

Antibiotice **a+**

MANAGEMENT REPORT

January - March 2024

Quarterly Report according to IFRS

Report Date: 31.03.2024

Name of the trading company: ANTIBIOTICE S.A.

Head Office:

Iasi, 1 Valea Lupului St.

Phone number:

0232/209 000, Fax 0232/209 633

Fiscal registration code:

RO 1973096

Order number in the Trade Register:

J22/285/1991

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange

Subscribed and paid up capital:

67,133,804 LEI

Main characteristics of the securities issued by the company:

Nominative shares, nominal value: 0.10 LEI

Contents

Antibiotice – a performance-oriented company	2
Strategic adaptation of human resources	Error! Bookmark not defined.
Implementation of modern human resources management... defined.	Error! Bookmark not defined.
Strategic adaptation of the product portfolio	Error! Bookmark not defined.
Portfolio management.....	Error! Bookmark not defined.
Promotion activity.....	Error! Bookmark not defined.
Research-Development activity.....	6
Business Development activity.....	7
Continuous improvement of the integrated management system (Quality, Environment, Occupational Health and Safety)	Error! Bookmark not defined.
Performance management.....	Error! Bookmark not defined.
Evolution of the pharmaceutical market in Romania	Error! Bookmark not defined.
Antibiotice in the international market	11
Export of finished products.....	Error! Bookmark not defined.
Export of active substances – Nystatin - non-micronized and micronized form	Error! Bookmark not defined.
Economic - financial performance.....	Error! Bookmark not defined.
Management of financial flows and operational expenses	Error! Bookmark not defined.
Applying the principles of business consolidation	Error! Bookmark not defined.

Antibiotice - a performance-oriented company

The main results recorded by Antibiotice S.A. in the first quarter of 2024:

- total income of 192.5 million lei, by 13% higher compared to the similar period in 2023;
- gross profit accumulated with the value of the claw-back tax consolidates a business yield of 27%;
- sales in the international markets higher by 18.7%, compared to the first quarter of last year;
- a consolidated 4th rank in terms of consumption (number of boxes) in the generics market (prescription and non-prescription medicines) in Romania, with a 4.7% market share;
- our company maintained its leading position in the hospital segment (prescription and non-prescription medicines) with a 13.5% market share;
- the maximum value of the share was reached in January - 2.0100 lei/share;
- consolidated its net accounting asset, its value reaching 884 million lei on 31.03.2024, higher by 4% compared to the value recorded at 31.12.2023.

Antibiotice S.A. has been listed on the Bucharest Stock Exchange under the symbol ATB, in the Premium category, since April 16, 1997.

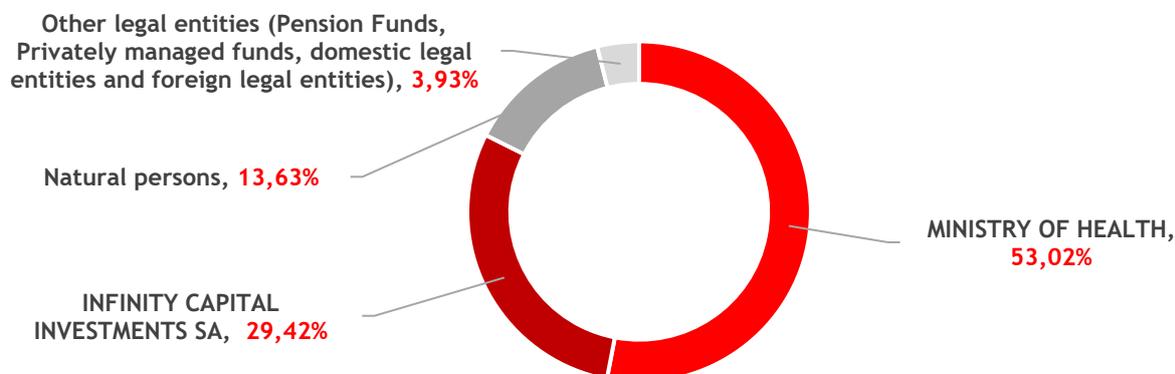
Shareholder structure on 31.03.2024:

- MINISTRY OF HEALTH - 53.02%
- Infinity Capital Investments S.A. - 29.42%
- Legal entities and natural persons - 17.56%

of which:

- Pension funds, Privately managed funds, Legal entities - 3.93%
- Natural persons - 13.63%

Shareholder structure on 31.03.2024:



Classes of shareholders:

- Legal entities: 86.3668%
- Natural persons: 13.6332%

The maximum value of the share was reached in January - 2.0100 lei/share;

Strategic adaptation of human resources

Implementation and development of strategies to motivate and retain valuable employees as well as to attract new employees with skills adapted to the pharmaceutical industry, correlated with the labor market trends, are the main objectives pursued.

Implementing the modern human resources management, by:

1. Analyzing and redefining the organizational structures of the company adapted to modern principles of human resources, correlated with the need for business growth in the period 2025-2030, as well as with the market trends.

In the first quarter of 2024, in order to achieve an optimal internal organizational framework, the following actions were implemented:

- the Sterile Products & APIS Division was reorganized in the APIs Division and Sterile Products Division;

- the Human Resources Unit was reorganized.

2. Adapting the motivational packages in order to attract and retain valuable employees (key positions) as well as to increase the retention degree.

- During the first quarter of 2024, the Salary and Staff Motivation Policy was updated by analyzing all the staff categories and by introducing new strategic categories, considering the need to stimulate the professional performance.

