

MANAGEMENT REPORT

JANUARY - JUNE 2023

QUARTERLY REPORT ACCORDING TO IFRS

DATE OF REPORT: JUNE 30TH , 2023

NAME OF THE JOINT STOCK COMPANY: ANTIBIOTICE JOINT STOCK COMPANY

Registered office: Iasi, Strada Valea Lupului no. 1

Phone number: +40232209000

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Fiscal registration code: RO1973096

Order number in the Trade Register: J22/285/1991

The regulated market on which the issued securities are traded:

Bucharest Stock Exchange

Subscribed and paid-up capital: 67,133,804 lei

The main characteristics of the securities issued by the commercial company: standard shares, nominal value: 0.10 lei

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Antibiotice Joint Stock Company between January and June 2023:

- the value of sales to final consumers (sell-out) both on the domestic and international markets is 377.7 million lei, 21.6% higher compared to the level of the first semester of 2022 of 310.6 million lei. The increases were determined by the increased consumption of the portfolio of anti-infective products and those for colds and flu, determined by the increase in the incidence of acute respiratory diseases, as well as the consolidation of the market presence on the non-RX portfolio of brands such as Fluxiv® range, Saliform®, Clafen ® Rapid, Simbiflora® range.
- consolidated sales on foreign markets, the value of the turnover from the sale of finished products and active substances based on biotechnologies derived from streptomycines noursei for pharmaceutical use (compacted nystatin, micronized nystatin and standard nystatin) is 119.8 million lei, registering an increase of 25.7% compared to the value from the similar period of 2022 (95.3 million lei);
- made sales in the market worth 257.5 million lei, up 20.3% compared to the first semester of 2022;
- in Romania it is the quantitative leader (indivisible unit) in the total market in the pharmaceutical form of ointments (20.9%), suppositories and ovules (36.1%) and injectable powders (56.3%) and value leader in the segment of generic drugs with prescription and non-RX sold in hospitals, with a market share of 13.9%;
- obtained the Agreement for financing based on H.G. no. 807/2014 for the establishment of a state aid scheme with the objective of stimulating investments with a major impact on the economy, for the project "Production capacity, packaging and storage of sterile products, solutions and topicals", in the amount of 85,002,772 lei, related to the years 2024-2028;
- achieved a gross profit which, combined with the value of the claw-back tax, consolidates a business yield of 28.84%.
- On the domestic market, it has redefined the way of working with distributors and national chains in Romania, the main objectives being the market share related to each product sold (in 2023, a first stage of the multi-year business plan is taking place), closely correlated with the sales potential of each product related to the hospital market segment, chain and mini-chains and independent pharmacies
- it reorganized the activities within the company for a clearer vision of the future course at product level from Molecule to Market, for a better management of the factors that can impact the achievement of the desired goals proposed by the business plan "The Future Together", by redefining the roles on newly established departments such as Portfolio Management and Strategic Planning and Marketing.

Antibiotice JSC, Romanian tradition and continuity

With an experience of 68 years in the pharmaceutical industry in Romania, Antibiotice JSC is the most important producer of generic drugs with Romanian capital, the only producer of active substances obtained through the biosynthesis process in our country.

Antibiotice JSC has a portfolio of over 160 products from 11 therapeutic classes, consisting of both prescription and over-the-counter products.

Portfolio Antibiotice JSC includes the following product categories:

- medicines for human use;
- dermatocosmetics, food supplements, medical devices;
- active substances based on biotechnologies derived from streptomycines noursei for pharmaceutical use (compacted nystatin, micronized nystatin and standard nystatin);
- medicines for veterinary use;
- biocidal products for disinfecting surfaces and hands;
- biofertilizers.

For the manufacture of products from the portfolio, Antibiotice JSC has a diversified own production capacity organized in 3 manufacturing divisions: Topical Products Division, Oral Solid Forms Division, Sterile Injectables and Active Substances Division, at the level of which there are 8 flows on which: penicillin injectable powders are produced; penicillin capsules; non-beta-lactam capsules; cephalosporin capsules; tablets; ointments, creams, gels; suppositories; ovules; active substances obtained through biosynthesis, as well as manufacturing contracts with ten partner sites.

The company holds internationally recognized certifications and authorizations: authorization from the US Medicines Regulatory Agency (FDA) for Nystatin and penicillin injectable products, Certificate of Conformity with the European Pharmacopoeia (COS) for Nystatin, Certificate of Good Manufacturing Practice (GMP) for all manufacturing flows, WHO Prequalification and WHO certification for the range of essential antituberculosis drugs.

Antibiotice JSC, profitable company for investors

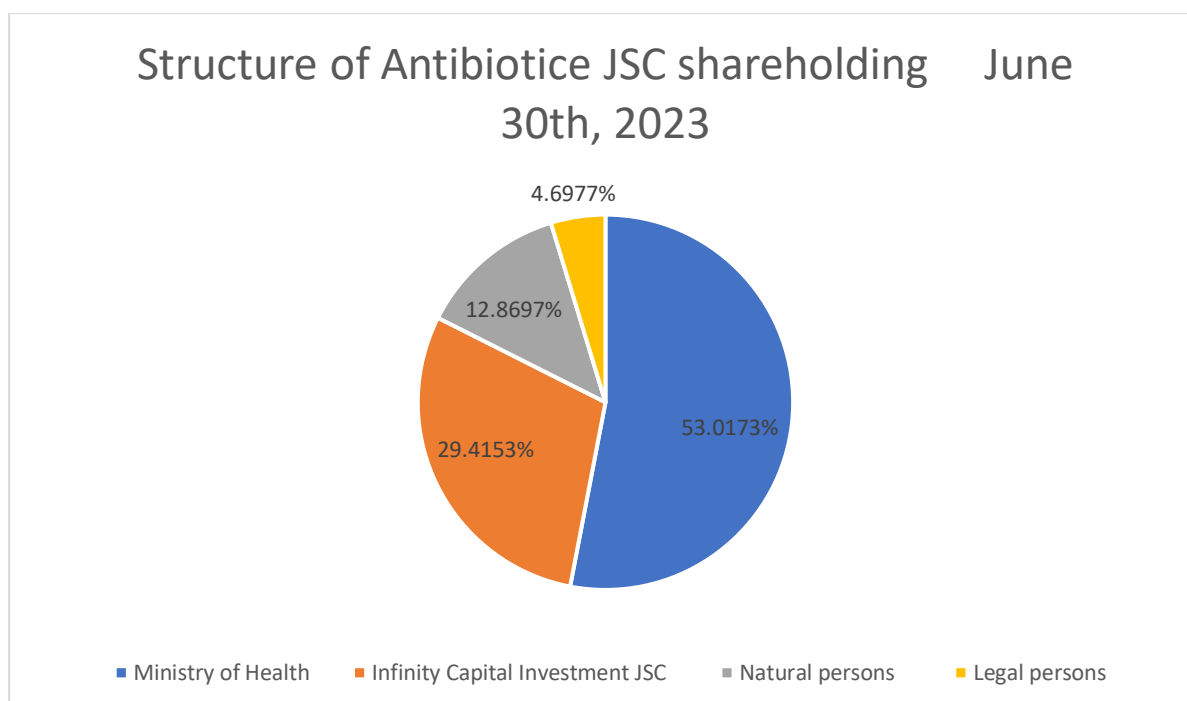
Investments in research, quality, as well as in the modernization of manufacturing technologies have made Antibiotice JSC a profitable, dynamic, attractive company for investors.

Actions Antibiotice JSC are listed on the Bucharest Stock Exchange, Premium category, since April 1997. In the same year, the company's shares were included in the component of the BET index (Bucharest Exchange Trading Index). Since 2005, ATB shares have been part of the ROTX index (Romanian Traded Index) of the Vienna Stock Exchange, and in 2007 of the Dow Jones Wilshire Global Total Market Index of the New York Stock Exchange.

Currently, on the market of the Bucharest Stock Exchange, the shares of Antibiotice JSC are included in the component of the BET-Plus stock market index, which includes Romanian companies listed on the BVB market and which meet the minimum selection criteria regarding liquidity and the value of the shares included in free float, with the exception of Financial Investment Companies.

Traded under the symbol ATB, the shares of Antibiotice JSC they are issued in dematerialized form and are freely transferable. Antibiotice JSC Shareholder Register Iasi is maintained by Depozitarul Central JSC Bucharest.

During the first semester of 2023, 24,626,819 million shares were traded, with a total value of 14,415,895.84 million lei. The average price at the end of June 2023 was 0.5854 lei/share.



Financing for new production and storage capacities

On May 17, 2023, Antibiotice JSC obtained, following the call for projects financed by GD 807/2014 for the establishment of a state aid scheme with the objective of stimulating investments with a major impact on the economy, the agreement for the financing of the project "Production capacity, packaging and storage of sterile products, solutions and topics".

The total value of the project is 200,101,617 lei, of which the state aid is worth 85,002,772 lei. This investment is part of the company's Strategic Development Plan, "The Future Together 2020-2030", which aims to multiply profit, turnover with an impact on increasing the market shares held by Antibiotice JSC on the local and international market.

The future production and logistics capacity will ensure the manufacture of new valuable generic drugs by approaching new pharmaceutical forms, namely sterile injectable solutions and sterile topical products.

The company thus brings to fruition its expertise in the field of manufacturing sterile injectable powders, by approaching a new segment of medicines intended for hospitals (sterile solutions dosed in glass vials), as well as for dermatological and ophthalmic conditions (sterile topicals). The manufacture of these new types of medicines will strategically contribute to supporting the national health system and increasing exports, with an impact on the increase in turnover in the horizon of the 2030s. The investment is part of the 85 projects considered priority in the Strategy for regional research and innovation through specialization intelligence (RIS 3 North-East), which will ensure the development of the North-East Region.

Financing for the production of green energy

On June 6, 2023, Antibiotice JSC obtained from the Ministry of European Investments and Projects a financing from the National Recovery and Resilience Plan (PNRR) for the "2.5 MW PHOTOVOLTAIC PLANT" project.

The approved financing is 4,078,620 lei, the difference up to 13,775,806.00 lei - the estimated value of the project - being provided from the pharmaceutical company's own funds.

The project involves the installation of 4,680 photovoltaic panels, which will cover an area of 31,428 m² of the company's platform and will provide 26.4% of the required electricity.

The investment in electricity production capacities from renewable sources represents a sustainability component of the "The Future Together 2020-2030" Business Plan, through which the shareholders have established objectives for the next years to increase turnover and market share.

It is estimated that the investment will be commissioned in November 2023.

Consulting grant awarded by the European Investment Bank

Antibiotice JSC will benefit from the expertise of the European Investment Bank (EIB) in the process of planning the future strategy for the year 2030. The consultancy agreement was signed, granted in the form of a grant, which will be implemented by the EIB through its own experts as well as contracted expertise. *The EIB is the financial institution of the European Union, created on the basis of the Treaty of Rome in 1958, with the aim of providing long-term financial assistance through projects that support European integration.*

Thus, according to the Consulting Agreement, Antibiotice JSC will receive from the BEI Group, *"consultancy regarding the consolidation of capacities and growth opportunities for the period 2023-2030.* For this purpose, an external consultant, together with EIB experts and Antibiotice JSC will work together to:

- (1) evaluation of the possibilities of expanding the portfolio offered by the pharmaceutical markets. The consultancy will consist of offering Antibiotice JSC a good understanding of different expansion paths, which could include either portfolio repositioning, product label expansion, new product formulations, incorporation of new generic drugs or new research and development projects to create differentiated products, high value drugs (generic);
- (2) identifying good practices used in the pharmaceutical industry for the organization and expansion of industrial processes, in order to improve current profitability;
- (3) providing an overview of trends in the sector in terms of partnerships, either with companies in the pharmaceutical value chain, or with portfolios or complementary technological platforms to identify potential development opportunities, in accordance with national and international regulations."

Antibiotice JSC on June 30th, 2023

The activity of the company Antibiotice JSC is guided by the following principles:

- the principle of strategic planning;
- the principle of identifying activities by operating divisions: Oral Solid Forms Division, Sterile and Active Substances Division, Topical Forms Division;
- the principle of accountability through performance management;
- the principle of decentralizing budgets and activities up to the level of portfolios, product groups and products.

The main management and organization tool of the company for the period 2023-2030 is the **"Business Plan - The Future Together"**, developed by the Board of Directors and approved by the Board of Directors. The business plan will be implemented, periodically adapted and monitored through performance indicators to ensure obtaining

information in real time, regarding the impact of each executive division in increasing the company's turnover and profit, in achieving the environmental protection objectives, the objectives of social responsibility, of increasing the value of shares on the capital market, of the net accounting asset.

The actions carried out and the measures adopted in the first half of 2023, focused on each support pillar of the „**Business Plan - The Future Together**“, respectively:

Pillar 1: Strategic adaptation of human resources

Pillar 2: Strategic adaptation of the product portfolio

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

Pillar 4: Performance management

Pillar 5: Perfecting Corporate Governance systems,
have led to results that create the conditions for achieving the company's long-term planned objectives.

Pillar 1: Strategic adaptation of human resources

Within this pillar, the main objectives are:

- improving staff retention
- ensuring the discipline, correctness, ethical attitude and integrity of all partners involved (employees, employer, union)
- monitoring and increasing performance in order to support the company's long-term strategy
- conducting training programs and developing employees' skills

Achieving these objectives is achieved through the following strategies and measures:

The implementation strategy of modern human resources management, through:

- the analysis and redefinition of organizational structures within the company, adapted to modern human resources principles, correlated with the need for business growth in the perspective of 2025-2030, as well as with market trends or other legal regulations

In order to achieve the objectives of the "The Future Together" Business Plan and those of the Framework Agreement concluded with the European Investment Bank in April 2023, for the achievement of which an optimal internal organizational framework is necessary, as well as to update the procedures regarding the management of the company's budgets, also, in view of the readjustment of the rules of organization and training of employees, both for maintaining an optimal level of professional knowledge and for a good work discipline, but also of communication, climate and organizational culture, have been started/implemented the following main actions:

- the establishment of the Strategic Planning and Marketing Directorate, with main attributions in long-term business planning and the establishment, follow-up in

execution of performance indicators at the level of the entire company, implicitly for the personnel defined as strategic for achieving the objectives of the 2030 plan;

- the establishment of the Portfolio Management Directorate, with main attributions in consolidating the vision on the current and future portfolio on the "from Molecule to Market" concept;
- the reorganization of the Marketing and Sales Department as the National Sales Department, with main attributions in selling in an efficient, balanced structure, on the current sales channels and with the premise of developing new business segments;
- redefinition within a specialized department - International Business - of sales processes in Antibiotice JSC territories, target markets, as well as procurement processes, integrated at the company level, the major goal being the efficiency of activities and the optimization of allocated budgets.

Regarding the analysis of the possibilities of outsourcing some activities within the company under conditions of effectiveness and efficiency, in the first semester of 2023, the first project of outsourcing personnel transport activities was started. The process is underway as well as the selection of the supplier and represents a first step in terms of the outsourcing of these services in the perspective of the years 2025-2030.

- adaptation of motivational packages in order to attract and retain valuable employees (key functions) and increase the degree of retention

Considering the need for continuous adaptation of the motivation system to the labor market as well as the company's need to secure long-term human resources with a high degree of professional qualification, as a primary condition for the sustainability of the business, but also the continuous concern for health employees, the number of employees benefiting from private health insurance is expanding from 250 (18.5% of the staff) to 560 (41% of the staff) insured. When expanding the number of insured persons, the following eligibility criteria were considered: working conditions specific to the pharmaceutical industry, personnel with rare functions (which are difficult to identify on the labor market). For personnel with higher education, the inclusion in the categories of strategic personnel was considered.

In this semester, the activities for the implementation of the Charisma human resources software continued.

The procedure for awarding meal vouchers in the company was elaborated and validated, also the awarding of differentiated meal vouchers was implemented, depending on the loyalty/seniority of employees in the company.

The staff retention rate (strategic retention), for the first semester of 2023, recorded the value of 96.84%.

The planned average number of personnel is 1350, versus a realized one of 1345. In the first semester of 2023, personnel expenses were planned in the amount of 68,832 thousand lei, registering a degree of achievement of 99.22%.

The average net income earned for the first 6 months per employee is 946 euros, compared to the planned 950 euros.

- employee career management and succession plans/staff reserves
- carrying out training programs and developing employees' skills

For the first semester of 2023, an average number of 24 hours of professional training/employee was planned and 25.32 hours/employee were achieved, including training hours in areas where there are legal training requirements, hours of professional training with internal lecturers, professional development hours with external providers and hours made on the eLearning platform.

In this semester, the „**Digital Skills**” training project was continued, with financing through European funds, for a number of 22 more employees.

Management team training project - within this project, a number of 99 employees were trained this semester. Topics covered: I Manager, Team Management, Time Management, Problem solving, Performance Management, Finance for non-financiers, Growth and development feedback culture, Strategic thinking.

Training project for the marketing and sales team - started in the first quarter for a number of 37 employees, will continue throughout 2023 with themes and programs adapted to each type of activity. The project includes topics specific to the team of medical and sales representatives, regional sales managers, CRM.

The a+ Academy includes two components: the a+ Technical College and the a+ Business School, intended for the attraction and continuous training of employees and internal qualification for the acquisition of skills specific to the company's field of activity.

The activities within the **a+ Academy** aim at establishing new partnerships with the academic environment, developing the INOVA a+ project, running selection and qualification programs at the workplace, induction programs and professional career management.

The collaboration with the university environment materialized through:

Conclusion of collaboration protocols with 5 academic institutions from Iasi:

- University "Al. I. Cuza", University of Medicine and Pharmacy "Gr. T. Popa", Technical University "Gh. Asachi" and "Ion Ionescu de la Brad" University of Life Sciences, Petru Poni Institute
- participation in events organized in partnership with the Faculty of Chemistry, the Faculty of Biology, the Faculty of Medical Bioengineering and the Faculty of Chemical Engineering and Environmental Protection to promote the company and guide young graduates in their careers
- practical internships between May and July for a number of 42 students, as follows:
 - 11 students from the Faculty of Biology, master's program
 - 6 students from the Faculty of Chemistry, master's program
 - 6 students from the Faculty of Machine Construction and Industrial Management, undergraduate program

- 10 students from the Faculty of Electrical, Energy and Applied Informatics Engineering, Bachelor's program
- 9 students from the Faculty of Pharmacy, undergraduate program

The collaboration with the pre-university environment included:

- didactic visit programs carried out in the three editions of the "Different Week" program for a number of 420 students from theoretical and professional education
- 25 students were included in the dual education project with two educational units: Petru Poni High School (15 students specializing in chemical operators) and Mechatronics and Automation High School (10 students specializing in low voltage electrician). The three-year education cycle ended in the second quarter of 2023 with the passing of the professional attestation test at which they were present as salaried evaluators of the company that managed the practical training project
- new collaborations were initiated with pre-university education units for projects to attract and train specialists in the fields targeted by Antibiotics - "Gh. Marzescu", Technical College "Ghe. Sturdza", Transport and Construction Technological High School
- participation, as an economic partner and employer of pre-university graduates, in the programs to attract VIIIth grade students to these high schools - the "Trades Caravan" and "Trades Week" projects organized in collaboration with the County Resource Center and Iasi Educational Assistance and Iasi County School Inspectorate.

