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	December 31st 2022	January 1st 2022
		(not audited)	(not audited) (corrected)	(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.

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**

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Economist Paula COMAN

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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**

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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

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.

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.

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).

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
Salling 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**

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**

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.

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**

10. TANGIBLE FIXED ASSETS (continued)

	Lands	Buildings	Machinery and equipment, vehicles	Installations and furniture items	Current tangible assets	Total
CUMULATATIVE 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**

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**

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**

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.

Short-term receivables	**Sold on 30 June 2023 (not audited)**	**Sold on 31 December 2022**
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.

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

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 la 30 June 2023 (not audited)	Sold la 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**

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**

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**	

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 (not audited)	31 December 2022
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 (not audited)	2022
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.

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	**31 December 2022**
ASSETS	**(not audited)**	
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	
LIABILITIES	**30 June 2023**	**31 December2022**
	(not audited)	
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.

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:

	For the year ended on	
Assets/liabilities in EURO equivalent LEI	**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 December2022**
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)**

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".

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
	Previous report	*Identified errors*	*Retreated*
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**

23. COMPARATIVES (continuation)

SITUATION OF GLOBAL RESULT

	Period ended on June 30th 2023	**Period ended on June 30th 2023**	**Period ended on June 30th 2022**
	(not audited) *Previous report*	**(not audited)** *Errors identified in the current period for the previous period*	*Corrected*
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