- As regards the fiscal facilities provided in the current legislation, the motivational system contains the following elements:

- ✓ Limit of 33% of the employee's basic salary - facility granted: private health insurance;

- ✓ The limit of 5% for social expenses from the value of personnel expenses; facilities granted: staff transport, social allowances for family events, prizes awarded on legal holidays.

- In the first quarter of 2024, employee retention was 99.40%, higher than the a percentage recorded in the similar period of last year (98%,). The retention rate of the strategic staff was 100%.

3. Carrying out training programs for developing our employees' skills

In the first half of 2024, we recorded an average number of 13.88 hours of professional training/employee in the fields where there are legal training requirements with internal lecturers, external providers and on the e-Learning platform.

The **2024 training plan** for developing the skills of our employees with external suppliers is part of the **Academy a+** project and is adapted to the training requests and needs identified for our company's departments and employees.

4. Digitization of human resources activity

In the first quarter, related to the human resources digitalization plan, the full calculation of the salary with the new human resources software Charisma was carried out and 40% of employees received specific access rights in the HR integrated software.

5. Academy a+ - a management tool for knowledge management in the company.

Academy a+ has two components: Technical College a+ and Business School a+.

Specific actions:

- Our collaboration with the university environment materialized in the first quarter of 2024 through:

- a collaboration and partnership agreement concluded with the "Centre of Excellence in Business Administration" from the Faculty of Economics and Business Administration of "Al.I. Cuza" University. The purpose of the partnership

- is to promote the exchange of information and the development of entrepreneurial skills among students;
 - participation in events organized to promote the company and guide young graduates in their careers, within the Faculty of Chemical Engineering and Environmental Protection, Technical University of Iasi.
- Our collaboration with the university environment included:
 - meetings with the representatives of 3 technological high schools in order to establish the curricula within the dual education program in order to form the skills necessary for the employment of future graduates within the company;
 - internships for students for the qualifications agreed in the partnerships signed within the Academy a+.
- Within the Technical college a+:
 - the 3rd edition of the multidisciplinary professional identification and training program started, based on an internship contract. The program includes 14 contracts.

Modernization of the organizational culture through the following initiatives:

- workshops for developing the communication and teamwork;
- starting the medical recovery program, as a benefit for employees;
- Setting up clubs for employees in order to increase cohesion and teamwork.

Strategic adaptation of the product portfolio

Portfolio Management

Expansion of the product portfolio, both through **our own R&D activity**, as well as by assimilating new products through business development (in-licensing contracts), in line with the current therapeutic trends, makes a major contribution to the development of Antibiotic business in the domestic and international markets.

The products from the current portfolio are carefully monitored, our company taking actions to adapt its products to the national and international regulations, analyzing the therapeutic trends, medical guidelines, new efficacy and safety studies.

Antibiotic has in its portfolio 166 products from 11 therapeutic classes:

- Medicines for human use [prescription medicines (Rx) and non-prescription medicines (non-Rx)];
- food supplements and dermatocosmetics;
- active substances based on biotechnologies derived from streptomycines noursei (Nystatin);
- medicines for veterinary use,
- biofertilizers.

Rx portfolio comprises the main therapeutic classes: anti-infectives - including drugs intended for the treatment of tuberculosis, cardiovasculars, medicines for digestive tract and metabolism, dermatological preparations.

Non-Rx portfolio (intended for self-medication) includes the following categories of products: OTC medicines, food supplements, dermatocosmetics and medical devices. These are intended for maintaining health, for prophylaxis or as adjuvants in certain diseases with an increased incidence.

Non-Rx products were grouped into 4 portfolio concepts, defined mainly according to the target audience: Nutriensa®, Derm A+, Cold & Flu and Quality of life - products for Family Health and Women's Health.

Oral Solid Products Division

The oral solid portfolio includes 74 products. In the Q1 2024, 4 new products were assimilated:

- 3 products - Amoxiplus® tablets 625 mg, 1g and Cefuroxima Atb® 500 mg - which enriches the anti-infective portfolio through line extensions for therapeutically established molecules, increasing patients' access to treatments;
- 1 product which enriches the food supplement range Nutriensa®:
 - Urexpert® -intended for the prophylaxis of urinary infections, a complementary product to anti-infectious therapy for this pathology.

The main directions on which the analysis of the Solid Oral Division portfolio was focused in the first quarter of 2024 were aimed at identifying ways to make the current portfolio more efficient, through actions to secure the projected sales, as well as to identify growth opportunities. The following types of main actions were identified:

- line extensions, proposals of other new products (in the context of promoting a complete range per indication);
- actions with a positive impact on profitability (price repositioning, change of the packaging method, commercial policy repositioning);
- market analyses 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.

Meeting the legislative requirements:

- analyzes on the compliance with the set limits for nitrosamine concentrations - the analyzes were carried out according to the established methods, also those for assessing the risk of nitrosamine occurrence.

Topical Products Division

The Topical Products Division's portfolio comprises 54 products: medicines for human use and veterinary use, dermatocosmetics. Medicines for human use are both those with medical prescription (RX) (the significant share) and those without medical prescription (non-RX) and cover the following therapeutic classes: dermatological, muscular and osteoarticular, venous, eye, genito-urinary, digestive tract diseases, analgesic-antipyretic products, and also skin care products.

The product portfolio of this division also includes ointment-type veterinary medicines used in the most common infectious pathologies.