Within the a+ Technical College, the second edition of the multidisciplinary professional identification and training program was started for a number of 34 candidates attracted from outside the company, who will be trained for the positions of pharmaceutical production flow operator, laboratory technician, automatist, mechanic maintenance and repairs of production site equipment. 16 candidates who meet the established criteria were hired.

The strategy to modernize the organizational culture, through:

- optimizing the organizational climate and orienting the organizational culture towards innovation and performance
- increasing the degree of information and awareness of employees, as well as their involvement at all levels of the organizational structure through specific actions
- the implementation of programs regarding the optimization of the organizational climate, correlated with studies to monitor the organizational culture through specific actions.

The level planned and achieved for the first semester of 2023 for the main performance indicators within this pillar is presented as follows:

Performance indicators	Unit	Semester I 2023		
		Planned	Made	Made/Plan
Average number of continuing professional training hours/employee	no	24	25,32	105,50%
- total training with internal lecturers - legal requirements	no	18	19,07	105,94%
- trainings with external/internal lecturers - apart from those according to regulatory requirements	no	6	6,25	104,16%
Average number of employees/year	no	1.350	1345	100,37%
Average monthly income/employee* (net €)	euro	950	946	99,58%
Labor productivity**	thousa nd lei	238	258	108,40%
Sustainability policies***		100%	100%	100%

*determined based on the salary expenses of the company

**determined as operating income/average headcount

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

Pillar 2: Strategic adaptation of the product portfolio

Antibiotice JSC has a portfolio consisting of 166 products, from 11 therapeutic classes, consisting of both prescription and over-the-counter products.

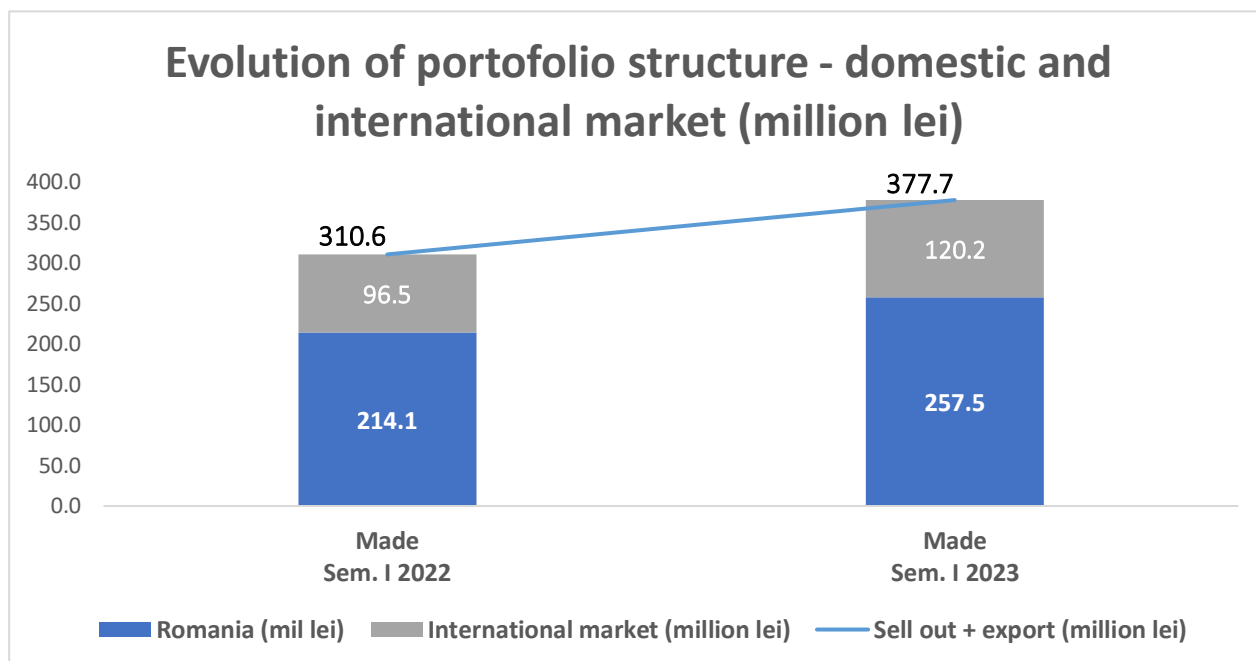
Prescription products (RX) are grouped by therapeutic classes (ATC1) and are intended for pathologies with increased incidence and the treatment of chronic conditions. The main therapeutic classes by which the prescription product portfolio is identified are:

- class J - Anti-infectives for systemic use (the class that also includes medicines intended for the treatment of tuberculosis);
- class D - Dermatological preparations;
- class C - Cardiovascular system
- class A - Digestive tract and metabolism.

Non-prescription products are grouped into portfolio concepts, for more efficient communication to the target audience: Derm a+, Cold and flu, Nutriens and Quality of life (Family Health and Women's Health). The concepts include food supplements, medical devices, cosmetics, OTC drugs and OTX drugs (RX products with OTC behavior being released from the pharmacy without a medical prescription).

The products in the current portfolio are carefully monitored, taking actions to adapt to national requirements and international regulations, through the analysis of therapeutic trends, medical guidelines, new effectiveness and safety studies.

In the portfolio structure, domestic and export sell-out sales, according to the market we are active in, in the first semester of 2023, compared to the values from the first semester of 2022, are presented as follows:



The sell-out sales from the first semester of 2023 according to the portfolio component, respectively finished products and active substances, are composed of:

- 327.96 million lei sales of finished products, representing 86%
- 49.67 million lei of active underlying sales, representing 14%.

These weights are similar to those recorded in the first semester of 2022, when the sell-out value of finished products was 266.16 million lei and of active substances was 44.36 million lei.

From the point of view of the therapeutic classes that the company activates (a total of 11 ATC1 classes), in relation to the finished products, at the level of the first semester of 2023 compared to the similar period of 2022, the situation is as follows:

Total Sell out + Export	VALUE S1 2022 (million LEI)	VALUE S1 2023 (million LEI)	Variation 2023 vs 2022 (%)
END PRODUCTS			
Therapeutic classes	266,2	328,0	23%
J - Systemic anti-infectives	158,3	209,8	33%
D - Dermatological mixtures	29,9	34,9	17%
C - Cardiovascular system	24,8	27,0	9%
A - Digestive tract and metabolism	16,3	20,1	23%
M - Musculoskeletal system	9,9	12,0	21%
N - Central nervous system	13,8	11,6	-16%
G - Genitourinary system and sex hormones	2,8	3,7	29%
B - Blood and hematopoietic organs	0,7	0,4	-46%
Other	9,7	8,5	-12%

Thus, the evolution of sales reflects the main therapeutic classes with which the Antibiotic company identifies itself, the first 4 ATC1 classes cumulating 89% of the value reported at the level of the first semester of 2023 (J - Anti-infectives for systemic use, D - Dermatological preparations, C - Cardiovascular system, A - Digestive tract and metabolism).

The increase in sales of anti-infective drugs from the Antibiotics portfolio was based on arguments such as the company's repositioning actions for the products in the portfolio, the encouragement of rational consumption, as well as the market context, marked by the increase in the incidence of acute respiratory diseases, including bacterial super-infections.

From the point of view of sales following the RX/Non-RX classification, considering finished products, at the level of the first semester of 2023 compared to the similar period of 2022, the situation is as follows:

Total Sell out + Export	VALUE S1 2022	VALUE S1 2023	Variation 2023 vs 2022
END PRODUCTS	(million LEI)	(million LEI)	(%)
Category of products	266,2	328,0	23%
RX	230,3	287,9	25%
Non-RX	35,9	40,0	12%

The category of RX products registered in the first half of 2023 a value of 287.93 million lei, up 25% compared to the same period of 2022. Non-prescription products (non-RX) registered a 12% increase compared to S1 2022, sales amounting to 40.03 million lei were thus achieved.

From the point of view of sales data by division, taking into account both finished products and active substances, the following were recorded:

Total Vanzare Sell out + Export	VALUE S1 2022	VALUE S1 2023	Variation 2023 vs 2022
	(million LEI)	(million LEI)	(%)
Division of production	310,5	377,6	22%
DIVISION OF STERILE PRODUCTS AND ACTIVE SUBSTANCES	164,9	194,2	18%
DIVISION PRODUCTS SOLID ORAL PRODUCTS	78,8	103,7	32%
DIVISION TOPIC PRODUCTS	66,9	79,7	19%

Products Division Solid Forms Oral Use

The portfolio of oral solid forms includes 67 products, in the first semester of 2023, the portfolio of the Oral Solid Forms Products Division was completed with 2 new products: Equilibra® Plus tablets, a food supplement containing a complex association of organic magnesium (magnesium bisglycinate and magnesium malate) and vitamin B6, which contributes to the restoration of the body's energy level and the normal functioning of the nervous system, as well as Remiflu granules for oral solution in a sachet, an OTC medicine containing a triple combination of paracetamol, chlorpheniramine maleate and acid ascorbic, indicated in improving the main symptoms of cold and flu.

The main directions on which the analysis of the current portfolio of the Oral Solid Forms Products Division was focused in the first semester of 2023 were aimed at identifying ways to make the current portfolio more efficient, through actions to secure the projected sales, as well as to identify opportunities for growth. The following types of main actions were separated:

- actions with a positive impact on profitability (price repositioning, commercial policy repositioning);
- line extensions, other new product proposals (in the context of promoting a complete range per indication);
- market analysis to identify new product assimilation opportunities (class consolidations according to development directions);
- actions to increase sales (projects);
- evaluation of the internationalization potential of the products.

Alignment with legislative requirements:

- the ban on the use of titanium dioxide capsules for food supplements - the manufacturing test stage and the creation of the notification file with the new type of capsules for the products Lejer® and Fezivit® C capsules;
- analysis regarding falling within the established limits for nitrosamine concentrations - the analysis were carried out according to the methods established according to the planning and analysis were also completed to assess the risk of the appearance of nitrosamines;
- Law no. 81/2022 regarding unfair commercial practices between companies in the agricultural and food supply chain, which regulates the granting of commercial advantages and promotion budgets for a series of food supplements, limiting the level of advantages granted on the producer-distributor-pharmacy line.

From the point of view of the therapeutic classes that we activate through the portfolio of oral solid forms (a total of 7 ATC1 classes), at the level of the first semester, the situation is as follows:

Total Sell out + Export	VALUE S1 2022	VALUE S1 2023	Variation 2023 vs 2022
END PRODUCTS	(million LEI)	(million LEI)	(%)
Therapeutical class	78,8	103,7	32%
J - Anti-infectives of systemic use	38,2	65,8	72%
C - Cardiovascular system	17,2	17,6	3%
A - Digestive tract and metabolism	11,2	14,6	30%
N - Central nervous system	6,9	3,6	-48%
Other 5 classes ATC1	5,2	2,1	-60%

The first 2 ATC1 classes, respectively class J - Anti-infectives for systemic use and class C - Cardiovascular system, achieve 80% of the value related to the Oral Solid Forms Division, respectively 78% from a quantitative point of view.

The products that supported the increases in therapeutic classes are Eficef® range, high-dose capsules (Amoxicillin, Ampicillin, Cephalexin, Oxacillin), Ceforan, Lisinopril range, Rosuvastatin range, Fluxiv® cpr, Piafen®, Simbiflora® range, Spaverin® range.

Topical Products Division

The portfolio of the Topical Products Division includes a diversified product structure made up of medicines for human use, medicines for veterinary use, dermatocosmetic products and biocidal products. Medicines for human use address a wide range of pathologies with increased incidence and prevalence: dermatological conditions, muscular and osteoarticular conditions, venous diseases, eye diseases, genitourinary diseases, digestive tract diseases and symptoms associated with colds and flu.

The portfolio of topical products consists of 58 products, and in the first semester of 2023 it expanded with the launch of 4 new topical products.

Three of the new products form a new line of dermatocosmetic products, under the Tinero® AZ brand, a solution to relieve the symptoms of rosacea, a chronic inflammatory disease frequently found among adults, or in the form of a care routine. The range contains a cleansing foam, a moisturizing cream with sun protection factor and a treatment serum. The new line contributes to the development of the offer of dermatocosmetic products, a market segment for which Antibiotice has proposed to become one of the first choices among Romanian brands, until 2030.

At the same time, the portfolio of the Topical Products Division also expanded in the segment of dermatological medicines with the launch on the market of a new product Zinba® ointment, a broad-spectrum topical anti-infective OTC medicine, intended for the prevention and treatment of a wide spectrum of bacterial skin infections (burns, cuts, abrasions, eczema, ulcers).

The biocides portfolio of the Topical Products Division also includes the Sanygel hand disinfectant product, with 4 forms of presentation intended for the medical and non-

medical fields, approved by the National Commission for Biocidal Products and tested in established European laboratories.

Topical products without medical prescription strengthen the main portfolio concepts of Derm a+, Quality of Life - Women's Health and Family Healthcare, thus ensuring a product structure adapted to new consumer trends, for different target audiences.

The sales structure by therapeutic classes for this division is presented below:

Total Sell out + Export	VALUE S1 2022	VALUE S1 2023	Variation 2023 vs 2022
END PRODUCTS	(million LEI)	(million LEI)	(%)
Therapeutical classes	66,9	79,7	19%
A - Digestive tract and metabolism	5,1	5,5	9%
C - Vascular diseases	7,6	9,4	23%
D - Dermatological mixtures	29,8	34,8	17%
G - Genitourinary system	2,8	3,7	29%
M - Musculoskeletal system	9,7	11,2	16%
N - Antipyretic analgesics	6,9	8,0	16%
S - Sensitive organs	5,0	7,2	44%

The products that had a significant contribution to the increases recorded by therapeutic classes are the corticosteroids Nidoflor®, Flucinolone N, Clobetazone ointment (Dermatological Preparations class), the antirheumatic drugs Clafen® Rapid, Saliform® gamma (Musculo-Skeletal System), Hemorzone gamma, Fluxiv® ointment (vascular diseases), Paracetamol sup gamma antipyretics, Kanamycin gamma ophthalmic ointments and Zifex® gamma (Genito-Urinary System).

Sterile Products and Active Substances Division

The portfolio of the Sterile and Active Substances Division is segmented into finished injectable products and active substances. In their turn, the finished products include 41 injectable drugs for human use, representing systemic anti-infectives β -lactam penicillins, cephalosporins, carbapenems, polymyxins, tetracyclines, glycopeptides.

In the first semester, the current injectable portfolio expanded with three other anti-infective products: Vancomycin 500 mg, 1 g powder for concentrate for infusion solution, and Cefazolin Atb 1 g powder for injection/infusion solution.

Injectable drugs are considered to be the second most used pharmaceutical form of drugs after oral ones.

The sales structure of the products in the portfolio of this division by prescription:

Total Sell out + Export	VALUE S1 2022	VALUE S1 2023	Variation 2023 vs 2022
END PRODUCTS	(million LEI)	(million LEI)	(%)
Category of product	120,5	144,5	20%
Rx*	120,1	144,0	20%
(J - Anti-infectives of systemic use)			
non-Rx**	0,4	0,5	7%

*Rx - product subject to medical prescription

**non-Rx - product not subject to medical prescription

The products that had a significant contribution to the recorded increases are Perasin® range, Ampiplus® range, Cefort range®, Vancomycin range, Penicillin range, Ampicillin 2g, Nafcilin® 2g and Moldamin®.

A major long-term objective is to expand the product portfolio, the premise for the development of Antibiotice S.A. on the domestic and international markets.

The assimilation of new products is carried out both through our own research and development activity, as well as through business development (in-licensing contracts), in accordance with therapeutic trends.

Research and development, a continuous pursuit

Antibiotice JSC owns a modern Research - Development center, whose main objective is the development of medicines, food supplements, medical devices and cosmetic products.

The complexity of research and development activities determines the multi-annual development of new product research-development and/or product update projects with a view to internationalization.

In 2023, 24 new product projects, carried out in the previous year, will be continued, divided according to the company's divisions, as follows:

Topical Products Division

- 13 products (6 cosmetic products, 4 medical devices, 2 OTC products and one RX prescription product). In the first semester of 2023, different stages took place for all these products. The estimated sales value for these products in the period 2024-2026 is 32 million lei.

Division of Solid Forms for Oral Use

- 9 products, of which:
 - 7 products in the form of tablets (2 products with medical prescription RX, 1 OTC product and 4 dietary supplements)
 - 2 products in the form of capsules (a product with medical prescription RX and a dietary supplement).

In the first semester of 2023, different stages took place for all these products. The estimated sales value for these products in the period 2024-2026 is 30 million lei.

Sterile Products and Active Substances Division

- 2 prescription products, an injectable and an oral suspension. The estimated sales value for these products in the period 2024-2026 is 49 million lei.

In the first half of 2023, new research and development projects began, as follows:

Topical Products Division

- substantiation actions were carried out for 6 new topical products that will be started with research stages in the second part of the year. The estimated sales value for these products in the period 2025-2027 is 30 million lei.

Division of Solid Forms for Oral Use

- three new product projects from the food supplements category were substantiated, through the actions carried out within the research department and the portfolio management department. Two of these new product projects were started in the second quarter of 2023, with the third one starting with research stages in the second part of the year. The estimated sales value for those that entered the research in the first semester for the period 2025-2027 is 13.5 million lei.

As an integral part of the Research and Development Center, the Clinical Studies Center, conducted study stages in the first semester of 2023 for:

- 3 new product projects related to the Division of Solid Forms for Oral Use
- a new product project (RX), a product with APP in Romania to support its internationalization process (OTC) and a product with APP to support its promotion (RX), related to the Topical Products Division.

An observational, post-marketing study of a topical product from the company's portfolio is underway at the level of the Clinical Studies Center, in order to support promotional actions in the market of generic products with unique combinations.

The requirements of the regulatory authorities in the field of pharma at the national and international level determined the performance in the first semester of 2023 of nitrosamine risk analyzes for the products in the company's portfolio, these analyzes being necessary to maintain the products on the market.

In the first semester of 2023, development stages of new analytical methods for the active substance Nystatin were completed, which will support the quality of this product and implicitly strengthen the company's position in the world market of this active substance.

Efficacy studies were carried out in the field for Ecofertil and Azotofertil products - ecological biofertilizers, the results of these effectiveness studies will be analyzed in the second part of 2023 (October). In parallel with the experiments in the field, a research

project is being carried out in collaboration with the "Ion Ionescu de la Brad" University of Life Sciences, which aims to determine the characteristics of these two products, for their positioning in the market of biofertilizers, products that support ecological agriculture.

In-licensing activity

In the first semester of 2023, the implementation of the portfolio development plan continued through in-licensing projects and 12 new products were contracted that will complete the following therapeutic classes:

- 6 products from the anti-infective therapeutic class (estimated sales entry years: Q4 2023 - 4 products; 2024 - 1 product, 2026 - 1 product)
- 3 products from the therapeutic class Digestive Tract and Metabolism (2024 - 2; 2026 - 1)
- 1 cold and flu product (2024 - 1 product)
- 1 Cardiovascular System product (2024 - 1 product)
- 1 Nervous System product (2025 - 1 product).

and a product that will complete the Cold and Flu concept.

For these products, the procedures for obtaining the necessary approvals to start their exploitation have been initiated. Receiving the first orders for 6 products and their sales are planned starting with the 4th quarter of this year.

The estimated sales value for these products in the period 2024-2026 is 30 million lei.

