Economies*” as follows:

Reported loss result from the first application of IAS 29	197,701,352
Adjustments of the share capital-the first application of the IFRS	197,701,352

According to the Order 1690/2012 regarding the modifying and filling out of some accounting regulations, the accountable loss reported, coming from the transition to IFRS, from following for the first time of IAS 29, as well as the one resulting from the use, at the date of transition to the application of IFRS, of the fair value as deemed cost is covered from equity (including the amounts reflected in the account credit 1028 “Adjustments of the share capital”), according to the GMS decision, with compliance of the legal provisions.

## 22. RESERVES

The reserves include the following components:

Description	30.06.22	31.12.21
Reserves from revaluation of fixed assets	134,340,178	135,893,766
Legal reserves	13,426,761	13,426,761
Deferred income tax recognized on equity	(21,618,713)	(21,743,000)
Other reserves	261,644,439	233,852,036
Reserves from current profit	0	25,302,090
<b>TOTAL</b>	<b>387,792,665</b>	<b>386,731,653</b>

The following describes the nature and purpose of each reserve within the equity:

Reserve	Description and purpose
Reserves from revaluation of fixed assets	If the book value of a tangible asset is increased as a result of the re-evaluation, then the increase should be recognized in other items of global result and cumulated in equity, as a re-evaluation surplus. The revaluation reserves cannot be distributed and cannot be used to increase the share capital.
Legal reserves	According to Law 31/1990, at least 5% of the profit is taken each year for the formation of the reserve fund until it reaches at least a fifth of the share capital.
Other reserves	Other reserves include reserves that represent tax incentives that cannot be distributed because they have implications on the recalculation of the corporate tax. The difference represents reserves made up of profits.

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**23. REPORTED RESULT**

The reported result includes the following components:

Description	30.06.22	31.12.21
Reported result - a surplus from revaluation reserves	24,335,989	22,906,688
Result reported from error correction	-	-
The retained earnings arising from the use of fair value as deemed cost at the date of transition to IFRSs	123,582,341	123,582,341
The retained earnings from the adoption of IAS 29 for the first time	(197,701,352)	(197,701,352)
<b>Total</b>	<b><u>(49,783,022)</u></b>	<b><u>(51,212,323)</u></b>

**24. PRESENTATION OF AFFILIATED PARTIES**

**24.1 - The nature of relationships with the related parties**

For the purpose of presentation in the financial statements in accordance with the provisions of IAS 24, the company monitors the relations with the affiliated entities. During 2021, the shareholder S.I.F. Oltenia acquired shares of the company, increasing the share held in the share capital of Antibiotice SA from 19.0465% to 26.5496%, thus becoming an associated entity with significant influence.

**24.2 - Amounts due and receivable from related parties**

At the end of the financial year 2021 and the first semester of 2022, the company had no claims or debts towards the associated entity.

**24.3 - Information regarding transactions with related parties**

During the 2022 financial year, the company did not carry out commercial transactions with the associated entity.

Transactions with key management personnel within the company were presented in Note 7 "Staff costs".

**25. CONTINGENT LIABILITIES**

SC Antibiotice SA does not have contingent liabilities on June 30, 2022.

**26. ELEMENTS FOLLOWING THE REPORTING PERIOD**

There are no further significant elements that were not presented in the present financial situations.

**27. INFORMATION ABOUT THE AUDIT OF FINANCIAL STATEMENTS**

The financial audit on 30.06.2022 was carried out by SC SOCECC SRL. The auditor provided only financial audit services.