The strategy for developing the Topical Products Division's portfolio has the following main directions:

- maximizing the potential of the products from the current portfolio in the international markets, identifying opportunities to secure and grow in the domestic market;
- identifying and analyzing the opportunity to assimilate new products, on attractive markets from the point of view of business potential, in accordance with the development directions of the portfolio and positive impact in maintaining the market leader status in the ointment segment, but which ensures also an optimal profitability and yield. Emphasis was placed on increasing the share of non-prescription products, in order to reduce the impact of the claw-back tax on profitability, on strengthening the portfolio of products with medical prescription on pathologies with increasing incidence, making range extensions and developing new brands.

Non-RX products contributed to the consolidation of the main portfolio concepts - Derma+, Life Quality - Women's Health and Family Health - so as to ensure a product

structure adapted to the new consumption trends, to different target audiences. Through all these actions, our company aims at ensuring an optimal production structure in the new plant for ointments and suppositories in the future years.

Sterile Products & APIs Division

The current injectable portfolio of the Sterile Products & APIs Division comprises 38 products for human use: prescription medicines - anti-infectives for systemic use (β-lactam penicillins, cephalosporins, carbapenems, polymyxin, tetracycline, glycopeptides) and non-prescription medicines (OTCs).

As a part of our company's strategy, the future injectable portfolio will include both anti-infectives and products from other therapeutic classes, completing the experience on other pharmaceutical forms and which can present continuity with injectable forms. The new products have therapeutic benefits that can be associated with other drugs in therapeutic regimens. The future portfolio will strengthen the leading position of our company in the domestic market in the sale of injectable products. The molecules have addressability for sale in the domestic and international markets with experience in medical practice and with increasing demand, present in emergency therapeutics or in health maintenance.

Promotional activity

A. Communication to health professionals

We communicate to health professionals through direct promotion visits made by the team of medical representatives and also through participation in national congresses and conferences.

These events are organized by the main Romanian professional, academic and scientific societies and associations. In the first quarter of 2024, Antibiotice participated in events targeting the infectious diseases and family medicine, with the following objectives: increasing the visibility of the company and product brands, launching and promoting products, networking and developing relations with partners, understanding the market and competition.

B. Communication to the general public

- Offline communication: TV
 - TV campaigns - broadcasting video spots: Nutriensa® range (SimbiFlora®, Silithor®), Clafen® si Saliform®
- Online communication: Social Media - Promotion opportunity directly to the general public through targeted, creative and interactive messages
 - Facebook - active Facebook pages: Nutriensa®, Cutaden®, Tinero®
 - Instagram - active Instagram pages: Nutriensa®, Cutaden®, Tinero®
 - YouTube - Websites of products and product ranges: Nutriensa®, Cutaden®, Tinero®, Clafen®

Research-Development Activity

The new product projects under research in 2024, in the first quarter, went through different stages of research, as follows:

- Topical Products Division - various stages for 22 products from those 28 planned at the beginning of the year (6 cosmetics, 5 medical devices, 1 OTC, 3 Rx products, 7 sterile ophthalmic topicals);
- Oral Solid Products Division - various stages for the 10 new product projects (4 Rx products, 1 OTC product and 5 food supplements).

- Injectable Sterile Products Division - various stages for the 4 planned new product projects (4 Rx products - sterile injectable solutions);
- APIs Division - various stages for one Rx product - an oral suspension.

In the first quarter of 2024, our Clinical Studies Center carried out several study stages for:

- Oral Solid Products Division - 2 new product projects;
- Topical Products Division - 1 new product project (Rx), a product with MA in Romania in order to support its internationalization process (OTC) and one product with MA in order to support its promotion (Rx).

During the Q1 2024, our specialists completed the clinical study for a topical OTC product and the study documentation will be submitted in order to complete the current product authorization file.

In the reporting period, actions were carried out to support the process of internationalization of two topical products and actions were also taken to support the portfolio as regards the risk analysis on nitrosamine impurities.

Business Development Activity

To meet the needs of the medical systems in Romania and abroad, Antibiotice has been continuing its portfolio development program through in-licensing projects. In the Q1 2024, 5 products were contracted, 2 anti-infectives and 3 for the genitourinary system. For these products, registration procedures have already been initiated to obtain marketing authorizations.

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

Ensuring product quality, reducing quality incidents, incidents of any nature with repercussions on people's health, environment, represent the main ethical, moral and professional concerns in our company.

In the first quarter of 2024, the manufacturing flows of parenterals and active substances were audited by our partners.

The audits were carried out in good conditions, Antibiotice continuing the partnerships initiated.

In order to develop and support its business partnerships, Antibiotice planned the way of qualifying the strategic suppliers: how the audits of the suppliers are conducted (online / onsite / by purchasing third-party reports), and the conclusion of quality agreements / sales contracts.

Audits were carried out at the suppliers of raw materials / primary packaging materials / finished products. The audits ended without identifying critical non-conformities, these suppliers being accepted as authorized suppliers for Antibiotice.

A number of 10 quality agreements were initiated/evaluated/concluded with the producers of active substances, Nystatin included and finished products.

Environmental responsibility

During the first quarter of 2024, the Water Management Authorization no. 20/30.03.2021, issued by the Prut Barlad Water Basin Administration, as well as Integrated Environmental Authorization no. 3/29.09.2021, issued by the Iasi Environmental Protection Agency, with annual visa no. 481/14.09.2023 remained valid.

Information on environmental issues in our company was communicated to institutions with specific attributions (APM Iasi, Romanian Waters), and all the reports

required by the authorizations held, were completed according to legal requirements.