Promotional activity

The promotion of products from the Antibiotics portfolio is a main activity of the company's long-term development strategy, being permanently concerned with strengthening partnerships with health professionals, identifying new consumers through screening programs, identifying prescription habits and treatment behaviors through programs testing, promotion partnerships with pharmacy chains regarding their catalogs for non-RX products, as well as accessing alternative promotion channels.

Communication to the general public

- Integrated communication campaigns to the general public: TV and radio
- The Nutriensa® range has been completed with a new product: Equilibra® Plus tablets, which together with Equilibra® capsules, comprehensively and at the same time target patients with magnesium deficiency and respond specifically to their needs. The new preparation Equilibra® Plus is a triple combination that synergistically associates a complex of two organic salts of magnesium and vitamin B6. The double source of organic magnesium, represented by magnesium bisglycinate and magnesium malate, along with the benefits offered by the association with vitamin B6, contribute to the

rapid recovery of the body's optimal magnesium level and make Equilibra® Plus an ideal choice for young and active people.

The new Equilibra® Plus product is included in promotion campaigns (radio, TV campaigns, social media communication actions, communication to doctors and pharmacists) and marketing projects to ensure optimal territorial distribution.

Continuation of the brand promotion campaigns: Silithor® hepatoprotective - hepatoregenerative - antioxidant dietary supplement, Fluxiv® tablets and tonic cream for healthy venous circulation, by broadcasting spots on TV and radio, communication on Social Media channels.

- Quality Life

Launched at the end of 2022, the OTC topical anti-inflammatory drug, Clafen® rapid (gel, diclofenac diethylamine 11.6 mg/gram) benefited from promotional campaigns on TV and radio in the autumn-winter season when the incidence of osteoarticular pain is increasing.

- Derm a+

The portfolio of dermatological preparations was completed with 4 new products launched in the first semester of 2023: the Tineri AZ dermatocosmetics line and the OTC medicine Zinba® (neomycin + zinc bacitracin).

In order to inform potential consumers about these new products, communication actions were carried out in pharmacies and online.

- Online communication channels

- Special communication projects to the general public through partnerships within the tours, conferences intended for the general public

Communication to health professionals, at the level of the first semester of 2023, took place mainly by participating in the national congresses and conferences organized by the main professional, academic and scientific societies and associations in Romania of the medical specialties that are in the focus of the communication actions and development of partnerships: Anesthesia and intensive therapy, Infectious diseases, Obstetrics-Gynecology, Urology, Dermatology, ENT, Gastroenterology, Otorhinolaryngology, Pneumology, Family Medicine and Pharmacy.

In the first semester of 2023, the promotional actions carried out by Antibiotice JSC led to the consolidation of the quantitative market shares for the promoted brands: Fluxiv® CR, Saliform Forte®, Zifex Complex® ovule, Zifex Duo® ovule, Aceclofen® sup, Eficef® cps, Perasin® inj, Ertapenem ATB inj, Tigeciclina ATB.

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

Antibiotice JSC has implemented an Integrated Management System (quality, environment, health and safety at work), which contributes to increasing the quality of products, with respect for the environment and employees, in order to:

- continuous improvement of performance through strict control of the impact of all activities carried out within the company
- the provision of the best quality products and services, in accordance with the requirements specified in the standards, specified/unspecified customer requirements, regulatory requirements, without affecting the safety and health of employees, the environment and the properties around the company
- continuous increase in customer satisfaction.

The integrated management system complies with the requirements of the ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 standards, its operation is permanently checked both internally, by specialists in each field (quality, environment, health and safety at work), and externally, by national (National Agency of Medicines and Medical Devices in Romania; National Veterinary and Food Safety Authority) and international (US-FDA), certification bodies (TÜV Rheinland, Romanian Society for Quality Assurance-SRAC) and partners business.

In the long term, Antibiotice JSC has as its strategy the redefinition of the Integrated Management System to support the sustainability of the business in order to ensure the reproducibility of product quality, the reduction of quality incidents, incidents with repercussions on human health and the environment, through:

- the adoption of sustainability objectives and the development of general and specific action plans for the company's activities
- assessment of vulnerability to climate change
 - the company's physical vulnerability to extreme weather phenomena, global warming, sea level rise
 - vulnerability to climate change transition risks: regulatory changes, new market trends, technological issues, reputational implications
- assessment of carbon emissions
- evaluation of indicators from the EU Taxonomy for sustainable activities
- monitoring and reporting energy consumption
- waste management
- qualification of suppliers

At the level of this pillar, the activities are focused on obtaining and maintaining the certifications corresponding to the Integrated Management System.

In the first half of 2023:

- the inspection of the National Agency of Medicines and Medical Devices in Romania took place in order to recertify the GCP-GLP of the Bioanalytical Laboratory within the Center for Clinical Studies (between 25-27.01.2023);
- the operating approval for Antibiotice JSC was received. as a distributor of medical devices from the National Agency of Medicines and Medical Devices in Romania;
- the agreement of the National Agency of Medicines and Medical Devices in Romania was received regarding the registration of the unit as a manufacturer, importer and distributor of active substances that will be used as raw materials for medicines for human use;
- the inspection of the National Veterinary Sanitary Authority took place for Good Manufacturing Practice recertification for the flows: sterile veterinary products (injectables and ointments) and non-sterile veterinary products - ointments (during 27-28.02.2023);
- steps were taken to maintain the water management authorization issued in 2021 by the Prut Barlad Water Basin Administration, as well as the integrated environmental authorization issued in 2021 by the Iasi Environmental Protection Agency.

Pillar 4: Performance management

Performance management is supported by the concept of strategic planning, through the creation of managerial plans, according to the company's activities, interconnected and monitored in order to achieve the specific and general objectives of the company. Through the methods of strategic planning of all activities and operational monitoring, the management of the company aims to follow monthly, quarterly, annually the progress made by each executive, operational or support direction.

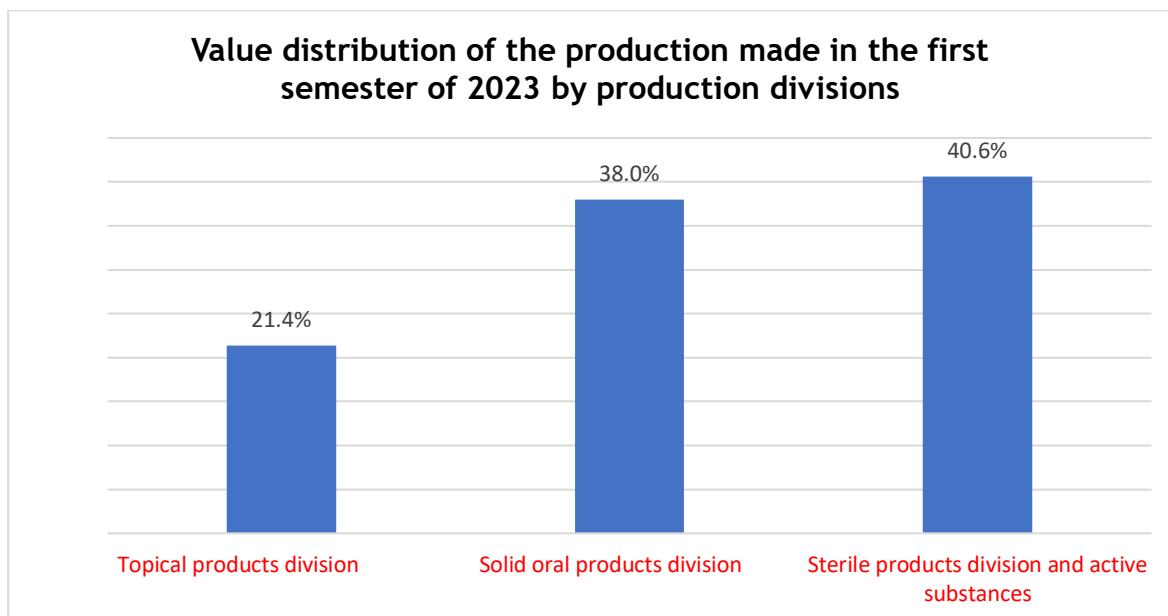
Complex manufacturing structure adapted to international quality standards (GMP and FDA)

The production carried out on our own sites in the first semester of 2023 resulted in 302.81 million pharmaceutical units in the form of tablets, capsules, parenteral products, topical products (ointments, creams, gels, suppositories, ovules).

The total value of the production manufactured in the first semester of 2023 is 355.63 million lei, 9.7% higher compared to that of the first semester of the previous year.

The value of the production manufactured for export represents 34% of the value of the total production made in the first semester of 2023, 3.2% higher compared to that of the first semester of the previous year.

By production divisions, the value distribution of the production manufactured in the first semester of 2023 is presented as follows:



The evolution of sell-out sales in the domestic and international markets

In the first semester of 2023, Antibiotice JSC recorded a significant increase in the value of sales in the domestic and international markets of pharmaceutical products, with an increase of 67.11 million lei, reaching a level of 377.63 million lei, 21.7% higher compared to the similar period of the previous year. On the domestic market, the increase registered is 20.3%, from 214.1 million lei to 257.5 million lei, while on the international market the increase is 24.7%, from 96.4 million lei to 120, 2 million lei.

The evolution of the pharmaceutical market in Romania¹

In the first semester of 2023, the value of medicines dispensed to patients in Romania was 14.3 billion lei (expressed in wholesale prices), increasing by 16.6% compared to the similar period of 2022. The consumption of medicines increased by 3.8% in the first semester of 2023, with a number of 361.77 million boxes being released from pharmacies.

The evolution of the generic pharmaceutical market with medical prescription and without medical prescription

Of the total pharmaceutical market in Romania, 45.0% (value) is represented by the segment of generic drugs with and without medical prescription. The generics market registered a value increase of 14.3% during the analyzed period, from 5.6 billion lei to 6.4 billion lei. From a quantitative point of view, it registered an increase of 2.9%, with a number of 266.0 million boxes released from pharmacies in the first semester of 2023 compared to 258.6 million boxes in the first semester of 2022.

¹ According to data source CEGEDIM Sell Out Romania June 2023

Prescription drugs (RX) represent 42.5% of the total value sales in the first semester of 2023 and 49.1% of the total consumption of generic drugs (reported in boxes). During the analyzed period, they register a value increase of 16.8%, from 2.3 billion lei in the first semester of 2022 to 2.7 billion lei in the first semester of 2023 and a quantitative increase of 6.6% from 122.4 to 130.5 million boxes.

Medicines without a medical prescription (non-RX) registered a value increase of 12.6% (from 3.3 billion lei in the first semester of 2022, to 3.7 billion lei in the first semester of 2023) and a slight decrease in consumption, from 136.2 million boxes in the first semester of 2022 to 135.5 million boxes in the first semester of 2023.

By **market segment**, the sales situation in the market is presented as follows:

- **hospital**, sales increased by 14.9%, from 471.0 million lei in the first semester of 2022, to 541.1 million lei in the first semester of 2023. In consumption, in the analyzed period, there was an increase of 16.6% from 10.6 to 12.4 million boxes.
- **national chains**, sales increased by 11.0%, from 2.1 billion lei in the first semester of 2022, to 2.3 billion lei in 2023. Quantitatively, there was a slight increase compared to the first semester of 2022, from 98.07 to 98.32 million boxes.
- **independent pharmacies and mini-chains**, sales increased by 16.4%, from 3.1 billion lei in the first semester of 2022, to 3.6 billion lei in the first semester of 2023. Quantitatively, in the first semester of 2023 there was an increase of 3.6% compared to the first semester of 2022, from 149.9 to 155.2 million boxes.

Antibiotice JSC on the Romanian pharmaceutical market

In this stage, the company has redefined the way of working with distributors and national chains in Romania, the main objectives being the market share related to each product sold (in 2023, a first stage of the multi-year business plan is taking place), closely correlated with the sales potential of each product related to the hospital, chain and MLFI market segment, as well as the consolidation of the course through joint plans with each individual partner. The entire commercial policy addressed at the company level is carried out under the approval of a Commercial Policy Committee that operates within the Board of Directors, after the preliminary analysis of their impact within a dedicated group consisting of the legal director and corporate governance, financial director and internal audit manager, with responsibilities in the field. This working group ensures the increase in the efficiency of the consumption of the budgets related to the commercial policy and the promotion policy, combined with the strategy of developing the brands and the notoriety of the company in the long term, the main objectives are:

- a) increasing the degree of occupancy of production capacities from a minimum of 60% at present to a minimum of 70% in 2025 and 90% in 2030;
- b) making sales to distributors according to the Administration Plan/Business Plan/Revenue and Expenditure Budgets;
- c) making sales in the market to final consumers ("sell out" indicator),

- d) achieving the value of the profit according to the Administration Plan/Business Plan/Revenue and Expenditure Budgets.

Commercial policies will be drawn up based on strategies that take into account:

- the existing and desired market share for each of the current and future products from the company's portfolio,
- the quantities of products planned to be sold from each product on each market segment (retail - chains, mini-chains, independent pharmacies - and hospitals),
- the desire to adapt to the competition's price for each market segment,
- the substantiated establishment of the products and methods of promotion to the Professionals in the Health Field
- well-grounded establishment of products and promotion strategies on media channels (TV/radio, print media),
- achieving a balance between distributors regarding the marketing of products that are promoted on media channels,
- the development of different commercial policies for dietary supplements/medical devices, RX drugs and non-RX drugs
- substantiation of sales by distribution channels: costs, distributors, Antibiotice JSC market share. on each distribution channel, as well as the Antibiotice JSC market share. inside each pharmacy chain.

The actions carried out until the end of June 2023 are:

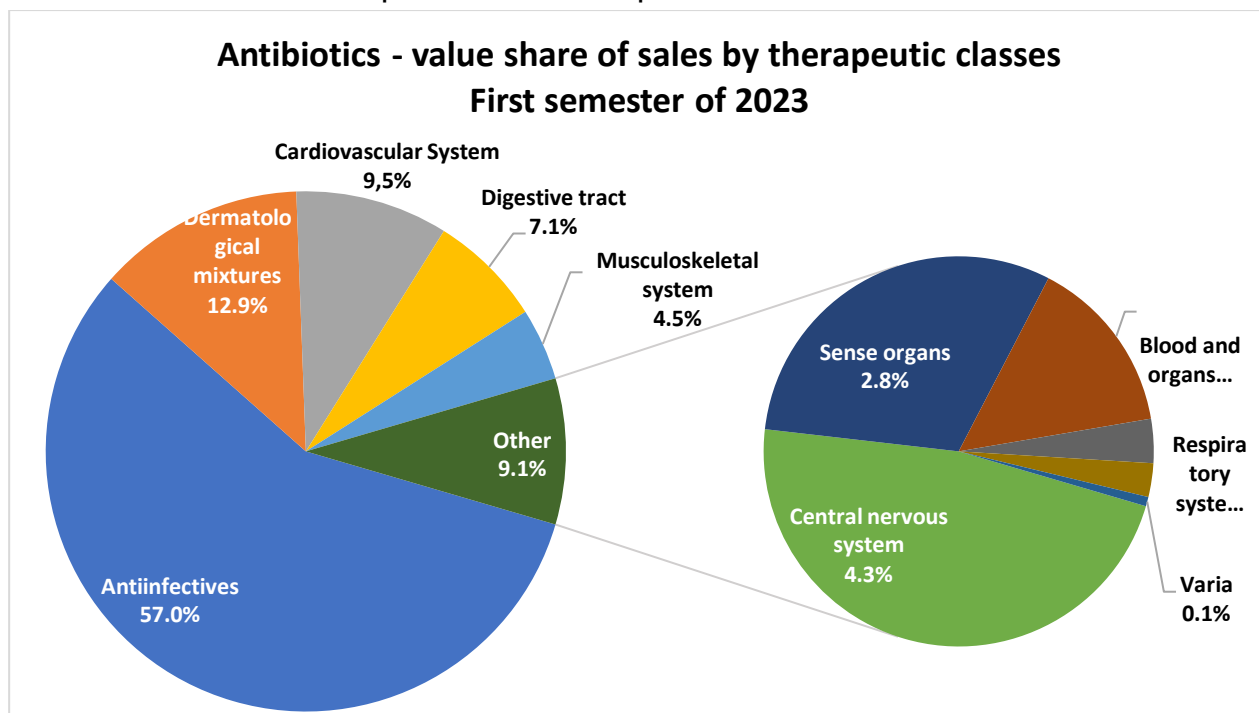
- changing the way of preparing commercial offers to medicine distributors;
- rebalancing the offers by passing on similar commercial advantages to all distributors who have framework distribution contracts with Antibiotice JSC;
- eliminating the gaps between the advantages offered to distributors, so that they receive equal conditions for equal services, avoiding differentiated treatment;
- the regulation of the substantiation and execution of the budgets for scientific promotion and media promotion, based on clear objectives for each committed expenditure and a return of investment plan.

The results obtained in the first semester of 2023 on the domestic market:

- made sales in the market worth 257.5 million lei, up 20.3% compared to the first semester of 2022;
- occupies the 4th place in consumption (boxes) in the segment of generic drugs with prescription and OTC (with a market share of 5.6%);
- is the quantitative leader (indivisible unit) in the total market in the pharmaceutical form of ointments (20.9%), suppositories and ovules (36.1%) and injectable powders (56.3%)
- occupies the second place, according to the number of boxes in the total market in the pharmaceutical form of capsules (10.8%);
- is the value leader in the segment of generic drugs with prescription and non-RX sold in hospitals, with a market share of 13.9%.

Antibiotice JSC consolidated its core business component - anti-infectives for systemic use, at the same time developing the therapeutic classes where it holds important positions in the domestic market: dermatological preparations, cardiovascular system and digestive tract.

During this period, the way of working with distributors and national chains in Romania was redefined, the main objective being the improvement of the market share related to each product, as the first stage of the multi-year business plan, in close correlation with the sales potential of each partner.



Prescription medicines (RX) represent 85.5% of the total value sales in the first semester of 2023 and 86.6% of the total consumption of medicines (reported in boxes). During the analyzed period, they register a value increase of 22.4%, from 179.8 million lei in the first semester of 2022 to 220.1 million lei in the similar period of 2023 and a quantitative increase of 16.7% from 11, 1 in 12.9 million boxes.

Medicines without a prescription (non-RX) registered a value increase of 9.2% (from 34.2 million lei in the first semester of 2022, to 37.4 million lei in the same period of 2023) and a consumption in the light decrease, from 2.1 to 2.0 million boxes.

