

## ***Meeting with investors Semester I 2023***

### **Mrs. Mihaela Obreja:**

- Good afternoon and welcome to the teleconference for the presentation of the financial results for Semester I 2023! On behalf of Antibiotice, today's teleconference is attended by:

Mrs. Paula COMAN - Executive Director, Financial Unit

Mr. Ovidiu BATAGA - Executive Director, Sales and Marketing Unit

Mr. Darius AGAFITEI - Executive Director, International Sales Unit

To begin with, I give the floor to Mr. Ovidiu Bataga.

### **Mr. Ovidiu Bataga:**

- Hello!
- I hope you can hear me.
- You will see a short presentation on the screen, which is made up of information which already exists in the Administrators' Report, that you could certainly view on our website. I will highlight some essential information, not by reading this information, but I will point the relevant things for our activity during the first semester.

The Antibiotice shareholding is almost the same as always; on June 30 the Ministry of Health is still the main shareholder with 53% of the shares, SIF Oltenia is the next shareholder in the structure and Infinity Capital Investments, as it is now called, owns 29%; also, there are natural persons and legal entities for the remaining percentage of up to 100%.

During the first semester, Antibiotice carried out its activity and it will continue to do so based on a business plan. We have always worked according to business plans; the newest business plan approved by the Management Board is called "The Future Together", which is intended to unfold until 2030. Based on this plan, we are pursuing a series of goals that provide a qualitative side to our work.

By capitalizing on the production capacities in a balanced way, we try to guide the market share of each product in the current and future portfolio; starting this year we aim to double up the turnover until 2030, and we already see results. We strictly follow the profitability of each product and each project and also the tendency will be to improve this indicator permanently based on yield-type improvements, to which the Financial Director will refer. We also aim to improve the quality of the life of our employees, including through the average net income they will earn until 2030.

Also, labor productivity will concern us permanently in order to improve yields every year. We will do this, of course, with a structure of complementary activities, with new business lines, we will try to win new markets, new territories, we will diversify production because we have a range of portfolio products in prime time that will bring a novelty and a

huge differentiating factor for the market, and, of course, we have a series of investments on the table, which we will point out in the following presentation.

During the first semester, Antibiotice achieved impressive things, an important increase in turnover by over 27%, both on the Internal Market and on the International Market. It made a profit of 62 million lei, a net profit, the value of the shares on the stock market also increased, we constantly follow them there too so that the price of the share is as relevant as possible for us; we also managed to attract funds, some non-reimbursable funds, others are funds with a co-financing share in order to orient ourselves in investments where we pursue new capacities, new portfolios, structures oriented towards green energy and towards the modernization of laboratories, including through digitalization, so that there is a green activity unfolding, about which we communicate quite frequently and which we will follow in the future.

From the view point of the portfolio, as I said, we have a clear orientation to bring each product to fruition; we follow the market share of the 166 products we sell today, which we also talked about in the first semester in the respective market shares. We want a consolidation of the portfolio, also on the therapeutic classes for which we are a traditional manufacturer but with an expansion of brands to a number of 250 products. Some are achieved through our own research development, others are achieved through business development and licensing.

As our core business, as you can see, we sell 63% from the Anti-infectious class that has represented us for so many years. We are present in Hospitals with large market shares and in Retail, because in the first Semester the Retail range also sold very well. The following classes of interest to us are: Dermatology and Musculoskeletal class and the Cardiovascular and Digestive Tract class. New portfolios are also mentioned here. For each separate division, we have a structure oriented towards the Production and Sales divisions.

In the division of solid forms and oral use, we brought two new products for sale: Equilibra Plus, with a range extension, from the Magne B6 range, so to speak, and a product for the cold and flu category - Remiflu granules. It is only the beginning and we will continue a consistent development on this range.

In the Topical division, we launched dermato-cosmetic products under an umbrella brand - Tinero, which is both a simple product and also with an AZ (azelaic acid) extension, the product Zimba, which is an ointment-type product and a medicine from the OTC range - Baneocin.

For the sterile products and the active substances division, we manufactured three products with a range of injectable Vancomycin with a dose of 500 mg and the Cefazolin range. They improve the anti-infective type products with which we are present in hospitals.