In support of the fight against antibiotic resistance, Antibiotice initiated the "Antibiotic Manufacturing Standard" certification process - for minimizing the risk of developing antibiotic resistance and aquatic ecotoxicity in the environment resulting from the manufacture of antibiotics for human use.

According to the requirements contained in the Integrated Environmental Authorization, the Annual Environmental Report for 2023 was drawn up and published on our company's website.

As part of the objective "Drilling works for the hydrological evaluation in order to supply technological water", the execution works were started. After the completion of the works, the necessary actions will be started in order to renew the Water Management Authorization.

In order to make wastewater treatment and sludge recovery more efficient, 2 studies were started:

- "Study to make the sewage treatment plant more efficient "
- "Study to evaluate the possibilities of harnessing the sludge-type waste"

The 2.5 MW photovoltaic power plant stretching over an area of 31,428 m², with 4,680 photovoltaic panels installed was put into operation.

Quality of environmental factors (water, air, soil, groundwater)

In order to monitor the quality of environmental factors, our own laboratory and laboratories of the third parties made analyses on the quality of water entering the pre-treatment plant and discharged into the municipal sewerage system. For the emissions/imissions of pollutants in the air, determinations were made according to the requirements of the Integrated Environmental Authorization. No exceedings of the maximum allowed concentrations established by the Integrated Environmental Authorization and the Water Management Authorization were recorded.

Waste management

Antibiotice has been continuously improving the waste management system to ensure a sustainable and efficient approach. Thus, the completion of the waste warehouse in 2023 contributed to reducing our impact on the environment, promoting more sustainable practices and a more efficient management of resources.

The legal waste management requirements were fulfilled, the internal audit of waste corresponding to 2023 being carried out while the Program for preventing and reducing the quantities of waste generated by our company's activity has been in the process of completion.

Recyclable waste was sold based on contracts to the authorized economic operators. Non-recyclable waste was incinerated in our own installation, disposed of at the municipal waste landfill, or taken over by authorized operators.

Also, the global objectives regarding the recovery of packaging waste for the products introduced in the national market were fulfilled through the contract concluded with an authorized organization implementing extended producer liability obligations (OIREP). Our company did not register outstanding payment amounts to the Environmental Fund Administration.

Occupational Health and Safety

In order to comply with the legislative provisions on the protection of employees' health, the following were drawn up and implemented in the first quarter of the current year: the 2024 Prevention and Protection Plan, Annual Training Program in the field of

Occupational Health and Safety, Annual Program for Periodic Medical Examination, Annual Monitoring Program for Exposure to Noxes.

Starting from the medical recommendations of the team that performed the screening (in 2023), on assessing the health status of the locomotor system for the employees who constantly exert physical effort when performing their work tasks , in 2024, a target group of 50 employees was chosen for the first stage of recuperative treatment.

Performance Management

In the Q1 2024, Antibiotice recorded sales in the domestic and international market amounting to 204.6 million lei, up 4.6% compared to last year.

Evolution of the pharmaceutical market in Romania¹

In the first quarter of 2024, the value of medicines released to the patients from Romania was 8.15 billion lei, higher by 15.5% compared to the same period of 2023. Consumption of medicines dropped by 2.8% in 2024, a number of 180.13 million boxes being released from the pharmacies.

Out of the total pharmaceutical market in Romania, 44.4% (in terms of value) is represented by the segment of generics, prescription and non-prescription medicines. In the analyzed period, the generics market recorded a 11.2% value increase, from 3.25 billion lei to 3.62 billion lei. In terms of quantity, the medicine market dropped by 3.9%, with a number of 132.2 million boxes released from pharmacies in the Q1 2024 compared to 137.6 million boxes in the Q1 2023.

Antibiotice in the Romanian pharmaceutical market²

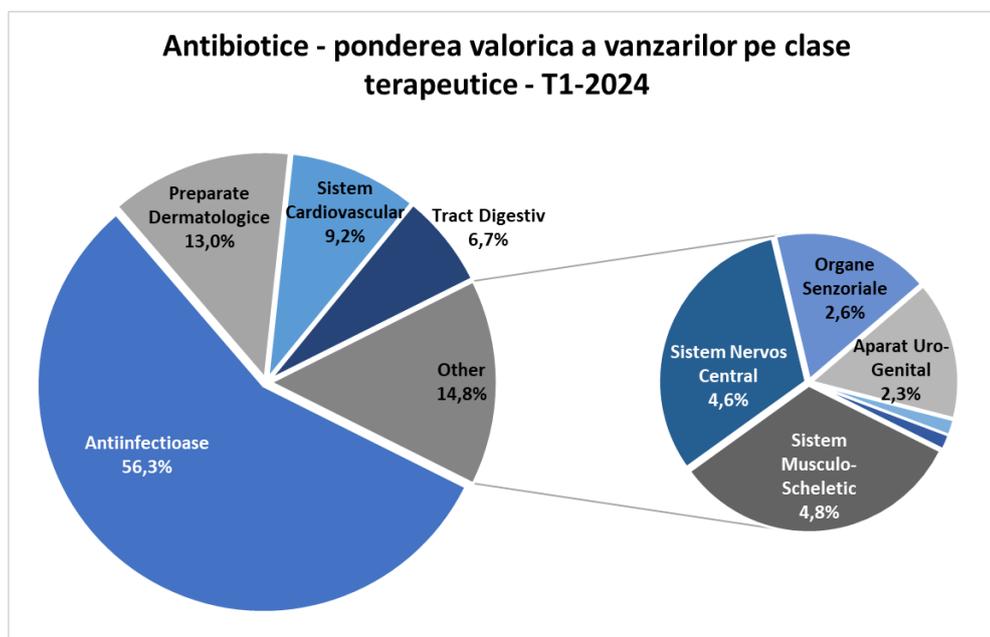
In the first quarter of 2024, in the domestic market, Antibiotice:

- consolidated sales in the market worth 126.8 million lei;
- maintained the 4th place in terms of consumption (boxes) in the segment of generic medicines (prescription and non-RX) (a 4.7% market share);
- was the leader in terms of quantity (IU) in the total market to the following pharmaceutical forms: ointments (20.5%), suppositories and pessaries (33.2%) and powders for injection (59.5%);
- ranked 2nd, in terms of quantity (number of boxes) in the total market of medicines in capsules (7.8%);
- was the leader in terms of value in the segment of generic medicines (prescription and non-Rx) traded in hospitals, with a 13.5% market share.

Antibiotice has consolidated its sales on the portfolio of anti-infectives for systemic use, developing also the therapeutic classes where it holds important positions in the domestic market: dermatological preparations, cardiovascular system and digestive tract.

¹ According to the data source CEGEDIM Sell Out Romania 2023

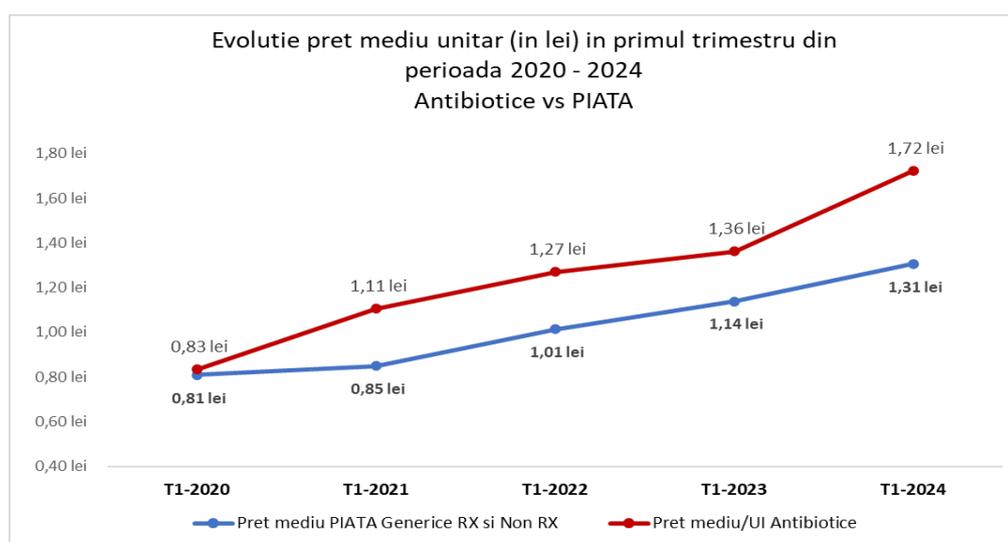
² According to the data source CEGEDIM Sell Out Romania 2023



In the Q1 2024, promotional actions carried out by Antibiotice led to the consolidation of the quantitative market shares for the promoted brands: Eficef® (product ranked first in terms of value) from the anti-infectives portfolio, Zifex Duo® and Zifex Complex® pessaries - genitourinary products, and products from Nutriensa range - the brands SimbiFlora®, Lejer® and Imunofix®.

Price - a strategic element for adapting to the market

In the Q1 2024, the average price in the **generic market (RX and non-RX)**, was 1.31 lei/IU, up 14,6% compared to the same period of the previous year (1.14 lei/IU). In terms of sales channels, the price structure was as follows: **hospital** - 6.48 lei/IU (higher by 16.7% compared to the first quarter of 2023), of which the injectable products registered a price of 10.80 lei/IU, up 23.9% compared to the same period of the previous year. **Independent and mini-chain pharmacies (MLFI)** - 1.23 lei/IU (up 13.4% compared to the first quarter of 2023), and **national chains** - 1.20 lei/IU (up 16.1% compared to the first quarter of 2023).



The average price of the **Antibiotice** portfolio in terms of international units (IU) was 1.72 lei/IU in the Q1 2024, higher by 26.6% (versus 1.36 lei/IU in the Q1 2023).

As regards the sales channels, in 2023, the price structure of the Antibiotice portfolio in the reporting period was as follows: **hospital** -5.84 lei/IU (up 16.0% compared to the first quarter of 2023), from which injectable products recorded a price of 9.87 lei//IU (up 10.4% compared to the first quarter of 2023); **mini-chain and independent pharmacies** - 1.38 lei/IU (up 19.7% compared to Q1 2023); **chain pharmacies** - 1.17 lei/IU (up 24.0% compared to Q1 2023).

On the retail segment, the focus on the development projects of the non-Rx brands from the Nutriensa® range generated a 13.1% increase of the average unit price compared to 2023, from 0.56 lei/IU to 0.64 lei/IU.

Development of the Cold & Flu range by introducing new pharmaceutical forms: granules for oral solution in sachets (REMIFLU), oral spray and drops (Faguria®) led to the increase of the average unit price of the range by +88.9%, from 0.46 lei/IU in 2023 to 0.87 Lei/IU in 2024.

The launch of the Tinero® dermatocosmetics range (Tinero AZ® serum and Tinero AZ® cream) as well as price repositioning at the competition level for the products in the current portfolio led to the increase by 5.3% of the average selling price of the products under the Derma+ concept, from 19.44 lei/IU in 2023 to 20.45 lei/IU 2024.