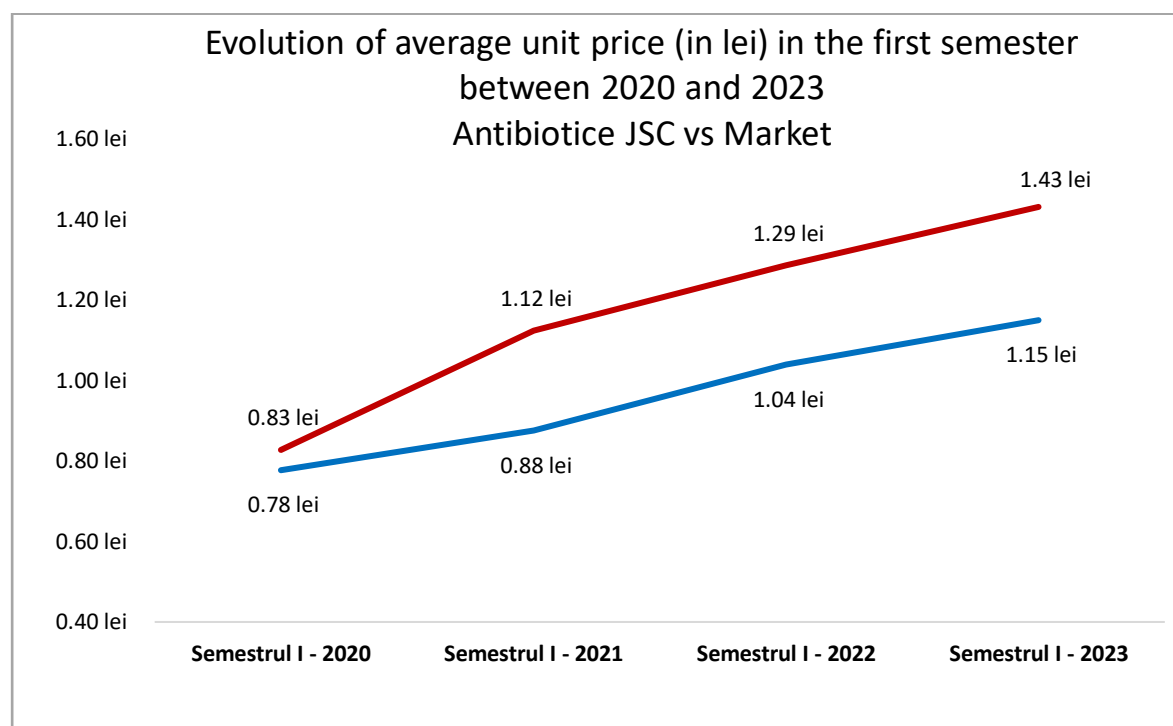
By market segment, the sales situation of Antibiotice JSC is presented as follows:

- **hospital**, sales recorded a value increase of 14.2%, from 66.1 million lei in the first semester of 2022, to 75.4 million lei in the same semester of 2023. The consumption in boxes recorded in this segment was relatively constant, with 0.8 million boxes.
- **national chains**, value sales increased by 14.3% in the first semester of 2023 compared to the same period of the previous year (from 54.0 million lei to 61.7 million lei). The number of boxes released from pharmacies increased by 5.8%, reaching 5.0 million boxes in the first semester of 2023.

- **independent pharmacies and mini-chains**, value sales increased in the first half of 2023 by 27.9% compared to the same period of the previous year (from 94.1 million lei to 120.3 million lei). The number of boxes released from pharmacies increased by 18.3% (from 7.7 million boxes to 9.1 million boxes).

Price as a strategic element of adapting to the market

The average market price of generic RX and non-RX products in the first semester of 2023 was 1.15 lei/indivisible unit, up 11% compared to the same period of the previous year (1.04 lei/indivisible unit). At the level of sales channels, the price structure is as follows: on the hospital channel - 5.55 lei/indivisible unit, of which injectable products registered a price of 8.91 lei/indivisible unit, up 6.7% compared with last year. On the segment of independent pharmacies and mini-chains (MLFI) - 1.09 lei/indivisible unit (increasing by 11.3% compared to the first semester of 2022), and on national chains - 1.05 lei/indivisible unit (increasing by 10 % compared to the similar period of 2022).



----- Average price/Antibiotice IU

----- Average price MARKET generics RX and OTC

The average price of the portfolio of Antibiotice JSC in the first semester of 2023 at the indivisible unit level, it was 1.43 lei/indivisible unit, increasing by 11.3% from 1.29 lei/indivisible unit in the first semester of 2022.

The product positioning strategy in the market is the starting point for the entire marketing mix, implicitly also for the product and price policy. The application of strategies on market segments and promotion concepts led to an efficient capitalization in the structure of the portfolio compared to the planned average price, with a 106% degree of achievement.

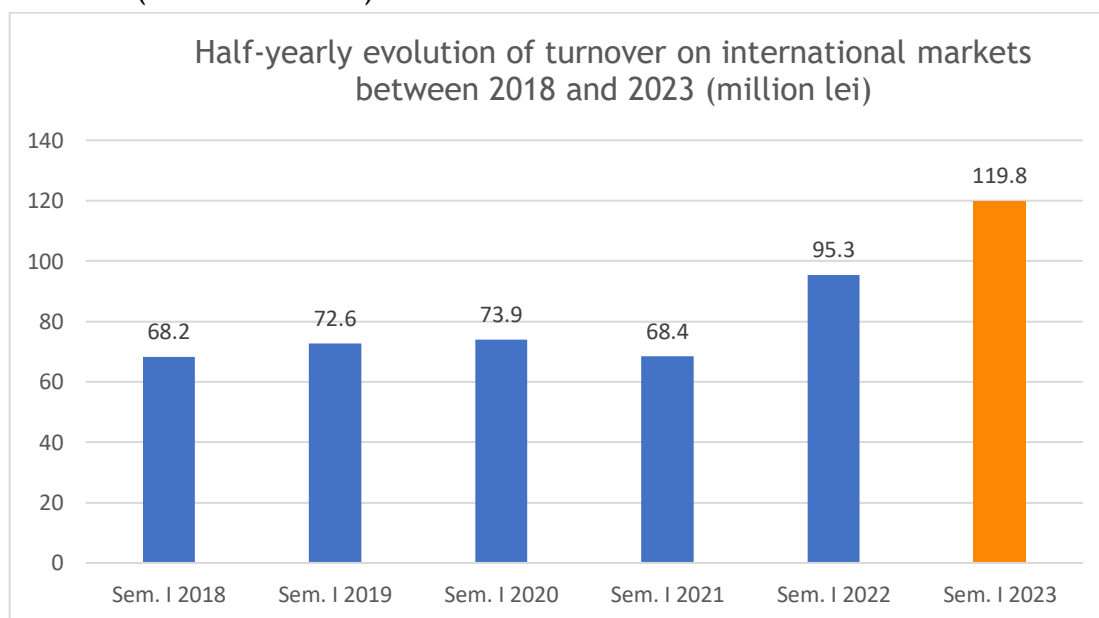
At the level of sales channels, the price structure of the Antibiotice JSC portfolio. in the first semester of 2023 it was as follows: on the hospital channel - 4.88 lei/indivisible unit, of which the injectable products registered a price of 9.5 lei/indivisible unit (up +12% compared to the first semester of last year), on the mini chain channel and independent pharmacies - 1.19 lei/indivisible unit (increasing by 12% compared to the first semester of 2022), and in chain pharmacies - 0.97 lei/indivisible unit (increasing by 18 % compared to the first semester of 2022).

In the retail segment, the focus on brand development projects for non-RX products from the Nutriensa range generated a 19% increase in the average unit price compared to the same period of the previous year, from 0.83 lei/IU to 0.98 lei/ UI.

The launch of the range of Tinerio AZ dermatocosmetic products, with a selling price above the portfolio average: Tinerio AZ® cream, Tinerio AZ® serum and Tinerio AZ® foam, as well as slight repositioning at the competitive level for the products in the current portfolio led to an increase in the average price of capitalization on the Derma+ concept by 8.5% from 19.03 lei/IU to 20.7 lei/IU.

Internationalization of the business in Antibiotice JSC territories and in other territories

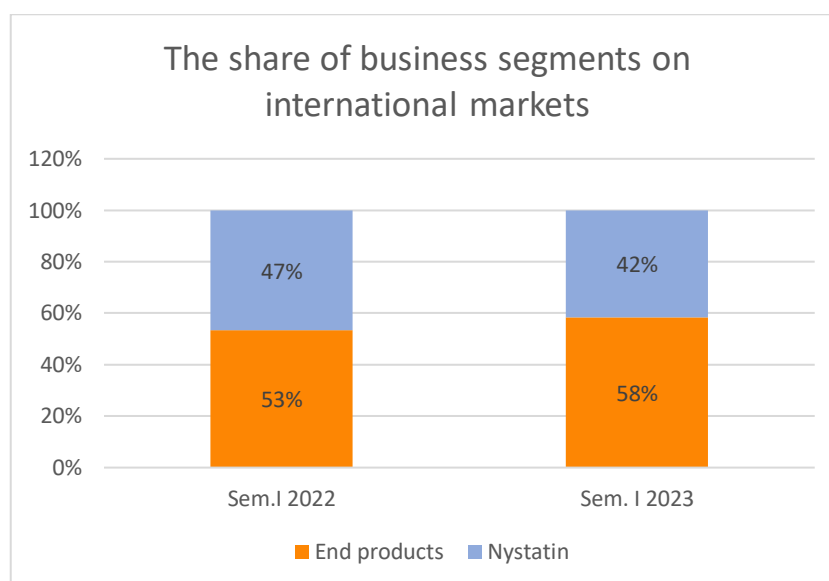
In the first semester of 2023, the turnover obtained on the international markets was worth 119.8 million lei, registering an increase of 25.7% compared to the similar period of 2022 (95.3 million lei).



In the structure, the turnover achieved on the international markets is composed of:

- sales of finished products in the amount of 69.9 million lei, up by 37% compared to the January-June 2022 period (50.9 million lei), generating an increase of 19 million lei (approximately 4 million USD);

- sales of active substances based on biotechnologies derived from streptomycines noursei for pharmaceutical use (compacted nystatin, micronized nystatin and standard nystatin) in the amount of 49.9 million lei, increasing by 12% compared to the period January-June 2022 (44, 4 million lei).



Export of end products

Between January and June 2023, a number of 75 medicines were exported to 29 countries, totalling a volume of approximately 47 million therapeutic units. The growth was organic for all the pharmaceutical forms we produce: the doubling of exported volumes for solid oral forms - capsules and tablets, a 42% increase for topical products (ointments, creams, suppositories and eggs) and a 23% increase for the portfolio of sterile anti-infective drugs in the form of vials with sterile injectable powders.

At the level of the markets that lead the ranking of sales of Antibiotice JSC brand products, the situation is as follows:

- **United States** - **increasing** by 82%, from 10 million lei (in the period January-June 2022) to 18.2 million lei in the similar period 2023; in this market, the company is consolidating its market share on a number of 6 sterile beta-lactam drugs used in hospitals;
- **Vietnam** - **doubling** from 8.0 million lei (in the period January-June 2022) to 16.0 million lei in the similar period 2023; it is practically a return to the pre-pandemic period, with free access of the population to health facilities - hospitals and pharmacies. In parallel, 3 new cardiovascular products were launched - the Rosuvastatin range and national tenders were awarded, for 12 months, for a number of 3 oral anti-infective drugs - clarithromycin, amoxicillin and cefadroxil.
- **Great Britain**, where sales - 16 million lei - are the materialization of contracts awarded in 2022 that position some of the sterile anti-infective products at a

market share between 40%-55% of national consumption. It is an important market for the company's portfolio, and recently a new 2-year tender was awarded, worth 5.2 million euros.

- **The Republic of Moldova consolidates** sales of approximately 4.4 million lei, notable being the growth trend for the products in the focus and promotion actions of the local representative. It is the result of a consistent promotion strategy that offers predictability and repeatability of sales in a very competitive market (local production, manufacturers from China, India, Turkey, the Middle East).
- **Denmark scores a 25% increase** from 2.7 million lei (between January and June 2022) to 3.3 million lei in 2023, and **sales in Iraq a 31% increase**, from 1.8 million lei (the first semester 2022) to 2.3 million lei in 2023.

Antibiotice S.A. strengthened its position in the ranking of suppliers of medicines intended for hospitals in the Central and Eastern European region, with the awarding of tenders in Hungary, Serbia, Albania, Lithuania or the completion of the registration procedures for medicines in Bulgaria, Poland, Italy, Spain and Germany which creates premises for increasing the footprint in the European Union for the anti-infective products manufactured by Antibiotice JSC.

Export of active substances based on biotechnologies derived from streptomycines noursei for pharmaceutical use (compacted nystatin, micronized nystatin and standard nystatin)

The activity carried out in the first semester of 2023, was part of the growth trend of recent years, aiming to consolidate the position on the world market for compacted nystatin, micronized nystatin and standard nystatin manufactured by Antibiotice JSC, sold in over 55 countries, worldwide. Compared to the value recorded in the similar period of the previous year, a 12% increase in turnover is recorded in terms of value. During this period, important progress was made in the main development projects in the areas of North America, Latin America and Europe, continuing the good premises for the development of the main export markets of nystatin Antibiotics.

Investments - supporting the future

I. Investments for strategic development, respectively investments in the development of the product portfolio

The new product development program aims to expand the portfolio and ensure competitive pharmaceutical products for the national and foreign markets.

The planned and achieved values for the investments in this category are:

	30/06/2023 Made (million lei)	30/06/2023 Planned (million lei)
Development of the product portfolio through own research	5,86	5,18
Developing the product portfolio through licensing	1,28	2,66
Modernization of the research laboratory to support the development of the portfolio	1,02	0,95

II. Investments for business consolidation

1. Investments in information technology, telecommunications and digitization of processes

- planned 30.06.2023 = 6.23 million lei
- made 30.06.2023 = 4.58 million lei

Antibiotice JSC, as part of the digitization and computerization plan, prioritized the purchase of software for the efficiency of human resources activities, quality, research, but also for securing data and information at all levels of the company. Optimization of processes is carried out with a consultant in order to implement an ERP-type system.

2. Adaptation to the development trends of the industrial platform, of the infrastructures of supply and distribution utilities, storage of raw materials and finished products, transport and connection to the national road system

- planned 30.06.2023 = 19.19 million lei
- made 30.06.2023 = 9.29 million lei

In 2023, investments were planned to complete the expansion of the existing storage capacity of raw materials, in the perspective of increasing and diversifying production. Also, in 2023, the beginning of the construction of a warehouse for modern finished products, adapted to the estimated production in the perspective of the following years, until the year 2030, was scheduled. Project stages were scheduled for the modernization of the production and distribution facilities of the utilities.

An important component is the implementation of projects that aim to produce "green energy" and reduce energy consumption and utilities. This is how the implementation of the projects began: the realization of a photovoltaic plant with an installed power of 2.5 MW and a photovoltaic plant with an installed power of 1.2 MW, the recovery of condensate from the installations, the replacement of lighting systems with modern LED systems

3. Investments in the Integrated Management System (Quality, Environment, Sustainability, Health and Safety at Work)

- planned 30.06.2023 = 1.18 million lei
- made 30.06.2023 = 3.15 million lei

Increasing the precision of laboratory analysis methods and revising the monographs in the pharmacopoeia required investments in equipment, which would allow maintaining the quality standards of the manufactured products and complying with the legal requirements for the protection of the environment and employees.

4. Investments in the modernization of existing sites and equipment

- planned 30.06.2023 = 1.72 million lei
- made 30.06.2023 = 1.99 million lei

For the modernization of the drug manufacturing flows of the three divisions, the acquisition of equipment, installations, supplies and laboratory equipment was planned for the year 2023.

Economic and financial performance

The effect of all the activities carried out this semester is summarized in the individual financial statements.

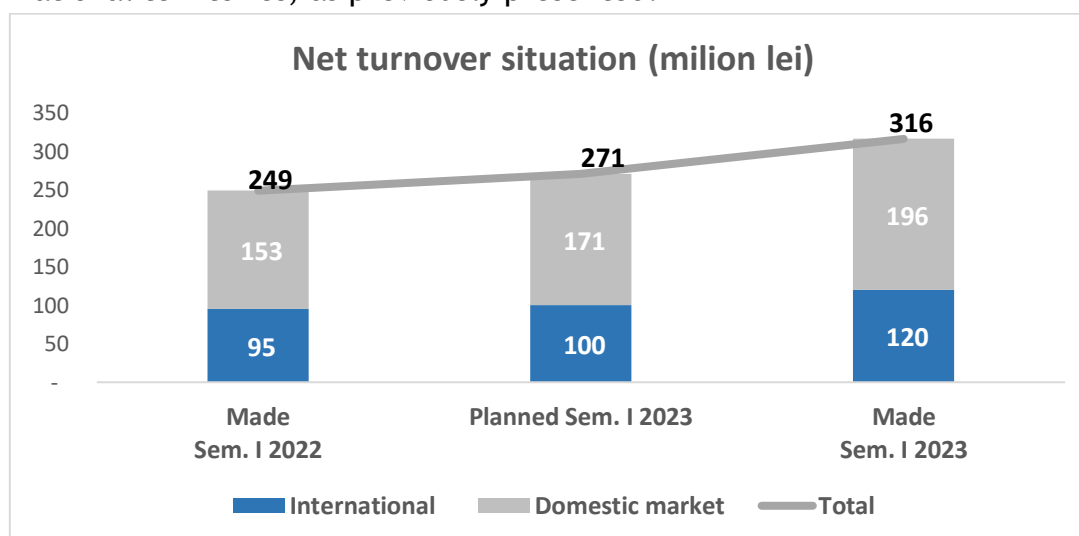
The main indicators that reflect the financial performance of the activity in the first semester of 2023, compared to the planned value and the realized value in the first semester of 2022 are:

Indicators	Period ended on June 30 th 2023	Planned BVC June 30 th 2023	Period ended on June 30 th 2022	▲ June 30 th 2023/ Planned BVC June 30 th 2023	▲ June 30 th 2023/ June 30 th 2022
Operating incomes (lei), of which:	347.134.262	321.970.669	282.075.997	8%	23%
Revenues from contracts with customers (lei)	315.870.916	270.658.882	248.618.974	17%	27%
Operating expenses (lei)	271.941.764	292.026.988	253.684.706	-7%	7%
Expenses with claw-back tax (lei)	18.520.768	17.300.000	15.829.565	7%	17%
Operational result (lei)	75.192.498	29.943.681	37.716.212	151%	99%
Financial result (lei)	-2.619.228	-1.538.267	-2.210.256	70%	19%

Indicators	Period ended on June 30 th 2023	Planned BVC June 30 th 2023	Period ended on June 30 th 2022	▲ June 30 th 2023/ Planned BVC June 30 th 2023	▲ June 30 th 2023/ June 30 th 2022
Total revenues (lei)	352.544.169	327.171.082	286.393.716	8%	23%
Total expenses (lei)	279.970.899	298.765.669	260.212.680	-6%	8%
Profit before tax (lei)/Gross profit	72.573.269	28.405.413	35.505.956	155%	104%
Gross profit return (EBT margin) (%)	22,98%	10,49%	14,28%	119%	61%
Return on profit before tax + expenses with clawback tax (%)	28,84%	16,89%	20,65%	71%	40%
Financial exercise profit (lei)/Net profit	62.002.313	28.405.414	33.975.965	118%	82%
Gross margin (lei)	229.790.722	187.477.506	175.524.754	23%	31%
Gross margin (%)	66%	58%	63%	14%	6%
Added value (lei)	191.616.235	129.989.938	144.380.936	47%	33%
EBITDA	88.632.133	42.343.682	38.883.529	109%	128%

After 3 years of the crisis and in the current geo-political context, with multiple challenges faced by supply chains in the medicine manufacturing industry, Antibiotice JSC, through strong partnerships, based on ethics, integrity and mutual respect, continued the mission of offer valuable medicines more accessible as a means of health care for patients, doctors and pharmacists.