In the pharmaceutical market in Romania, as I said, we monitor each market share of each product and the sales channels. Here we have a graph in which we compare the growth rate of the market on hospital-type sales channels, the pharmacy chains and the independent or regional pharmacies with what Antibiotice managed to do. In general, we are above the market pace, we have fruited every product on sale so that we managed to do well both in the Hospitals channel and in the Retail channel at the same rate of sale, somewhere between 14 and 27%.

Likewise, we have an orientation towards the Therapeutics class in the sales structure, as we said before, the range of anti-infective products represents our core business, followed by the dermatology class and cardio-vascular class products, which together cover about 80% of our sales.

In summary, we achieved sales on the market worth 257 million lei, with an increase of 20%. I would say, compared to the market which grew by 16%, that we did our job well in the first semester of 2023. We are still ranking 4th in the consumption (boxes), we are leaders in terms of quantitative sales in indivisible units in the market that represents us, that of ointments, suppositories, pessaries and also that of injectables; we are ranking 2nd - this is a novelty, with the number of boxes sold on the capsule market - 10.8% and also we are the leader in terms of the value of sales in hospitals in our relevant market with a share of almost 14%.

I will also give the floor to Darius, the colleague who is responsible for the International Affairs.

**Mr. Darius Agafitei:**

- Hello!

On the international markets, as you saw from our financial statements, we increased sales compared to the previous semester by approximately 25%. The increases are registered on both product ranges: the finished products, as well as a 37% increase compared to the same period last year and on the range of active substances - Nystatin, with an increase of approximately 12%.

Our main markets are: the United States market, the Vietnam market, the UK market. These are the markets for which we are already recognized with our products and as a manufacturer with important market shares, somewhere around 30-40% for our products in each of these markets. This increase is part of a plan that we have in progress. For the beginning it is called "Vision 2030" and we have targeted the markets we want to be present on, the products we want to register there and this plan is ongoing. The results started to be visible during the previous years and this year, with consistent increases both in terms of quantitative value sales and in profitability.

We have new projects in progress, new markets, with registration procedures. We focus especially on growth in Europe, in Great Britain, we also have projects in Germany, Italy, Spain, Poland and the Czech Republic. These projects are being implemented in the next period and we will come with information about the evolution of sales on these markets, where we will launch new products.

We will aim to develop all these projects in a balanced way, so that the manufacturing structure, on the three production divisions, is balanced. You know well, we are organized in three production divisions and eight manufacturing flows and we also have partners with whom we develop projects.

The value of the production manufactured during the first semester on our sites is 355 million lei, increasing by approximately 10% compared to the similar period last year.

- Paula, would you be so kind as to provide further information on this topic?

**Mrs. Paula Coman:**

- Yes, certainly.

Our results were highlighted in the profit of the period, a net profit of 62 million. This increase in profit is the result of the measures from the plan to maximize yields, a plan that we announced last year and which aimed at our focus on optimizing sales structures, both on the domestic market and the development of partnerships on international markets and just as my colleagues announced, we are on the implementation schedule.

In terms of spending, the maximization plan focused on the consumption of raw materials, energy and gas. The consumption was monitored and solutions were found for such consumption, especially concerning the energy and the gas, in order to reduce these consumptions per unit of product. We renegotiated the prices of raw materials, in the sense that once with the volumes, we managed to reduce the prices of certain important raw materials in the manufacturing process.

We renegotiated the energy and gas tariffs, in the sense of reducing them compared to the budgeted level. All this had an impact of 13% in reducing expenses.

On the international market we sold more than we budgeted, so the result is 62 million, which led to a result of the added value worth 191.6 million, to an EBITDA of 88.6 million.

We focused our attention, just as last year, on a general liquidity, so as to limit the operational credit and have a liquidity of 2.39, a debt ratio of 25.75 and a net accounting asset of 708 million lei.

Having said that, please feel free to ask questions!

**Mrs. Mihaela Obreja:**

- Are there any questions?
- Can you hear us?

**Mrs. Raluca Andrei:**

- Thank you! Thank you very much. We have no questions.

**Mrs. Mihaela Obreja:**

- Alright then! If you will have questions you can send them in writing. Thank you for your participation and we will see you at the next teleconference. Goodbye!
- Bye bye!
- Have a nice day!
- Bye bye! We wish you all the best!
- Likewise!