Antibiotice in the international market

In the first quarter of 2024, revenues from sales in the international market were 77.8 million lei (15.6 million euro), They increased by 18.7% compared to the same period of 2023 (65.5 million lei).

Value evolution of export - 2020 - 2024



Export of finished products

In the portfolio structure, revenues from the sale of finished products were 49.7 million lei, up 43.5% compared to January-March 2023 (35.2 million lei).

Notable for the reporting period are the performances achieved in the established territories, defining Antibiotice's territorial expansion strategy - USA, UK, Denmark, Canada, Vietnam, Iraq, Yemen, Republic of Moldova, Azerbaijan. Sales of finished products in these countries recorded an increase of more than 20% compared to Q1 2023, mainly driven by an increase in quantities delivered by strategic product categories: anti-infectives, cardiovasculars but also those intended to maintain the quality of life.

Thus, according to the market analyses reported by IQVIA, the medicines defining the Antibiotice's core business penicillins (Ampicillin, Flucloxacillin, Nafcillin) and combination penicillins (Ampicillin/Sulbactam, Amoxicillin/Clavulanate, Piperacillin/Tazobactam) reached in 2023 significant market shares in consumption in territories such as: Vietnam (37%), UK (35%), USA (20%), and the outlook for the beginning of 2024 reconfirms the market share growth trend.

Export of active substances - non-micronized and micronized Nystatin

Our activity carried out in the first quarter of 2024, followed the trend of recent years, part of our strategy to consolidate the leading position in the world market in the period 2024-2030, the range of active substances Nystatin Antibiotice being sold all over the world. Our company's presence in the main markets was maintained and increased (the US, Europe and Asia) and important progress was made in the development projects from the North America and Latin America, thus laying the foundations for our expansion in export markets for this range of products.

Economic - financial performance

Management of financial flows and operational expenses

The effect of all the activities carried out in the first quarter of 2024 is summarized in the individual Financial Statements prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, unaudited and unrevised.

Comprehensive Income Statement

Indicators	31.03.2024	31.03.2023	-lei-
			31.03.2024/ 31.03.2023
A. Total revenue, of which:	192.527.656	170.939.782	13%
1. Operating income	191.386.750	168.763.992	13%
1.1 Revenues from contracts with clients (turnover), of income from the sale of products made on company's own sites	182.846.610	179.175.512	2%
revenues from the sale of products made on partner sites	149.114.467	141.523.864	5%
revenues from the sale of products made on partner sites	33.244.184	37.201.977	-11%
income from the provision of services	487.959	449.671	9%
1.2 Other operating revenues	149.701	83.025	80%
1.3 Income from subsidies	70.605	67.727	4%
1.4 Changes in stocks of finished products and production in progress	5.384.218	-13.624.792	140%
1.5 Income from immobilization projects	2.935.616	3.062.520	-4%
2. Financial income	1.140.906	2.175.790	-48%
Income from exchange rate differences	1.140.325	2.175.325	-48%
Income from bank interest	581	465	25%
B. Total expenses, of which:	153.404.527	145.183.805	6%
1. Operating expenses:	151.576.238	141.945.010	7%
Expenses with raw materials and materials	47.839.566	40.655.047	18%
Expenditure on products made on partner sites	21.480.162	22.129.393	-3%
Electricity expenses	2.996.659	3.787.956	-21%
Natural gas expenses	3.243.124	4.341.691	-25%
Drinking water and sewerage expenses	567.721	677.676	-16%
Staff-related costs	34.752.685	32.373.885	7%
Other operating expenses (*)	30.165.839	30.940.592	-3%
Amortization and adjustments for the depreciation of fixed assets, net	10.530.481	7.038.772	50%
2. Financial expenses	1.828.289	3.238.795	-44%
Expenses from exchange rate differences	941.640	2.373.085	-60%
Bank interest expenses	886.649	865.710	2%
Operational result	39.810.512	26.818.982	48%
Financial result	-687.383	-1.063.005	-35%
Gross profit	39.123.129	25.755.977	52%
Expenses with profit tax and deferred tax	1.808.411	3.552.567	-49%
Net profit	37.314.718	22.203.410	68%

In accordance with the requirements of good medicine manufacturing practice at the international level, some products in the Antibiotic portfolio need to be manufactured on partner production sites. Thus, the turnover structure according to the manufacturing sites is:

- revenues from the sale of products made on our own sites represented 81.5% of the turnover. Their value was 149.1 million lei, by 5% higher compared to the value recorded in the same period of 2023 (141.5 million lei);
- revenues from the sale of products made on the partner sites represented 18.2%. Their value was 33.2 million lei being correlated with the market consumption.

Value of the change in the stocks of finished products and production in progress of 5.38 million lei is in balance with the sale structure of each product and with their manufacturing campaigns, which are different compared to the same period of the previous year.

From the financial activity, in the first quarter of 2024, **financial income** was 1.14 million lei represented by income from exchange rate differences and interest income.

The activities carried out in our company to support the achievement of total revenues accumulated total expenses of 153.4 million lei, up 6% compared to the value from the similar period of the previous year (145.18 million lei). The growth rate of total revenues was 13% compared to the previous year, while the growth rate of total expenses was 6% compared to the previous year, which led to a 52% increase in gross profit.

These results were the positive effect of:

- increasing the value of sales of finished products for export;
- consolidating the sale of the active substance obtained based on biotechnologies derived from streptomyces noursei for pharmaceutical use and maintaining the position of world leader;
- consolidating the sales structure in the domestic market;
- cost management measures.