From the analysis of the indicators in the global result situation, a level of income from contracts with clients (turnover) in the amount of 315.87 million lei is noted, 17% higher compared to the planned value for this period of 270.7 million lei and 27% higher compared to the value from the similar period of 2022, of 248.6 million lei. This result is the positive effect of the consolidation of sales on the Romanian market, as well as in international territories, as previously presented.



The increase in turnover, together with the expense management measures, led to an operational result, which reflects the performance of production and sales activities in the amount of 75.19 million lei, both above the planned level of 29.94 million lei, and also above the level achieved on 30th June 2022, of 37.72 million lei.

This result is the positive effect of the measures taken through the business plan aimed at:

- balancing the stock of products between the manufacturer and distributors to ensure optimal consumption on all sales channels;
- sales increase in the hospital segment;
- increasing sales in an optimal structure in the retail segment;
- increasing the notoriety of some umbrella brands and/or brand names;
- consolidation of sales in the current territories that define 80% of the export value of finished products with Antibiotice JSC representatives;
- accessing new territories through products that define the strategic portfolio of Antibiotice JSC;
- strengthening the active substance streptomycetes noursei and maintaining the position of world leader;
- optimizing the level of expenses.

The financial result on 30.06.2023 remains negative, in this semester Antibiotice JSC managed to manage the amounts used from the credit for financing the working capital, with a positive effect on the level of interest expenses, given that the value of the reference rates for the calculation of the interest registered major increases, compared to the similar period of the previous year. In the first half of 2022 Euribor had a negative value, while in the first half of 2023 the average level of Euribor is 2.752. The reference rate for loans in lei, Robor, had an average level of 4.27 in the first half of 2022 and 6.23 in the first semester of 2023.

The profit before taxation (gross profit) has a value of 72.57 million lei, above the planned value on 30.06.2023 of 28.4 million lei and above the value on 30.06.2022 of 35.5 million lei.

The profitability of the profit before taxation is 22.98% above the planned level of 10.49% and above the one achieved in the similar period of the previous year, of 14.28%.

The pre-tax profit combined with the amount of the claw-back tax consolidates a business yield of 28.84%.

The gross margin reflects the performance of the company's sales and production activity. The gross margin has a level of 229.79 million lei, 23% higher compared to the planned level and 31% higher compared to the level achieved in the similar period of the previous year, an effect of the measures to consolidate sales and manage costs.

The added value expresses what the company adds to the economic circuit through its own activity. The activity carried out in the reference period led to an added value of 191.61 million lei, 47% higher compared to the planned level and 33% higher compared to the value achieved in the same period of the previous year.

EBITDA, which reflects profit before interest, taxes, depreciation and amortization, shows an upward trend.

Indicators	Period ended on June 30th 2023	Period ended on December 31th 2022	▲ June 30 th 2023/ December 31 st 2022
Total assets (lei)	953,344,630	868.113.722	10%
Fixed assets (lei)	546,324,016	532,606,304	3%
Current assets (lei)	407,020,614	335.507.418	21%
Total debts (lei)	245,453,214	216.906.120	13%
Current liabilities (lei)	170,087,160	135,341,801	26%
Indebtedness ratio (total liabilities/total assets) (%)	25.75%	24.99%	3%
General liquidity (number of times)	2.39	2.48	-3%
Net accounting assets (lei)	707,891,416	651.207.602	9%

The value of inputs of tangible and intangible fixed assets, over the value of depreciation, determined the increase of the value of tangible and intangible fixed assets, on 30.06.2023, fixed assets hold a weight of 57% of the total asset.

Tangible assets are patrimonial elements that:

- are held in order to be used for the production or provision of goods or services, to be rented to third parties or to be used for administrative purposes;
- is expected to be used during several financial years.

Intangible assets are recorded according to IAS 38 "Intangible assets" and IAS 36 "Depreciation of assets". 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 factories and other intangible fixed assets recognized from an accounting point of view, with the exception of the expenses for establishing the goodwill, intangible fixed assets with an indefinite useful life, classified as such according to the accounting regulations, it is recovered by means of straight-line depreciation deductions during the contract period or during the period of use, as the case may be.

The level of stocks on 30.06.2023 is 20% higher compared to the level at the end of 2022, because in the July-September period the production activity is reduced for the revision of the production sites.

Compared to the same period last year, the stock value increased by 13%, while the sale increased by 20% in the analyzed period. The duration of stock decreased in the analyzed period by 0.6 months from 4.9 months in the first semester of 2022 to 4.3 in the first semester of 2023.

Current liquidity indicates the maintenance of financial balance in the short term. The company has the ability to honor current obligations on account of its most liquid assets.

The level of the degree of indebtedness reaffirms the financial autonomy of the company as a result of a responsible policy of indebtedness, appropriate to the volume of activity under the conditions of maintaining a satisfactory profit margin.

In the long term, the company aims to consolidate the net accounting assets, on 30.06.2023, its value is 707.89 million lei, 9% higher compared to the value on December 31st 2022, effect of the financial results registered this semester.

The cash flow, prepared by the indirect method, was determined starting from the gross profit, corrected with the influences of non-monetary operations (depreciation, provisions, adjustments of current assets) and with the variation of the working capital elements. From its analysis, it emerges the company's ability to generate cash from the exploitation activity, contributing to the financing of the investment process and the repayment of the debt service to the banks.

Pillar 5: Perfecting Corporate Governance systems

The regulatory framework for the corporate governance system of Antibiotice JSC It is:

- Law no. 31/1990 on commercial companies
- GEO no. 109/2011 regarding the corporate governance of public enterprises
- Law no. 24/2017 regarding issuers of financial instruments and market operations
- ASF Regulation no. 5/2018 regarding issuers of financial instruments and market operations
- The Constitutive Act of Antibiotice JSC
- Antibiotice JSC Corporate Governance Code,
- Code of Ethics of Antibiotice JSC

Corporate governance is one of the key elements for improving efficiency and economic growth, as well as for maintaining investor confidence.

Corporate governance involves a set of relationships between company management, the board of directors and shareholders. Corporate Governance also provides a system through which the company's objectives are established, and the means of achieving them, as well as those of monitoring, are determined. Their purpose is to:

- sufficiently motivate the management and the board of directors to achieve the objectives of interest for the company and its shareholders;
- monitor the actual implementation;
- creates the efficient intervention mechanism for the necessary corrections in the actions of the management and the board of directors;
- make the company's activity transparent by offering all shareholders and stake holders the relevant information.

The organizational framework for the corporate governance system of Antibiotice JSC It is:

- General Meeting of Shareholders,
- Board of Administration,
- General Director,
- Legal and Corporate Governance Department,
- Audit Committee within the Board of Directors,
- The Internal Audit Office, reporting directly to the Board of Directors.

The corporate governance framework adopted and applied:

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

On the Antibiotice JSC company website there is a section dedicated to shareholders, (www.antibiotice.ro/investitori/informatiiactionari) where you can access and download documents related to General Meetings of Shareholders: procedures regarding access to and participation in meetings, convenor, completion of the agenda, materials informative, special powers of representation, voting forms by mail, draft decisions, decisions, voting results.

Risk management

Risk management by the Antibiotice company complies with the legal and regulatory requirements in force for the identification, evaluation, management and reporting of risks.

The main purpose of risk management is to help understand and identify the risks to which the organization is exposed, so that they can be anticipated and managed without affecting the achievement, with efficiency, of the organization's objectives.

Through its operations, the company is exposed to the following financial risks:

- commercial risk (non-payment);
- interest rate risk
- currency risk;
- liquidity risk.

The commercial risk (non-payment) is the risk of financial loss for the company that occurs if a customer or counterparty to a financial instrument does not fulfill its contractual obligations. Antibiotice JSC is mainly exposed to the commercial risk (of non-payment) arising from sales to customers.

The control of the commercial risk (of non-payment) is carried out by: monitoring the creditworthiness of clients, requesting guarantees, securing receivables, developing

a relationship of loyalty on the part of clients. For external clients, the control of the commercial risk (of non-payment) is achieved through advance payment, the conclusion of letters of credit, collection operations and the insurance of receivables.

Interest rate risk represents the probability of suffering a loss or non-realization of the forecasted profits due to the variation of the interest rate on the market in an unfavorable direction.

Among the measures taken, the reduction of the value used from operational credits and the use of credits in the currency in which the payments are made were taken into account.

Currency risk, a component of financial risk, appears frequently in the current conditions of the market economy in which currency rates fluctuate under the rule of the law of supply and demand.

Fluctuations in the exchange rate are reflected both in the costs of imported raw materials and in the valorization prices of finished pods for export.

In order to reduce the currency risk exposure within the company, a series of measures were taken such as: synchronization of import and export activities by correlating payment and collection terms and correlating the weight of currencies; realization of a foreign currency financial strategy for synchronizing receipts with payments in the same currency.

Liquidity risk is the risk according to which the company may encounter difficulties in honoring short-term payment obligations at any time.

The company's policy regarding liquidity risk is to maintain sufficient liquid resources to honor obligations as they come due, as well as the availability of financing through financing lines.

The company has no unpaid obligations to the state budget.

This Managers Report was drawn based on the individual financial statements on June 30th, 2023 which were subject to compliance with the provisions of IAS 34 „Financial reporting interim" by Deloitte Audit S.R.L.

General Director,
Economist Nani Ioan

Financial Director,
Economist Coman Paula Luminița

ANTIBIOTICE JOINT STOCK COMPANY

INTERMEDIARY FINANCIAL STATEMENTS

drawn up in accordance with IAS 34 "Interim financial reporting"

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ANTIBIOTICE JSC
SITUATION OF THE GLOBAL RESULT
ON JUNE 30th, 2023
(all amounts are given in lei ("RON"), unless otherwise specified)

	Note	Period ended on June 30th 2023 (not audited)	Period ended on June 30th 2022 (not audited) (corrected)
Revenues from contracts with clients, of which:		315.870.916	248.618.974
Revenues from the sale of finished products	3	259.529.965	204.453.878
Revenues from the sale of products made on other manufacturing sites	3	55.726.977	43.733.333
Income from the provision of services	3	613.974	431.763
Other operating revenues	4	665.863	1.897.037
Income from subsidies	4	135.453	153.144
Changes in stocks of finished products and production in progress		23.879.385	25.880.818
Income from immobilization projects		6.582.645	5.592.604
Raw materials, used consumables and products made on other manufacturing sites	6	(116.542.2240)	(104.567.643)
Employees benefits expenses	8	(68.296.274)	(57.048.693)
Transport expenses	9	(2.352.216)	(2.022.375)
Utility expenses	9	(15.149.493)	(10.350.320)
Depreciation and adjustments for the depreciation of fixed assets, net	7	(13.439.635)	(10.492.238)
Adjustments for the depreciation of current assets, net	7	(6.549.531)	(16.022.689)
Reversed provisions, net	7	(5.117.881)	1.437.996
Sponsorships, donations		(389.822)	(186.236)
Other expenses	9	(44.104.688)	(45.174.167)
Operational result		75.192.498	37.716.212
Exchange rate differences, net	4	(582.371)	110.657
Interest rate expenses, net	4	(2.114.260)	(2.219.936)
Other financial expenses	4	77.403	(100.977)
Financial result		(2.619.228)	(2.210.256)
Profit before taxing		72.573.270	35.505.956
Profit tax expense	5	10.570.957	1.529.991
Profit of financial exercise		62.002.313	33.975.965
Total global result		62.002.313	33.975.965
Result per share		0,0924	0,0506

Approved by the Administration Board on **August 10th 2023**:

General Director,
Economist Ioan NANI

Financial Director,
Economist Paula COMAN

The notes attached are integral part of the financial statements.

ANTIBIOTICE JSC
SITUATION OF FINANCIAL POSITION
FOR THE FINANCIAL EXERCISE ENDED ON JUNE 30TH 2023
(all amounts are given in lei ("RON"), if not otherwise specified)

	Note	June 30th2023 (not audited)	December 31st 2022 (not audited) (corrected)	January 1st 2022 (not audited) (corrected)
Assets				
Fixed assets				
Tangible assets	10	504.260.863	496.810.361	480.544.567
Intangible assets	11	42.063.153	35.795.943	29.839.764
Total fixed assets		546.324.016	532.606.304	510.384.331
Current assets				
Stocks	12	161.422.612	134.133.715	110.353.059
Commercial and similar receivables	13	241.670.595	196.402.918	276.876.198
Expenses registered in advance		3.558.146	3.243.331	0
Cash and short-term deposits	18	369.261	1.727.454	2.111.377
Total current assets		407.020.614	335.507.418	389.340.634
Total assets		953.344.630	868.113.722	899.724.965
Equity and liabilities				
Equity				
Subscribed capital	14	67.133.804	67.133.804	264.835.156
Revaluation reserves	14	109.888.645	111.164.239	114.150.766
Legal reserves and other reserves		308.266.127	305.594.766	272.580.887
Result reported		222.602.840	167.314.793	(42.933.370)
Total equity		707.891.416	651.207.602	608.633.439
Long-term debts				
Loans and bank debts	17	42.005.673	46.973.501	57.617.153
Subsidies for investments - non-current portion	19	1.721.869	1.857.322	2.160.302
Deferred tax liabilities		31.638.512	32.733.496	32.176.732
Total long-term liabilities		75.366.054	81.564.319	91.954.187
Current liabilities				
Commercial and similar debts	16	99.587.821	86.067.391	98.202.289
Bank loans	17	41.861.422	34.008.116	87.163.549
Debts from taxes and current charges	16	16.534.412	8.280.670	9.611.682
Subsidies for investments - current portion	19	306.289	306.289	306.289
Provisions	15	11.797.216	6.679.335	3.853.530
Total current liabilities		170.087.160	135.341.801	199.137.339
Total debts		245.453.214	216.906.120	294.039.519
Total own capital and debts		953.344.630	868.113.722	899.724.965

Approved by the Board of Directors on **August 10, 2023**:

General Director,
Economist Ioan NANI

Financial Director,
Economist Paula COMAN

The notes attached are integral part of the financial statements.

ANTIBIOTICE JSC
SITUATION OF CHANGES IN EQUITY
FOR THE FINANCIAL EXERCISE ENDED ON JUNE 30TH 2023
(all amounts are given in lei ("RON"), if not specified otherwise)

31st of DECEMBER 2022

	Capital social	Legal reserves and other reserves	Revaluation reserves	Reported cumulative result (corrected)	Total equity (corrected)
Sold on January 1st 2022	67.133.804	272.580.887	114.150.766	151.126.343	604.991.800
Result of the year	-	-	-	38.513.427	38.513.427
Other elements of global result	-	-	-	-	-
Total global result	-	-	-	38.513.427	38.513.427
Establishment of legal reserve	-	-	-	-	-
Reserves representing the surplus realized from revaluation	-	-	(2.986.527)	568.590	(2.417.937)
Benefits granted to employees in the form of financial instruments	-	-	-	-	-
Fixed stock provisioning error	-	-	-	9.777.001	9.777.001
Dividends paid in 2022	-	-	-	(2.147.001)	(2.147.001)
Other capital elements increases/(reductions)	-	33.013.879	-	(30.523.566)	2.490.313
Sold on December 31st 2022	67.133.804	305.594.766	111.164.239	167.314.793	651.207.602

Approved by the Board of Directors on **August 10, 2023**:

General Director,
Economist Ioan NANI

Financial Director,
Economist Paula COMAN

The notes attached are integral part of the financial statements.

ANTIBIOTICE JSC
SITUATION OF CHANGES IN EQUITY
FOR THE FINANCIAL EXERCISE ENDED ON JUNE 30TH 2023
(all amounts are given in lei ("RON"), if not specified otherwise)

JUNE 30TH 2023

	Social capital	Legal reserves and other reserves	Revaluation reserves	Reported cumulative result (corrected)	Total equity (corrected)
Sold on January 1st 2023	67.133.804	305.594.766	111.164.239	167.314.793	641.430.602
Result of the year	-	-	-	62.002.313	62.002.313
Other elements of global result	-	-	-	-	-
Total global result	-	-	-	62.002.313	62.002.313
Establishment of legal reserve	-	-	-	-	-
Reserves representing the surplus realized from revaluation	-	2.671.361	(1.275.594)	(1.395.767)	-
Benefits granted to employees in the form of financial instruments	-	-	-	-	-
Dividends paid in 2023	-	-	-	(5.318.500)	(5.318.500)
Sold on June 30 2023	67.133.804	308.266.127	109.888.645	222.602.840	707.891.416

Approved by the Board of Directors on **August 10, 2023**:

General Director,
Economist Ioan NANI

Financial Director,
Economist Paula COMAN

The notes attached are integral part of the financial statements.

ANTIBIOTICE JSC
CASH FLOW SITUATION
FOR THE FINANCIAL EXERCISE ENDED ON JUNE 30TH 2023
(all amounts are given in lei ("RON"), if not specified otherwise)

Indirect method	30 June 2023 (not audited)	30 June 2022 (not audited) (corrected)
Profit before taxing	73.668.251	27.182.708
Adjustments for:		
Depreciation related to intangible assets	1.032.312	849.391
Depreciation related to tangible assets	12.407.324	9.887.498
Income tax	-	-
Expenses/(Incomes) related to value adjustments of fixed assets	-	-
Expenses/(Incomes) related to inventory provisions	(9.983.591)	12.243.607
Expenses/(Incomes) related to customer provisions and assimilated accounts	4.893.834	4.893.834
Expenses/(Incomes) related to provisions for risks and expenses	5.117.881	(1.437.996)
(Net gain)/Net loss from the exit of tangible fixed assets	-	-
Revenues from subsidies	(135.453)	-
Adjustments for exchange rate losses/(gains).	-	-
Interest rate expenses	2.115.643	2.220.330
Revenues from interest rates	(1.383)	(394)
Cash flow generated from operating activity before changes in working capital	89.114.818	55.838.979
Increases / (decreases) in debts	(50.161.511)	36.284.109
Increases / (decreases) in advance expenses	(314.815)	(485.556)
Increases / (decreases) in stocks	(17.305.310)	(30.706.874)
Increases / (decreases) in debts	18.772.433	22.171.166
Increases / (decreases) in income in advance	(135.454)	(153.143)
Interest rates paid	(2.115.643)	(2.220.330)
Interest received	1.383	394
Profit tax paid	(4.492.631)	(2.989.618)
Net cash from operating activities	33.363.270	77.739.126
Cash flows from investing activities		
Purchases of tangible assets	(20.047.807)	(42.335.479)
Purchases of intangible assets	(14.143.246)	(5.486.064)
Loans (granted)/returned and financial fixed assets	-	-
Cash in from the sale of fixed assets	-	-
Dividends received	-	-
(Purchase)/Sale of own shares	-	-
Net cash from investing activities	(34.191.053)	(47.821.543)
Cash flows from financing activities		
Increase/(Decrease) in the use of the credit line	7.974.683	(23.346.848)
Collection/(Repayment) of long-term loan	(5.148.640)	(5.352.845)
Collection/(Repayment) loan from shareholders/associates	-	-
Payments from financial leasing	-	-
Increase/decrease subsidies	-	-
Paid dividends	(3.356.453)	-
Changes in share capital increase/(decrease)	-	-
Net cash from financing activities	(530.410)	(28.699.693)
Decrease/Net increase in cash and cash equivalents	(1.358.192)	1.217.891

The notes attached are integral part of the financial statements.