Net profit amounted to 37.3 million lei, above the level recorded in the similar period of the previous year (22.2 million lei).

In the structure of total expenses, a 31% share was held by expenses with raw materials and consumables, whose value recorded in the first quarter of 2024 was 47.84 million lei, higher by 18% compared to the value from the similar period of the previous year, being determined by the manufacturing structure adapted to sales requirements.

The expenses with the products made on partner sites in the amount of 21.48 million lei were by 3% lower than the value from the similar period of the previous year. The level of these expenses is correlated with the sales structure of the products manufactured on the partner sites.

Expenses for electricity, natural gas, drinking water recorded in the first 3 months of 2024 amounted to 6.8 million lei, below the level recorded in the first quarter of 2023 (8.8 million lei). The value of these expenses was by 2 million lei lower compared to the same period of the previous year, determined by the lower purchase prices in 2024.

Personnel expenses in the amount of 34.75 million lei included expenses with the net income of employees, taxes, fees and related contributions.

Other operating expenses amounted to 30.16 million lei, lower by 3% compared to the level achieved in the similar period of the previous year.

			-lei-
Indicators	31.03.2024	31.03.2023	31.03.2024/ 31.03.2023
Transport expenses	1.137.524	1.144.729	-1%
Repair expenses	153.782	310.690	-51%
Expenses with other taxes and fees	13.108.968	11.871.337	10%
Insurance premium expenses	887.801	664.590	34%
Consultancy-related expenses	203.891	0	
Expenses with services performed by third parties, protocol and promotion	8.944.232	8.300.674	8%
Other general expenses, of which:	4.784.427	1.310.182	265%
Professional training expenses	241.556	221.974	9%
Representation expenses in the territories	163.987	664.798	-75%
Expenses with bank commissions	122.706	113.942	8%
Environmental protection expenses	394.247	309.468	27%
Other operating expenses	3.861.931	0	
Rent expenses	76.930	77.572	-1%
Travel expenses	284.641	294.394	-3%
Expenses with postal and telecommunications fees	166.205	137.870	21%
Expenses with sponsorships and donations	93.307	172.431	-46%
Expenses with compensations, fines and penalties	324.133	3.928	8152%
Expenses regarding the adjustment of the value of current assets	0	6.857.994	-100%
Income from the adjustment of the value of current assets	0	205.800	-100%
Total	30.165.839	30.940.592	-3%

These expenses included:

- a) Expenses for the transport of goods and services in value of 1.14 million lei, incurred for the transport of finished products free of destination, sold in the domestic and international markets.
- b) **Expenses with services performed by third parties** included services for sales support, drug serialization, market studies in the pharma field, equipment qualifications, equipment maintenance, customs services, physical-chemical analyses. In the first quarter of 2024, expenses for the services performed by third parties recorded a value of 6.16 million lei.
- c) **Maintenance and repair expenses** amounted to 0.15 million lei for maintaining production equipment in optimal condition, consolidating some constructions, maintaining and repairing the car fleet.
- d) **Protocol, advertising and publicity expenses** amounted to 2,78 million lei for media promotion campaigns of the products, promotion to health professionals by participating in congresses and national and regional specialized events, promotion through promotional materials in order to increase the awareness of the products among health professionals and the general public.
- e) **Expenses with taxes and fees** - in the first quarter of 2024, expenses with taxes and fees amounted to 13.1 million lei, by 10% higher compared to the value recorded in the Q1 2023.

The value of 13.1 million lei included:

- ✓ 10.05 million lei was the claw back tax -the quarterly contribution 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 from the National Health Insurance Fund and from the budget of the Ministry of Health. This fee is regulated by GEO no. 77/2011 on the contributions for the financing of some expenses in the health field;
 - ✓ 0.66 million lei - local taxes and fees paid once a year and recorded on monthly current expenses;
 - ✓ 1.87 million lei - fees for registering and maintaining the marketing authorizations of products from the Antibiotice portfolio;
 - ✓ 0.43 million lei - contributions to the Solidarity Fund regulated by Law no. 448/2006 on protecting and promoting the rights of persons with disabilities.
- f) **Expenses with insurance premiums were in value of 0.88 million lei** and included the insurance premiums paid in the first quarter of 2024 related to insurance policies to cover the commercial risk, optional health insurance granted to employees based on performance criteria, accident insurance for employees, mandatory civil liability insurance and casco for vehicles in the fleet, insurance of the goods during transportation, civil liability insurance for the subjects of the bioequivalence studies, liability insurance for the consumption of the medicines from the Antibiotice portfolio traded in the US market.
- g) **Professional training expenses** amounted to 0.24 million lei, by 9% higher compared to the value recorded in the similar period of the previous year, necessary for the continuous professional training of employees with the aim of maintaining/improving their professional competences and skills.
- h) **Representation expenses in the territories** amounted to 0.16 million lei, below the level recorded in the previous year. The sale of products in the Antibiotice territories implies the conclusion of contracts with partners in the respective areas to manage the registration of products with the authorities and to mediate sales in the market;
- i) **Expenses with bank commissions**, in value of 0.12 million lei included the amounts paid for the current operations of receipts and payments, in lei and foreign currency, as well as the commissions for the renewal of the contract for financing the operational activity.
- j) **Environmental protection expenses**, in the amount of 0.39 million lei, were represented by the values paid to the electricity supplier for the green certificates that hold the main share, as well as the environmental fees paid to the authorized suppliers for waste recycling;
- k) **Travel expenses** in value of 0.28 million lei were below the level recorded in the same period of 2023. Diversity of the activities carried out by our company, with specific legal regulations, involves trips to the authorities, business partners both in the country and abroad for the consolidation and development of new partnerships, participation in conferences and international events in the pharmaceutical field and professional training courses.
- l) **Expenses with donations and sponsorships**, in value of 0.09 million lei, were represented by the amounts allocated to social responsibility projects in which the company is actively involved, with a view to a sustainable development.