ANTIBIOTICE JSC
CASH FLOW SITUATION
FOR THE FINANCIAL EXERCISE ENDED ON JUNE 30TH 2023
(all amounts are given in lei ("RON"), if not specified otherwise)

Indirect method	30 June 2023 (not audited)	30 June 2022 (not audited) (corrected)
Cash and cash equivalents at the beginning of the financial year	1.727.453	2.111.377
The effect of the exchange rate on the movement of cash and cash equivalents	-	-
Cash and cash equivalents at the end of the financial year	369.261	3.329.268

Approved by the Board of Directors on **August 10, 2023**:

General Director,
Economist Ioan NANI

Financial Director,
Economist Paula COMAN

The notes attached are integral part of the financial statements.

ANTIBIOTICE JSC
EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS
FOR THE FINANCIAL EXERCISE ENDED ON JUNE 30TH 2023
(all amounts are given in lei ("RON"), if not specified otherwise)

1. GENERAL INFORMATION

These are the individual financial statements of Antibiotice JSC drawn up on 30.06.2023.

Antibiotice JSC

- is the most important producer of generics in Romania, with full Romanian capital;
- is the only Romanian company that produces active substances, through biosynthesis processes;
- is listed on the Bucharest Stock Exchange in the premium category, since 1997;
- has a product portfolio that includes finished products, generic drugs for human use (Rx drugs and non-Rx products), active substances based on biotechnologies derived from streptomycines noursei for pharmaceutical use (in the form of compacted nystatin, micronized nystatin and standard nystatin), biocidal products for disinfecting surfaces and hands, veterinary medicines and biofertilizers. The product portfolio consists of over 160 products from 11 therapeutic classes. Prescription products are mainly grouped by ATC1 therapeutic classes and are intended for pathologies with increased incidence and the treatment of chronic conditions. The non-prescription products are grouped into portfolio concepts, for a more efficient communication to the target audience. The concepts include food supplements, medical devices, cosmetics, OTC drugs and OTX drugs (RX products with OTC behavior being released from the pharmacy without a medical prescription). The products in the current portfolio are carefully monitored, taking actions to adapt to national requirements and international regulations, through the analysis of therapeutic trends, medical guidelines, new effectiveness and safety studies. The expansion of the product portfolio makes a major contribution to the development of the Antibiotice company on the domestic market, as well as on the international markets, both through its own research and development activity, as well as through the assimilation of new products through business development (in-licensing contracts);
- has a diversified production capacity, organized in 3 production divisions, respectively 8 manufacturing flows on which: penicillin injectable powders are produced; penicillin capsules; non-beta-lactam capsules; cephalosporin capsules; tablets; ointments, creams, gels; suppositories; ovules; active substances obtained through biosynthesis and 10 partner sites. All production capacities are the property of the company and located at the registered office. The company has the right of ownership over all fixed assets registered in the company's accounting;
- owns a modern Research and Development Center;
- holds internationally recognized certifications and authorizations: authorization from the US Medicines Regulatory Agency (FDA) for Nystatin and injectable penicillin products, Certificate of Conformity with the European Pharmacopoeia (COS) for Nystatin, Certificate of Good Manufacturing Practice (GMP) for all manufacturing flows, TÜV Rheinland Certification for integrated management (quality, environment, health and safety at work);
- it is WHO prequalified and has WHO certification for the range of essential antituberculosis drugs;
- is a leader in the world production of active substances based on biotechnologies derived from streptomycines noursei for pharmaceutical use (in the form of compacted nystatin, micronized nystatin and standard nystatin);
- is a traditional supplier of anti-infective drugs for hospitals in the USA, Vietnam and European markets (Great Britain, Denmark, Holland, Serbia, Lithuania, Hungary, etc.);
- is the world market leader for the consumption of active substances based on biotechnologies derived from streptomycines noursei for pharmaceutical use (in the form of compacted nystatin, micronized nystatin and standard nystatin). The superior quality of this product, recognized by the US authorities (FDA) as an international reference standard, is reflected in a continuous increase in the number of new customers in Europe, South America, North America.

ANTIBIOTICE JSC
EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS
FOR THE FINANCIAL EXERCISE ENDED ON JUNE 30TH 2023
(all amounts are given in lei ("RON"), if not specified otherwise)

2. MAIN ACCOUNTING POLICIES

The financial statements were drawn up in accordance with the provisions of Order no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards applicable to commercial companies whose securities are admitted to trading on a regulated market, with subsequent regulations and clarifications. These provisions comply with those of the International Financial Reporting Standards adopted by the European Union. The individual financial statements were drawn up on a going concern basis.

The accounting policies and evaluation methods adopted for the preparation of the simplified interim financial statements are consistent with those used for the preparation of the annual financial statements of Antibiotice JSC on December 31, 2022.

These simplified individual interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. They do not include all the information required for a complete set of financial statements in accordance with IFRS and should be read together with the Company's annual financial statements, prepared as at 31 December 2022. However, certain selected explanatory notes are included to explain the events and transactions that are significant for understanding the changes in the company's financial position and performance since the last individual annual financial statements as of and for the financial year ending on December 31, 2022.

Functional and presentation currency

The management of the company considers that the functional currency, as defined by IAS 21 "Effects of exchange rate variation", is the leu. The separate financial statements are presented in lei, the values being rounded to the nearest leu, the currency the company has chosen - as a presentation coin.

Transactions made by the company in a currency other than the functional currency are recorded at the exchange rate in force on the date the transactions take place. Monetary assets and liabilities in foreign currency are converted at the exchange rate in force on the reporting date. The profit and loss resulting 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 liabilities denominated in foreign currency is reflected in the global result statement.

The exchange rates of the main foreign currencies according to the report of the National Bank of Romania are as follows:

	30 June 2023	31 December 2022
EUR	4,9634	4,9474
USD	4,5750	4,6346

Recognition of income and expenses

Revenue recognition IFRS 15 - Revenue from contracts with customers

Revenues represent the gross inflow of economic benefits during the period, generated in the course of the normal activities of an entity, when they entered as a result of the growth of own capitals, other than the increase linked to the contributions of the participants to the own capitals.

Revenues constitute the increase in economic benefits recorded over the course of the accounting period, in the form of income or increase in assets or the increase in liabilities, which materialize the increase in own capitals, other than those resulting from shareholders' contributions.

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

2. MAIN ACCOUNTING POLICIES (CONTINUED)

Income assessment

The new standard instead focuses on the identification of obligations and makes a clear distinction between obligations that are satisfied "at a point in time" and those that are satisfied "over a period of time", this being determined by the manner in which that control of the goods or services is transferred to the customer. The principle underlying this standard is that the company should recognize and record revenues in a way that indicates the transfer of goods or services.

IFRS 15 establishes a general framework that applies to the recognition of income from a contract concluded with a customer (with limited exceptions), regardless of the type of transaction or the industry; The standard establishes five steps to be followed for the recognition of income:

- identification of the contract(s) with a client;
- identifying performance obligations from a contract;
- determining the transaction price for the obligations in the contract;
- the allocation of the transaction price for the performance obligations;
- revenue recognition when (or to the extent that) the entity fulfills a performance obligation.

Revenues are shown at the fair value of the amounts collected or to be collected net of VAT. Revenues are reduced by the value of returns, trade discounts and other similar costs.

Revenues from the sale of goods are recognized when there is an obligation to register a contract, i.e. all the following conditions have been met:

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

Income from the sale of goods is recognized when the company has transferred the significant risks and benefits of ownership to the buyer and it is likely that the company will receive the previously agreed upon payment. The transfer of the risks and benefits related to the right of ownership is considered to be achieved once the legal title is transferred or the goods come into the buyer's possession. If the entity retains significant risks related to the property, the transaction does not represent a sale and the income is not recognized.

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

Recognition of expenses

The recognition of expenses constitutes reductions of the economic benefits recorded during the accounting period in the form of outflows or decreases in the value of assets or increases in liabilities, which materialize in reductions of equity, other than those resulting from their distribution to shareholders.

2. MAIN ACCOUNTING POLICIES (CONTINUED)

Financial assets - IFRS 9 Financial instruments

Initial evaluation of financial assets and financial liabilities

IFRS 9 replaces IAS 39, Financial instruments - recognition and evaluation. The IASB developed IFRS 9 in three stages, which deals separately from IFRS with the classification and valuation of financial assets, depreciation and hedging of risks. Other aspects of IAS 39, such as the scope, recognition and derecognition of financial assets are in accordance with it, with some modifications.

The classification of IFRS9 is determined by the characteristics of the cash flows and the business model within which the company is kept active. The company uses the simplified analysis model.

Impairment of non-financial assets (excluding inventories, real estate investments and deferred tax assets) - IAS 36 "Impairment of assets"

Assets owned by the company, as specified in IAS 36 "Impairment of assets", are subject to impairment tests whenever events or changes in circumstances indicate that it is possible that their accounting value cannot be fully recovered. When the book value of an asset exceeds the recoverable amount (that is, the highest amount between the value in use and the fair value minus the costs of sale), the asset 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).

Depreciation expenses are included in the profit or loss account, except when it reduces previously recognized gains in other elements of the overall result.

Provisions - IAS 37 "Provisions, contingent liabilities and contingent assets"

The provision is valued at the best estimate of the expenses necessary to settle the obligation at the reporting date, updated at a pre-tax rate that reflects current market assessments of the value of money over time and the specific risks of the debt.

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

- a) the company has a current obligation (legal or implicit) generated by a past event;
- b) it is likely that for the settlement of the obligation an outflow of resources incorporating economic benefits will be necessary;
- c) a credible estimate of the value of the obligation can be made.

If these conditions are not met, a provision should not be recognized.

The provisions are recorded in the accounting with the help of the accounts in group 15 "Provisions" and are set up on account of expenses, with the exception of those related to the decommissioning of tangible assets and other similar actions related to them, for which the provisions of IFRIC 1 will be taken into account.

The recognition, assessment and updating of provisions is carried out in compliance with the provisions of IAS 37 "Provisions, contingent liabilities and contingent assets".

Provisions are grouped in accounting by category and are constituted for:

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

The previously established provisions are periodically analyzed and regularized.

2. MAIN ACCOUNTING POLICIES (CONTINUED)

Employee benefits – IAS 19 Employee benefits

Current benefits granted to employees

Short-term benefits granted to employees include allowances, salaries and social security contributions. These benefits are recognized as expenses with the provision of services.

Benefits after concluding the employment contract

Both the company and the employees have the legal obligation to contribute to the social insurance established at the National Pension Fund administered by the National Pension House (contribution plan based on the "pay as you go" principle).

That is why the company has no other legal or implicit obligation to pay future contributions. His obligation is only to pay the contributions when they become due. If the company stops employing people who are contributors to the financing plan of the National Pension House, it will have no obligation to pay the benefits earned by its own employees in previous years. The company's contributions to the contribution plan are presented in the expenses chapter in the year to which it refers.

Deferred tax - IAS 12 "Profit tax"

In calculating the deferred tax, the company will take into account the provisions of IAS 12 "Profit tax".

Deferred tax assets and liabilities are recognized when the accounting value of an asset or liability in the statement of financial position differs from the tax base.

The recognition of deferred tax assets is limited to those moments when it is possible that the taxable profit of the following period will be available.

The amount of the asset or liability is determined using tax rates that have been largely adopted up to the reporting date and are expected to be applied when the deferred tax liabilities/(assets) are settled/(recovered).

The company compensates the receivables and liabilities regarding the deferred tax if and only if:

- a) has the legal right to offset current tax debts with current tax debts;
- b) the receivables and liabilities regarding the deferred tax are related to the profit taxes levied by the same fiscal authority.

dividends

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

When accounting for dividends, the provisions of IAS 10 "Events subsequent to the balance sheet date" are taken into account.

Capital and reserves

Capital and reserves (equity) represent the rights of shareholders over the assets of an entity, after deducting all debts. Equity includes: capital contributions, reserves, retained earnings, financial year results.

The entity was established according to Law no. 31/1990 on commercial companies.

In the first set of financial statements prepared according to IFRS, the company applied IAS 29 „Financial reporting in hyperinflationary economies" for the shareholders' contributions obtained before January 1, 2004, namely, they were adjusted with the corresponding inflation index.

2. MAIN ACCOUNTING POLICIES (CONTINUED)

Financing costs

An entity must capitalize 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 costs of indebtedness as expenses in the period in which it bears them.

The result per action

The company presents the basic result per share for ordinary shares. The basic result per share is determined by dividing the profit or loss attributable to the company's ordinary shareholders by the weighted average number of ordinary shares related to the reporting period.

Segment reporting

A segment is a distinct component of the company that provides certain products or services (activity segment) or provides products and services in a certain geographic environment (geographic segment) and which is subject to risks and benefits different from those of the other segments. From the point of view of the activity segments, the company does not identify distinct components from the point of view of associated risks and benefits.

Related parties

A person or a close member of that person's family is considered affiliated with a Company if that person:

- (i) has control or joint control over the company;
- (ii) has a significant influence on society;
- (iii) is a member of key management personnel.

Key management personnel represent those persons who have the authority and responsibility to plan, direct and control the company's activities directly or indirectly, including any director (executive or not) of the entity. Transactions with key personnel include exclusively the salary benefits granted to them as presented in Note 8 - Expenses with employee benefits.

An entity is affiliated to 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 in the same group is linked to the others);
- (ii) the entity is an associated entity or joint venture of the other entity (or an associated entity or joint venture of a member of the group of which the other entity is a part);
- (iii) both entities are participating associations of the same third party;
- (iv) one entity is a joint venture of a third entity, and the other is an associated entity of the third entity;
- (v) the entity is a post-employment benefits plan for the benefit of the employees of the reporting entity or of an entity affiliated with the reporting entity. If the reporting entity itself represents such a plan, the sponsoring employers are also affiliated to the reporting entity;
- (vi) the entity is controlled or jointly controlled by an affiliated person;
- (vii) the affiliated person who holds the control significantly influences the entity or is a member of the key personnel in the entity's management (or the entity's parent company).

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

2. MAIN ACCOUNTING POLICIES (CONTINUED)

Standards issued that entered into force in 2023:

Standards, amendments and new interpretations of standards

The initial application of the new amendments to the existing standards in force for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) are in effect for the current reporting period:

- Amendments to IFRS 4 "Insurance contracts" – Extension of the temporary exemption from the application of IFRS 9 (the expiration date of the temporary exemption from the application of IFRS 9 has been extended for annual periods starting on or after January 1, 2023).

On the date of approval of these financial statements, the following amendments to the existing standards were issued by the IASB and adopted by the EU:

- IFRS 17 "Insurance contracts" including amendments to IFRS 17 issued by the IASB on June 25, 2020 - adopted by the EU on November 19, 2021 (applicable for annual periods starting on or after January 1, 2023).

Starting with the period ended June 30, 2023, the Company prepares the statement of cash flows using the indirect method. Also, in order to present some comparative information with the period ended on June 30, 2023, the Company prepared the cash flow statement using the same method on June 30, 2022.

New standards and amendments to existing standards issued by the IASB, which have been adopted by the EU

Currently, IFRS as adopted by the EU does not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards, amendments to existing standards and new interpretations, which have not been approved for use in EU on the date of publication of these financial statements (the effective dates mentioned below are for the IFRS standards issued by the IASB):

- Amendments to IAS 1 "Presentation of financial statements" - Classification of liabilities into short-term liabilities and long-term liabilities (applicable for annual periods starting on or after January 1, 2023),
- Amendments to IAS 1 "Presentation of financial statements" - Presentation of accounting policies (applicable for annual periods starting on or after January 1, 2023),
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" - Definition of accounting estimates (applicable for annual periods starting on or after January 1, 2023),
- Amendments to IAS 12 "Income tax" - Deferred tax related to receivables and payables arising from a single transaction (applicable for annual periods starting on or after January 1, 2023),
- Amendments to IFRS 17 "Insurance contracts" - Initial application of IFRS 17 and IFRS 9 - Comparative information (applicable for annual periods beginning on or after January 1, 2023).

ANTIBIOTICE JSC
EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS
FOR THE FINANCIAL EXERCISE ENDED ON JUNE 30TH 2023
(all amounts are given in lei ("RON"), if not specified otherwise)

3. REVENUES AND OPERATIONAL SEGMENTS

Below is an analysis of the revenues:

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 30 June 2022 (not audited)
Selling of end products	302.413.958	251.166.796
Selling of products made on other manufacturing sites	60.640.689	50.005.990
Revenues from other activities	613.974	431.763
Commercial discounts granted	(47.797.705)	(52.985.575)
Total	315.870.916	248.618.974

According to the geographical distribution, the turnover is structured as follows:

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 30 June 2022 (not audited)
On the Romanian market	196.078.548	153.369.770
On foreign markets	119.792.368	95.249.204
Total	315.870.916	248.618.974

4. REVENUES AND VARIOUS EXPENSES

Revenues and financial expenses:

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 30 June 2022 (not audited)
Expenses with interest rates	(2.115.643)	(2.220.330)
Revenues from interest rates	1.383	394
Revenues from currency exchange differences, net	5.408.524	4.317.325
Expense from currency exchange differences	(5.990.895)	(4.206.668)
Other revenues/financial (expenses)	77.403	(100.977)
Net financial loss	(2.619.228)	(2.210.256)

Interest expenses refer to loans from banks, which are valued at amortized cost.

Other revenues from operating

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 30 June 2022 (not audited)
Compensations, fines and penalties	4.178	-
Income from the sale of tangible and intangible assets	-	66.580
Income from subsidies	135.453	153.144
Other operating revenues	661.685	1.830.457
Total	801.316	2.050.181

ANTIBIOTICE JSC
EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS
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5. CURRENT AND DEFERRED PROFIT TAX EXPENSES

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 30 June 2022 (not audited)
Current income tax expenses	11.665.940	4.023.651
Deferred income tax expenses	(1.094.983)	(1.001.673)
Total	10.570.957	3.021.978

6. EXPENSES WITH RAW MATERIALS, USED CONSUMABLES AND GOODS

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 30 June 2022 (not audited)
Expenses with raw materials	81.591.306	71.165.428
Expenses with consumables	7.498.858	25.283.081
Expenses with merchandise	27.435.209	8.112.824
Used packaging	16.851	6.310
Total	116.542.224	104.567.643

7. EXPENSES WITH PROVISIONS, ADJUSTMENTS FOR DEPRECIATION AND DEPRECIATION

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 30 June 2022 (not audited)
Depreciation expenses of fixed assets (IAS 36)	-	-
Income from the resumption of depreciation of fixed assets (IAS 36)	-	244.652
Depreciation expenses (notes 11 and 12) (IAS 36, IFRS 16)	(13.439.635)	(10.736.890)
Net adjustments for the depreciation of fixed assets	(13.439.635)	(10.492.238)
Expenses with stock depreciation (IAS 36)	(1.964.160)	(16.578.891)
Income from reversal of inventory depreciation (IAS 36)	308.463	-
Net adjustments for inventory depreciation (note 14)	(1.655.697)	(16.578.891)
Expenses with impairment of uncertain receivables (IFRS 9)	(4.893.834)	(12.982.618)
Income from the reversal of the impairment of doubtful receivables (IFRS 9)	-	4.213.900
receivables passed on expenses (IFRS 9)	-	(4.382.606)
Net adjustments for impairment of uncertain receivables (note 15)	(4.893.834)	(13.151.324)
Expenses with provisions (IAS 36)	(7.654.713)	-
Income from the resumption / cancellation of provisions (IAS 36)	2.536.832	1.437.996
Net adjustments for provisions	(5.117.881)	1.437.996

ANTIBIOTICE JSC
EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS
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8. EXPENSES WITH EMPLOYEE BENEFITS AND REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 30 June 2022 (not audited)
Salaries	62.973.630	52.885.924
Contributions to the state social insurance fund	1.427.325	1.194.099
Meal vouchers + other benefits granted to employees	3.895.319	2.968.670
Total, according to the line "Expenses with employee benefits"	68.296.274	57.048.693
 Remuneration of the Board of Directors	 1.068.089	 1.054.145

9. OTHER EXPENSES

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 30 June 2022 (not audited)
Expenses with transport	2.352.216	2.022.375
Expenses with utilities and green certificates	15.149.493	10.350.320
Expenses with services performed by third parties	5.792.617	6.163.417
Expenses with repairs	870.649	689.133
Expenses with other fees and taxes*	23.427.769	19.991.542
Expenses with protocol, advertising campaigns and publicity	9.212.486	8.905.131
Expenses with insurance premiums	1.461.688	694.240
Other general expenses	2.013.938	7.915.025
Expenses with rents	146.723	146.210
Expenses with travel expenses	899.156	281.193
Expenses with postal and telecommunications fees	275.522	268.467
Expenses with compensations, fines and penalties	4.140	15.301
Expenditure on assets sold	-	104.508
Total	61.606.397	57.546.862

* Expenses with other fees and taxes

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 30 June 2022 (not audited)
Expenses with the tax on buildings	761.569	705.516
Land tax expenses	267.577	267.633
Expenses with the tax on means of transport	19.544	20.964
Expenses with other fees and taxes	3.831.046	3.127.874
Expenses with the tax for the registration of licenses	6.672	-
Expenses regarding the environmental fund	20.593	34.804
Expenses with company taxes and advertising	-	5.186
Clawback tax expenses	18.520.768	15.829.565
Total	23.427.769	19.991.542

10. TANGIBLE ASSETS

Tangible fixed assets are tangible elements that:

- a) are held in order to be used for the production or provision of goods or services, to be rented to third parties or to be used for administrative purposes;
- b) is expected to be used during several financial years.

Recognition:

The cost of an item of tangible assets must be recognized as an asset if and only if:

- a) it is probable that the entity will generate future economic benefits related to the asset;
- b) the cost of the asset can be reliably assessed.

Evaluation after recognition

After recognition as an asset, an item of tangible assets is accounted for at its cost minus accumulated depreciation and accumulated impairment losses.

After recognition as an asset, an element of tangible assets whose fair value can be reliably assessed is accounted for at a revalued value, this being its fair value on the revaluation date. The revaluations are carried out with sufficient regularity to ensure that the accounting value does not differ significantly from what would have been determined by using the fair value at the end of the reporting period. The revaluation of tangible assets refers to buildings and land according to article 99 paragraph (1) from the Order of the Ministry of Public Finance no. 2844/2016.

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

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

If the accounting value of a tangible fixed asset is increased as a result of the revaluation, then the increase is recognized in other elements of the overall result and accumulated in the equity as surplus from the revaluation. However, the increase must be recognized in profit or loss to the extent that it compensates for a decrease from the revaluation of the same asset previously recognized in profit or loss.

If the accounting value of an asset is reduced as a result of a revaluation, this reduction must be recognized in profit or loss. However, the reduction must be recognized in other elements of the comprehensive result to the extent that the revaluation surplus shows a credit balance for that asset. The reduction recognized in other elements of the global result reduces the amount accumulated in the equity capital as revaluation surplus.

The surplus from the revaluation included in the equity related to an element of tangible assets is transferred directly to the retained earnings when the asset is derecognized. Transfers from the revaluation surplus to the retained earnings are not made through profit or loss.

If there is, the effects of taxes on profit resulting from the revaluation of tangible assets are recognized and presented in accordance with IAS 12 Profit tax.

10. TANGIBLE ASSETS (continued)

Amortization

The depreciable value of an asset is allocated systematically over its useful life. Depreciation of an asset begins when it is available for use, that is, when it is in the location and condition necessary to be able to function in the manner desired by management.

The owned land is not amortized.

For depreciable fixed assets, the company uses, from an accounting point of view, the straight-line depreciation method. The amortization periods are determined by an internal specialized committee according to the company's internal procedures. Below is a brief presentation of the lifetimes of fixed assets by main categories:

Lifetime category	
Building and constructions	24-40 years
Equipment and installations	7-24 years
Means of transport	4- 6 years
Computing technique	2- 15 years
Furniture and office equipment	3- 15 years

Impairment

To determine whether an item of property, plant and equipment is impaired, an entity applies IAS 36 Impairment of Assets. At the end of each reporting period, the entity estimates whether there are indications of asset impairment. If such indications are identified, the entity estimates the recoverable value 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 value. Such a reduction represents an impairment loss. An impairment loss is recognized immediately in the profit or loss of the period, except when the asset is reported at the revalued value, in accordance with the provisions of another Standard (for example, in accordance with the revaluation model of IAS 16 Tangible assets). Any impairment loss in the case of a revalued asset is considered to be a decrease generated by the revaluation.

The most important investment projects carried out in 2023 are the following:

1. Sewage system

Work on this investment began in 2019 and will be completed in 2023. The current sewerage system is about 60 years old, showing advanced corrosion, due to the chemicals channeled and the mechanical action of the water. In the course of time, several major accidents occurred throughout the territory of the ATB platform. Considering the high wear and tear, there is a risk of other damages occurring that could have had major implications on the company's activities and on the environment, which is why the creation of a new sewage system was imperatively necessary.

2. Photovoltaic plant of 2.5 MW

The realization of this investment objective was based on the following premises:

- the evolution of electricity prices
- the growing forecast of the amount of energy purchased - the opportunity to finance energy capacities from renewable sources from PNRR funds
- the integration of sustainability principles in the company's development processes and strategies.

10. TANGIBLE ASSETS (continued)

2. Photovoltaic plant of 2.5 MW (continued)

The expected results following the implementation of the investment are the following:

- reducing the amount of electricity purchased by around 3300 MWh per year, representing 26% compared to the level of consumption in 2021
- reduction of carbon dioxide emissions by about 558.5 tons/year
- the development of the company's currently unused land.

The investment will be completed in 2023.

3. Photovoltaic plant of 1.2 MW

The photovoltaic panels related to this power plant will be placed on a number of 13 buildings, for which, following technical expertise, it was found that the roofs bear additional loads. An annual production of about 1,840 MWh is estimated, representing about 15% of the annual electricity consumption of Antibiotice JSC from 2021. The investment will be completed in 2023.

4. Outdoor lighting and video surveillance

Outdoor lighting on the Antibiotice JSC platform. it was developed in several stages, always adapting to the changes brought by the demolition of some buildings and overpasses or with the installation of video surveillance cameras. Currently, most of the existing devices have functional deficiencies and do not ensure an optimal level of light flow, which leads to physical insecurity, the impossibility of monitoring perimeter areas both with human personnel and by taking images through video surveillance cameras, inadequate lighting of car and pedestrian areas in the premises. The work on this investment objective started in 2023 and will be completed in 2026.

5. Drinking water supply system

The works to modernize the drinking water supply network began in 2017 and consisted of the replacement of steel pipes in various stages of wear with polypropylene pipes. Until now, sections representing about 50% of the total length of the drinking water supply network have been modernized. The remaining sections to be modernized will be completed in stages, until 2026.

6. Other investments

Modernization of utility production and distribution facilities (steam, condensate, electrical, etc.), development of the product portfolio through own research and licensing, re-technologizing of research laboratories and for quality control, in information technology, for the integrated management system (quality, environment, sustainability and safety at work), for the modernization of existing sites and equipment.

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10. TANGIBLE ASSETS (continuation)

	Lands	Buildings	Machinery and equipment, vehicles	Installations and furniture items	Current tangible assets	Total
COST						
Sold on January 1, 2022	189.933.152	157.513.278	225.871.215	8.749.574	64.714.983	646.782.202
Increases:	-	54.141.612	37.931.262	1.130.587	37.576.233	130.779.694
of which:	-	-	-	-	-	-
transfers in / from current assets	-	54.141.612	37.931.262	1.130.587	-	93.203.461
Giveaways and other discounts	-	(901.646)	(2.434.289)	(40.719)	(93.203.461)	(96.580.115)
of which:	-	-	-	-	-	-
Transfers in / from current assets	-	-	-	-	(93.203.461)	(93.203.461)
Sold on December 31, 2022	189.933.152	210.753.244	261.368.188	9.839.442	9.087.755	680.981.781
Sold on 1 January 2023	189.933.152	210.753.244	261.368.188	9.839.442	9.087.755	680.981.781
Increases:	-	12.024.902	7.669.441	353.464	19.857.824	39.905.631
of which:	-	-	-	-	-	-
Transfers in / from current assets	-	12.024.902	7.669.441	353.464	-	20.047.807
Giveaways and other discounts	-	-	-	-	(20.047.807)	(20.047.807)
of which:	-	-	-	-	-	-
Transfers in / from current assets	-	-	-	-	(20.047.807)	(20.047.807)
Sold on 30 June 2023	189.933.152	222.778.146	269.037.629	10.192.906	8.897.772	700.839.605

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10. TANGIBLE FIXED ASSETS (continued)

	Lands	Buildings	Machinery and equipment, vehicles	Installations and furniture items	Current tangible assets	Total
CUMULATIVE DEPRECIATION						
Sold on January 1 2022	-	23.591.076	135.912.271	6.438.037	-	165.941.384
Depreciation recorded during the year	-	8.881.920	11.872.360	298.144	-	21.052.424
Giveaways and discounts	-	(347.382)	(2.434.288)	(40.719)	-	(2.822.389)
Sold on December 31 2022	-	32.125.614	145.350.343	6.695.462	-	184.171.419
Sold on January 1 2023	-	32.125.614	145.350.343	6.695.462	-	184.171.419
Depreciation recorded during the year	-	5.221.951	6.987.806	197.566	-	12.407.323
Sold on 30 June 2023	-	37.347.565	152.338.149	6.893.028	-	196.578.742
NET COUNTABLE VALUE						
Net countable value on January 1 2023	189.933.152	178.627.630	116.017.845	3.143.980	9.087.755	496.810.361
Net countable value on 30 June 2023	189.933.152	185.430.581	116.699.480	3.299.878	8.897.772	504.260.863

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11. INTANGIBLE ASSETS

Intangible assets are recorded according to IAS 38 "Intangible assets" and IAS 36 "Depreciation of assets". 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 factories and other intangible fixed assets recognized from an accounting point of view, with the exception of the expenses for establishing the goodwill, intangible fixed assets with an indefinite useful life, classified as such according to the accounting regulations, it is recovered by means of straight-line depreciation deductions during the contract period or during the period of use, as the case may be.

Internally generated intangible assets

Research expenses (or in the research phase of an internal project) are recognized as expenses of the exercise to which they refer.

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

	Licences and other intangible assets	Current intangible assets	Total
COST			
Sold on 1 January 2022	24.900.852	24.371.232	49.272.084
Increases	1.546.656	8.779.976	10.326.632
Transfers in / from current assets	-	-	-
Giveaways/discounts	-	(2.857.071)	(2.857.071)
Sold at 31 December 2022	26.447.508	30.294.137	56.741.645
Sold at 1 January 2023	26.447.508	30.294.138	56.741.646
Increases	7.002.292	7.140.953	14.143.245
Transfers in / from current assets	-	-	-
Giveaways/discounts	-	(6.843.724)	(6.843.724)
Sold on 30 June 2023	33.449.800	30.591.367	64.041.167
CUMULATIVE DEPRECIATION			
Sold on 1 January 2022	19.432.320	-	19.432.320
Expense with depreciation	1.513.382	-	1.513.382
Depreciation	-	-	-
Discounts	-	-	-
Sold on 31 December 2022	20.945.702	-	20.945.702
Sold on 1 January 2023	20.945.702	-	20.945.702
Expense with depreciation	1.032.312	-	1.032.312
Depreciation	-	-	-
Discounts	-	-	-
Sold on 30 June 2023	21.978.014	-	21.978.014
NET COUNTABLE VALUE			
On 1 January 2023	5.501.806	30.294.137	35.795.943
On 30 June 2023	11.471.786	30.591.367	42.063.153

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12. STOCKS

According to the provisions of IAS 2, stocks are assets:

- a) held for sale during the normal course of the activity;
- b) under production for such sale; OR
- c) in the form of raw materials, materials and other consumables to be used in the production process or for the provision of services.

Valuation of stocks

Inventories are valued at the lower of cost and net realizable value.

Inventory cost

The cost of inventories includes all acquisition costs, conversion costs, as well as other costs incurred to bring the inventories to their current condition and location.

Stocks of raw materials and materials are highlighted at the purchase value. Stock disposal is done using the Weighted Average Price method.

Stocks of products in progress are shown at the value of the raw materials and the materials included in them.

The stock of finished products is highlighted at production cost.

Adjustments for inventory depreciation

The valuation for inventory impairment is performed on an individual basis and is based on management's best estimate of the present value of the cash flows that are expected to be received. Each impaired asset is analyzed individually. The accuracy of the adjustments depends on the estimation of future cash flows.

The adjustments regarding stocks are based on the calculation performed at the end of the financial year for the specific value adjustment related to stocks of raw materials, materials and finished products that no longer correspond from a qualitative point of view. The calculation of the general adjustment for stock depreciation is made according to the validity period of the items in stock.

	Sold on 30 June 2023 (not audited)	Sold on 31 December 2022 (corrected)
End products	89.718.201	67.319.986
Raw materials	50.424.880	47.011.753
Merchandise	29.514.696	27.243.090
Consumables	466.790	316.640
Inventory objects	17.626	19.626
Residual products	3.465	4.111
Packaging	67.203	78.647
Products currently in production	5.494.297	4.768.710
Stocks – gross value	175.707.158	146.762.563
Value adjustments for raw materials and materials	(1.964.160)	-
Value adjustments for end products	(11.071.663)	(11.380.126)
Value adjustments for merchandise	(1.248.723)	(1.248.723)
Total value adjustments	(14.284.546)	(12.628.849)
Total stocks – net value	161.422.612	134.133.715

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13. COMMERCIAL AND SIMILAR RECEIVABLES

Receivables arise mainly through the provision of goods and services to customers (for example trade receivables), but also incorporate other types of contractual monetary assets.

The receivables are presented in the balance sheet at the historical value less the adjustments established for depreciation in cases where it was found that the realizable value is lower than the historical value.

Adjustments for impairment are recognized when there is objective evidence (such as significant financial difficulties on the part of partners or non-fulfillment of payment obligations or significant delay in payment) that the company will not be able to collect all the amounts owed according to the terms of the receivables, the amount of the respective adjustment being the difference between the net book value and the current value of the expected future cash flows associated with the impaired debt.

The assessment for the impairment of receivables is carried out on an individual level and is based on a risk analysis by customer category, being the best estimate of the management regarding the present value of the cash flows that are expected to be received. In determining the recoverability of a claim, the changes in the value of the receivable starting from the due date to the reporting date are taken into account. Calculations were made in this regard on each individual invoice, taking into account the sales invoice and the collection within the established terms, according to IFRS 9 "Financial instruments".

The company evaluates 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 such evidence, the company applies different treatments to determine the amount of any impairment loss, depending on the type of asset: financial assets accounted for at amortized cost, financial assets accounted for at cost and financial assets available for sale.

The book value of the asset must be reduced either directly or by using an impairment adjustment account. The value of the loss must be recognized in profit or loss.

If, in a later period, the value of the related impairment loss decreases, and the decrease can be objectively correlated with an event that occurs after the impairment was recognized (such as an improvement in the debtor's credit rating), the loss from previously recognized impairment must be resumed either directly or by adjusting an impairment provision account. The resumption must not result in an accounting value of the financial asset higher than the value that would have constituted the amortized cost, if the depreciation had not been recognized on the date on which the depreciation is resumed. The value of the resumption must be recognized in profit or loss.

The adjustments for the depreciation of commercial receivables are made up of the specific provision, made up entirely for litigation, after which the general provision is also calculated.

The general provision for the depreciation of customer receivables is calculated according to the age of the existing receivables in the balance. The calculated depreciation adjustments cannot exceed the amounts necessary to settle the trade receivable. When analyzing receivables based on commercial effects, in situations where events are identified that prove the existence of payment incidents or the deterioration of the debtor's financial situation, adjustments can be calculated, the size of the provision for depreciation being at most equal to the size of the effect.

	Sold on 30 June 2023 (not audited)	Sold on 31 December 2022
Short-term receivables		
Trade receivables	263.615.080	214.052.126
Trade effects	4.508.485	4.180.578
Advance payments to suppliers of assets	1.666.983	888.436
Advance payments to stock and services suppliers	914.193	412.734
Advance payments to employees	631	154
Other receivables	5.213.709	6.223.542
Provision for amortisation	(34.248.486)	(29.354.652)
Sold at the end of the period	241.670.595	196.402.918

Changes in impairment adjustments for doubtful receivables.

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13. COMMERCIAL DEBTS AND SIMILAR (continuation)

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 31 December 2022
Sold at the beginning of the period	(29.354.652)	(24.863.762)
Receivables removed from the records during the period	-	7.560.123
Adjustment of the depreciation recorded in the statement of the overall result in relation to trade receivables	(4.893.834)	(12.051.013)
Receivables related to transferred customers	-	-
Sold at the end of the period	(34.248.486)	(29.354.652)

14. SOCIAL CAPITAL

	Sold on 30 June 2023 (not audited)	Sold on 31 December 2022
Ordinary shares paid in full	67.133.804	67.133.804

Structure of the shareholding

	Sold on 30 June 2023 (not audited)		Sold on 31 December 2022	
	Number of shares	% ownership	Number of shares	% ownership
MINISTRY OF HEALTH	355.925.135	53,0173	355.925.135	53,0173
INFINITY CAPITAL INVESTMENTS JSC*	197.475.826	29,4153	181.515.771	27,0379
Other natural and legal persons	117.937.079	17,5675	133.897.134	19,9448
Total	671.338.040	100,00	671.338.040	100,00

* On December 31st 2022 the company was called SIF OLTENIA

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14. SOCIAL CAPITAL (continuation)

Reserve from revaluation

The reconciliation between the initial and final balance of the revaluation reserve is as follows:

	Financial exercise ended on 30 June 2023 (not audited)	Financial exercise ended on 31 December 2022
Balance at the beginning of the period for the revaluation reserve	132.338.377	135.893.766
Balance at the beginning of the period for the deferred tax related to the revaluation reserve	(21.174.138)	(21.743.000)
The transfer of the revaluation reserve to the retained earnings as a result of depreciation and disposals of tangible assets, net of tax	(1.518.556)	(3.555.389)
Revaluation of tangible assets	-	-
Decrease in deferred tax related to the revaluation reserve	(242.962)	(568.862)
Balance at the end of the period for the revaluation reserve	130.819.821	132.338.377
Balance at the end of the period for the deferred tax related to the revaluation reserve	(20.931.176)	(21.174.138)
Reconciliation of revaluation reserves	109.888.645	111.164.239

15. DEBTS REGARDING EMPLOYEE BENEFITS AND PROVISIONS

	Short-term		Long-term	
	30 June 2023 (not audited)	31 December 2022	30 June 2023 (not audited)	31 December 2022
Benefits for employees	-	-	-	-
Provisions for risks and expenses	11.797.216	6.679.335	-	-
Total	11.797.216	6.679.335	-	-

16. COMMERCIAL AND SIMILAR DEBTS

Financial liabilities mainly include trade debts and other short-term financial debts (debts related to personnel, debts related to taxes and fees, debts related to short-term bank loans, debts related to various creditors) which are initially recognized at fair value and subsequently recorded at amortized cost using the effective interest method.

	Sold Ia 30 June 2023 (not audited)	Sold Ia 31 December 2022
Trade debts	65.072.833	58.755.589
Effects to be paid	3.801.093	2.182.409
Debts from the purchase of fixed assets	14.001.583	12.839.306
Other current debts*	15.276.040	11.997.193
Advances collected based on orders	1.436.272	292.894
Total	99.587.821	86.067.391

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16. COMMERCIAL DEBTS AND SIMILAR (continuation)

*Other current debts

	Sold on 30 June 2023 (not audited)	Sold on 31 December 2022
Salary debts to employees and social insurance debts	9.186.266	8.284.751
Unclaimed employee rights	11.527	13.431
Other creditors	1.135.075	1.116.573
Interest rates to be paid	187.913	81.217
Other taxes to be paid	298.709	6.718
Dividends to be paid	4.456.550	2.494.503
Total	15.276.040	11.997.193

Debts from taxes and current charges

Value added tax

The value added tax is highlighted on the basis of the VAT statement. The amount of VAT to be paid is paid to the fiscal authorities by the 25th of the following month, regardless of the level of recovery of receivables from customers. The tax authorities allow the settlement of VAT on a net basis. If the deductible VAT is higher than the collected VAT, the difference is refundable at the request of the company. The respective VAT can be refunded after a fiscal audit, or even in its absence, if certain conditions are met. VAT related to sales and purchases that have not been settled at the end of the reporting period is recognized in the statement of financial position at the net value and presented separately as a current asset or liability. In cases where adjustments were recorded for the depreciation of receivables, the loss from depreciation is recorded for the gross value of the debtor, including VAT. The related value added tax must be paid to the state budget and can only be recovered in the case of the debtor's statute of limitations, as a result of the bankruptcy decision.

Claw-back tax

The claw-back tax regulated by Emergency Ordinance no. 77/2011 regarding the establishment of contributions for the financing of expenses in the field of health, paid quarterly to the State Budget for prescription drugs, included in the national health programs, with or without personal contribution, used in outpatient treatment based on medical prescription through open-circuit pharmacies, for those used in hospital treatment, supported by the unique National Social Health Insurance Fund and the budget of the Ministry of Health.

	Sold on 30 June 2023 (not audited)	Sold on 31 December 2022
VAT to be paid	586.178	-
Current profit tax	7.022.204	-
Claw-back tax	8.800.000	8.169.643
Other special funds	126.030	111.027
Total	16.534.412	8.280.670

	Sold on 30 June 2023 (not audited)	Sold on 31 December 2022
Deferred profit tax	31.638.512	30.071.210
Total	31.638.512	30.071.210

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17. BANK LOANS

The bank loans on June 30, 2023 and December 31, 2022 are the following:

Financing bank	Type of financing	Grant date	Sold on 31 December 2022	Sold on 30 June 2023 (not audited)	Short term on 30 June 2023 (not audited)	Long term on 30 June 2023 (not audited)	Period
Unicredit Bank	credit line - capital circulant	8/17/2016	34.008.116	31.191.525	31.191.525	-	84 LUNI
Unicredit Bank	Investment credit	5/3/2018	46.973.501	52.675.570	10.669.897	42.005.673	120 LUNI
TOTAL			80.981.617	83.867.095	41.861.422	42.005.673	

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18. CASH AND CASH EQUIVALENTS

For the cash flow statement, cash includes cash at home and current bank accounts. The book value of these assets is approximately equal to their fair value.

Cash and cash equivalents at the end of the financial year, as presented in the statement of cash flows, can be reconciled with related items from the balance sheet, as follows:

	30 June 2023	31 December 2022
	(not audited)	
Cash in banks	363.299	1.718.889
Effects to be collected	-	-
Cash	5.962	8.565
Equivalent in cash	-	-
Total	369.261	1.727.454

19. SUBSIDIES FOR INVESTMENTS

	2023	2022
	(not audited)	
On January 1st	2.163.611	2.466.590
Subsidy entries	-	-
Transferred to global result	135.453	302.979
On 31 December 2022 / 30 June 2023	2.028.158	2.163.611
Current	306.289	306.289
Fixed	1.721.869	1.857.322

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In accordance with IFRS 9, the financial assets and liabilities of the company are valued at amortized cost. In accordance with the company's business model, financial assets and liabilities are held in order to collect contractual cash flows, and these cash flows are exclusively principal and interest payments. The Company has not included fair value information for financial assets and liabilities that are not measured at fair value if the book value represents a reasonable approximation of the fair value.

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

- Credit risk;
- Currency exchange risk;
- Liquidity risk.

Like all 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 the methods used to assess them. Additional quantitative information regarding these risks is presented in these financial statements.

There have been no major changes in the company's exposure to risks regarding financial instruments, its objectives, policies and processes for managing these risks or the methods used to evaluate them compared to previous periods, except as otherwise mentioned in this note.

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20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Main financial instruments

The main financial instruments used by the company, from which the risk regarding financial instruments arises, are as follows:

- Trade receivables and other receivables;
- Cash and cash equivalents;
- Investments in listed shares;
- Trade debts and other debts.

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

	Loans and receivables	
	30 June 2023 (not audited)	31 December 2022
ASSETS		
Trade and similar receivables	241.670.595	196.402.918
Cash and cash equivalents	369.261	1.727.454
Total	242.039.856	198.130.372
	Amortized cost	
	30 June 2023 (not audited)	31 December 2022
LIABILITIES		
Trade debts and similar	99.587.821	86.067.391
Short-term loans	41.861.422	34.008.116
Long-term loans	42.005.673	46.973.501
Total	167.049.008	242.982.991

Credit risk

Credit risk is the risk of financial loss for the company that occurs if a customer or counterparty to a financial instrument does not fulfill its contractual obligations. The company is mainly exposed to the credit risk arising from sales to customers.

At the company level, there is a Commercial Policy, in which the commercial conditions of sale are clearly presented and there are conditions imposed in the selection of clients.

Antibiotice JSC works with large distributors in the national pharmaceutical market. For export sales, in all situations where it is possible, the sale is contracted with advance payment.

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20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continuation)

Calculus and net situation analysis (equities)

Indicators (LEI)	30 June 2023 (not audited)	31 December 2022
Short-term credits and loans	41.861.422	34.008.116
Long-term credits and loans	42.005.673	46.973.501
Cash and cash equivalents	(369.261)	(1.727.454)
Net liabilities	83.497.834	79.254.163
Total equities	698.114.415	641.430.601
Net liabilities in equities (%)	11,96%	12,35%

Currency exchange risk

The company is mainly exposed to the currency risk for purchases made from suppliers of raw materials, packaging and other materials outside Romania. The suppliers from whom the company purchases these items necessary for the production of medicines must have quality documents, provided in the European rules for the production and registration of medicines. The company cannot thus greatly limit purchases from third countries. Monitoring the payment terms and ensuring the availability of money for payment, so that the effect of currency exchange risk is minimized, are the responsibility of the economic department.

On June 30, 2023, the company's net exposure by currency types to currency exchange risk was as follows:

Assets/liabilities in EURO equivalent LEI	For the year ended on	
	30 June 2023 (not audited)	31 December 2022
Monetary financial assets	6.238.864	1.637.820
Monetary financial liabilities	(17.801.737)	(19.978.727)
Net financial assets	(11.562.873)	(18.340.906)
Variation RON/EUR	Gain/ Loss	
Appreciation RON / EUR cu 5%	(578.144)	(917.045)
Depreciation RON / EUR cu 5%	578.144	917.045
Impact on the result	-	-
Assets and liabilities in EURO	30 June 2023 (not audited)	31 December 2022
Monetary financial assets	1.256.974	331.047
Monetary financial liabilities	(3.586.601)	(4.038.228)
Net financial assets	(2.329.627)	(3.707.181)

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20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continuation)

Risk of exchange rate (continuation)

Assets/liabilities in USD equivalent LEI	June 30 2023 (not audited)	December 31 2022
Monetary financial assets	23.161.759	22.693.672
Monetary financial liabilities	(18.511.498)	(8.041.390)
Net financial assets	4.650.261	14.652.283

RON/USD variation

Appreciation RON / USD cu 5%	232.513	732.614
Depreciation RON / USD cu 5%	(232.513)	(732.614)
Impact on the result	-	-

Assets and liabilities in USD	June 30 2023 (not audited)	December 31 2022
Monetary financial assets	5.062.680	4.896.576
Monetary financial liabilities	(4.046.229)	(1.735.077)
Net financial assets	1.016.451	3.161.499

The company's net exposure to foreign exchange risk, in lei equivalent, is presented in the following table:

Assets / Liabilities	June 30 2023 (not audited)	December 31 2022
LEI	112.897.722	88.021.883
EUR	(6.238.864)	(18.340.906)
USD	4.650.261	14.652.283
Other currencies (CAD, GBP)	-	-
Net exposure	111.309.119	84.333.260

Considering the relatively low exposure to exchange rate fluctuations, it is not expected that reasonable exchange rate fluctuations will produce significant effects in the future financial statements.

Liquidity risk

The company's policy is to ensure that it will have enough cash to allow it to meet its obligations when they become due. To achieve this objective, it seeks to maintain cash balances (or agreed facilities) to meet payment needs.

Bank liquidity

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

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the company's processes, personnel, technology and infrastructure, as well as from external factors, other than credit, market and liquidity risk, such as coming from legal and regulatory requirements and generally accepted standards regarding organizational behavior. Operational risks come from all the company's operations.

The main responsibility for the development of controls related to operational risk rests with the management of the unit. The responsibility is supported by the development of the company's general standards for operational risk management in the following areas:

- requirements for separation of responsibilities, including the independent authorization of transactions;
- requirements for reconciliation and monitoring of transactions;
- alignment with regulatory and legal requirements;
- documentation of controls and procedures;
- requirements for the periodic analysis of the operational risk to which the company is exposed and the adequacy of the controls and procedures to prevent the identified risks;
- requirements for reporting operational losses and proposals for remedying the causes that generated them;
- development of operational continuity plans;
- professional development and training;
- establishing ethical standards;
- prevention of the risk of litigation, including insurance, where applicable;
- reducing risks, including the efficient use of insurance, where applicable.

Capital adequacy

The management's policy regarding capital adequacy focuses on maintaining a solid capital base, in order to support the continuous development of the company and the achievement of investment objectives.

21. PRESENTATION OF AFFILIATED PARTIES

Nature of relationships with 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 the years 2021 and 2022, the shareholder S.I.F. Oltenia acquired shares of the company, increasing the share held in the share capital of Antibiotice JSC from 19.0465% to 27.0379% thus becoming an associated entity with significant influence. The shareholder S.I.F. Oltenia has two members in the company's Board of Directors.

Amounts due and receivable from related parties

At the end of the first semester of 2023, the company had no claims or debts with the associated entity.

Information regarding transactions with related parties

During the first semester of 2023, the company did not carry out commercial transactions with the associated entity.

Transactions with key management personnel within the company were presented in Note 8 "Employee remuneration expenses".

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22. CONTINGENT LIABILITIES

Antibiotice JSC on June 30, 2023, it has no contingent liabilities.

23. COMPARATIVES

During the period ended on June 30, 2023, the company recalculated the provision for stocks related to the period ended on December 31, 2022 and restated the comparative financial statements as of December 31, 2022. The effect of the correction of accounting errors on the comparative values from the financial statements drawn up on the date of this report are summarized in the following table:

SITUATION OF FINANCIAL POSITION

	December 31 2022	December 31 2022	December 31 2022
	<i>Previous report</i>	<i>Identified errors</i>	<i>Retreated</i>
Assets			
Fixed assets			
Tangible assets	496.810.361	-	496.810.361
Intangible assets	35.795.943	-	35.795.943
Total intangible assets	532.606.304	-	532.606.304
Current assets			
Stocks	122.494.428	11.639.287	134.133.715
Commercial and similar receivables	199.646.249	-	199.646.249
Cash and short-term deposits	1.727.454	-	1.727.454
Total current assets	323.868.131	11.639.287	335.507.418
Total assets	856.474.435	11.639.287	868.133.722
Equity and liabilities			
Long-term liabilities			
Loans and bank debts	46.973.501	-	46.973.501
Subsidies for investments - non-current portion	1.857.322	-	1.857.322
Deferred tax liabilities	30.871.210	1.862.286	32.733.496
Total long-term liabilities	79.702.033	1.862.286	81.564.319
Current debts			
Commercial debts and similar	86.067.391	-	86.067.391
Bank loans	34.008.116	-	34.008.116
Taxing debts and current taxes	8.280.670	-	8.280.670
Subsidies for investments – current portion	306.289	-	306.289
Provisions	6.679.335	-	6.679.335
Total current liabilities	135.341.801	-	135.341.801
Equity			
Subscribed capital	67.133.804	-	67.133.804
Revaluation reserves	111.164.239	-	111.164.239
Legal reserves and other reserves	305.594.766	-	305.594.766
Reported result	157.537.792	9.777.001	167.314.793
Total equity	641.430.601	-	651.207.602

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23. COMPARATIVES (continuation)

SITUATION OF GLOBAL RESULT

	Period ended on June 30th 2023 (not audited) <i>Previous report</i>	Period ended on June 30th 2023 (not audited) <i>Errors identified in the current period for the previous period</i>	Period ended on June 30th 2022 <i>Corrected</i>
Revenues from contracts with clients, of which:	248.618.974		248.618.974
Revenues from selling end products	204.453.878		204.453.878
Revenues from selling products made on other production sites	43.733.333		43.733.333
Revenues from services	431.763		431.763
Other operating incomes	1.897.037		1.897.037
Incomes from subsidies	153.144		153.144
Changes in stocks of finished products and production in progress	25.880.818		25.880.818
Income from immobilization projects	5.592.604		5.592.604
Raw materials, used consumables and products made on other manufacturing sites	(104.567.643)		(104.567.643)
Employee benefits expenses	(57.048.693)		(57.048.693)
Transport expenses	(2.022.375)		(2.022.375)
Utility expenses	(10.350.320)		(10.350.320)
Depreciation and adjustments for the depreciation of fixed assets, net	(10.492.238)		(10.492.238)
Adjustments for depreciation of current assets, net	(25.347.610)	9.324.921	(16.022.689)
Refunded commissions, net	1.437.996		1.437.996
Sponsorships, donations	(186.236)		(186.236)
Other expenses	(45.174.167)		(45.174.167)
Currency exchange differences, net	110.657		110.657
Expenses regarding interests, net	(2.219.936)		(2.219.936)
Other financial expenses	(100.977)		(100.977)
Profit before taxing	26.181.035	9.324.921	35.505.956
Profit taxing expenses	3.021.978	(1.491.987)	1.529.991

24. EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events that are not presented in these financial statements.

Approved by the Board of Directors on August 10, 2023:

General Director,
Economist Ioan NANI

Financial Director,
Economist Paula COMAN

REPORT ON FINANCIAL STATEMENTS

To the Shareholders,
Antibiotice JSC

Introduction

We reviewed the attached financial statements of Antibiotice S.A. (the "Company"), comprising the balance sheet at June 30, 2023, the income statement for the year then ended, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016, as subsequently amended, and for that internal control that the management considers necessary to allow the preparation of financial statements free of significant distortions, caused either by fraud or error.

Responsibility of the practitioner

Our responsibility is to express an opinion on the accompanying financial statements. We conducted the review engagement in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised) "Engagements on Reviews of Historical Financial Statements". ISRE 2400 (Revised) requires us to conclude if anything has come to our attention that leads us to believe that the financial statements taken as a whole have not been prepared, in all material respects, in accordance with the applicable financial reporting framework. This standard also requires meeting relevant ethical standards.

A financial statement review engagement performed in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, consisting primarily of conducting interviews of management and other parties within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review mission are substantially less thorough than those performed in an audit mission performed in accordance with International Standards on Auditing. Consequently, we do not express an audit opinion on the attached financial statements.

Conclusion

Based on the review performed, we have not become aware of anything that causes us to believe that the financial statements do not present fairly the financial position of the Company as at 30 June 2023, and the financial performance and cash flows for the year ended on that date in accordance with the Minister's Order of Public Finance no. 2844/2016, with subsequent amendments.

Highlighting some aspects

We draw attention to note 23, according to which during the period ended on June 30, 2023, the company recalculated the provision for stocks related to the period ended on December 31, 2022 and restated the comparative financial statements as of December 31, 2022. Our conclusion is not changed regarding this appearance.

Other aspects

This report is addressed exclusively to the shareholders of the Company as a whole. Our review was conducted in order to report to the Company's shareholders those matters that we are required to report in a review report and for no other purpose. To the extent permitted by law, we do not accept or assume responsibility except to the Company and its stockholders, as a whole, for our review, this report or the conclusion reached.

Alina Mirea, Statutory Auditor

*Registered in the public electronic register of auditors
financial and audit firms with no. AF 1504*

On behalf of:
Deloitte Audit S.R.L.

*Registered in the public electronic register of auditors
financial and audit firms with no. FA 25*

Clădirea The Mark, Calea Griviței nr. 84-98 și 100-102,
Etajul 8 și 9, Sector 1
Bucharest Romania
August 10, 2023

Declaration of conformity

The financial statements are drawn up by the Company in accordance with:

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

These individual financial reports have been prepared in accordance with the recognition, measurement and evaluation criteria in accordance with the International Financial Reporting Standards, Interpretations and International Accounting Standards (collectively called "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRSs").

The financial statements for the financial year ended on June 30, 2023 include the statement of the financial position, the statement of the overall result, the statement of cash flows, the statement of changes in equity and explanatory notes.

The main accounting policies applied to the preparation of the financial statements are set out below. The policies were consistently applied to all the years presented, except where otherwise stated.

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

CEO,
Economist Ioan NANI

Economic manager,
Economist Paula Luminita COMAN

Report date: **14.08.2023**

Name of issuing company: **Antibiotice SA**

Headquarters: **Iași, 1 Valea Lupului St., postal code 707410, <http://www.antibiotice.ro>**

E-mail: **relatiicuinvestitorii@antibiotice.ro**

Telephone/fax no. **0232.209.000 / 0232.209.633**

Unique registration code in the Trade Register Office: **RO1973096**

Order number in the Trade Register: **J22/285/1991**

Subscribed and paid-up capital: **67.133.804 lei**

Regulated market on which the securities issued are traded: **Bucharest Stock Exchange**

Notice of availability - 2023 H1 Report

Antibiotice Iași informs the investors that the **Report at 06/30/2023**, is available through the *Bucharest Stock Exchange Financial Surveillance Authority* as well as through its website: www.antibiotice.ro (Investors/Financial Information / financial-reporting/ 2023 H1 Report).

We mention the fact that the above-mentioned report can also be obtained from our company's headquarters (Investor Relations, fax no. 0372. 065.633, e-mail: relatiicuinvestitorii@antibiotice.ro).

General Director,
ec. *Ioan NANI*

Financial Director,
ec. *Paula-Luminița COMAN*