Revenues from the resumption/cancellation of provisions registered according to IAS 36, in the amount of 3 million lei included the variable allowances for the Management Board members for 2023, paid in 2024 after validating the achievement degree of the performance indicators.

The combined effect of operating revenues and expenses determined a value of the **operational result** of 39.81 million lei.

Financial expenses recorded in the Q1 2024 amounted to 1.83 million lei (represented by expenses from exchange rate differences and interest expenses).

Financial income correlated with the level of financial expenses, generated a negative financial result of 0.69 million lei. The unfavorable impact was determined by the amount of interest expenses. The income from exchange rate differences were higher than the expenses from exchange rate differences.

Statement of financial position

Indicators	31.03.2024	31.12.2023	31.03.2024/ 31.12.2023
Assets			
Fixed assets			
Tangible assets	696,004,187	692,361,541	0.5%
Intangible assets	43,937,120	45,526,698	-3.5%
Total fixed assets	739,941,307	737,888,239	0.3%
Current assets			
Stocks	149,959,235	160,214,484	-6.4%
Trade and similar receivables	278,014,239	235,771,990	17.9%
Expenses registered in advance	5,115,235	3,489,615	46.6%
Cash and cash equivalents	354,720	1,807,930	-80.4%
Total current assets	433,443,429	401,284,019	8.0%
Total assets	1,173,384,736	1,139,172,258	3.0%
Equity and liabilities			
Equity			
Subscribed capital	67,133,804	67,133,804	0.0%
Revaluation reserves	222,531,901	225,417,959	-1.3%
Legal reserves and other reserves	324,877,598	324,877,598	0.0%
Retained earnings	269,735,536	229,534,759	17.5%
Total equity	884,278,839	846,964,120	4.4%
Long-term liabilities			
Loans and bank debts	34,036,781	36,750,203	-7.4%
Subsidies for investments - non-current portion	1,646,310	1,586,415	3.8%
Deferred tax liabilities	63,011,011	63,401,227	-0.6%
Total long-term debt	98,694,102	101,737,845	-3.0%
Current liabilities			
Trade and similar debts	136,621,358	150,780,362	-9.4%
Bank loans	43,290,796	29,552,092	46.5%
Other debts	10,193,352	9,831,550	3.7%
Subsidies for investments - current portion	306,289	306,289	0.0%
Total current liabilities	190,411,795	190,470,293	0.0%
Total liabilities	289,105,897	292,208,138	-1.1%
Total equity and liabilities	1,173,384,736	1,139,172,258	3.0%

Analysis of the patrimonial asset

The activities carried out in the Q1 2024 led to consolidating the net patrimony of our company, the value of this being 884 million lei, by 4.4% higher than the level recorded at

the beginning of the year, being the combined result of the 3% increase in total assets and the 1.1% decrease in total liabilities.

At the end of Q1 2024, Antibiotice SA recorded patrimonial assets amounting to 1.173 million lei. In their structure, fixed assets represented 63% and the current assets 37%.

Compared to the value from the beginning of the year, fixed assets increased by 0.3%.

In the reference period, Antibiotice SA, continued as scheduled, the new product research and development projects, purchased software licenses, their cumulative value below the depreciation value causing the reduction of intangible fixed assets, compared to the value at the beginning of 2024, (i.e. 3.5 %).

On 31.03.2024, Antibiotice S.A recorded stocks of raw materials, materials and finished products worth 149.9 million lei, by 6.4% lower compared to the value from the beginning of the year, being correlated with the manufacturing and sales plans. Stocks of raw materials and finished products made on our own sites and on the sites of our partners are monitored and correlated with the stock standards.

The level of receivables on 31.03.2024 increased compared to the value at the beginning of the year, being within the due date and correlated with the sales made during this period in the domestic and international markets. In order to counteract the commercial risks, the company has insurance policies for claims from the domestic market, as well as from the international market.

In March, our company paid the taxes and fees for 2024 to the local budgets, their value for the period April-December 2024 was recorded in the account of expenses registered in advance, which will be staggered monthly on current expenses.

Analysis of current and long-term liabilities

At the end of the first quarter of 2024, current liabilities registered a level similar to that registered at the beginning of the year, i.e. 190.4 million lei. In their structure, the bank loans were in value of 43.29 million lei and included the operational credit balance in the amount of 32.6 million lei and the credit rates for financing the investment activity due in the next 12 months, in the amount of 10.69 million lei.

The commercial debts chapter includes balances of partners that are within the due date.

Debts from taxes and current charges were represented by the amounts owed to the State Budget due on 25.04.2024 (contribution to the Solidarity Fund regulated by Law no. 448/2006 on the protection and promotion of the rights of persons with disabilities, i.e. 0.143 million lei) and the clawback tax for Q1 2024 (10.05 million lei).

Long-term debts on 31.03.2024 amounted to 98.7 million lei and included:

- the balance of the credit contracted in 2018 for financing the investment activity;
- the balance of subsidies for investments that will be recognized on income as the investments financed from them are amortized;
- liabilities from deferred profit tax, recognized according to IAS 12 "Profit tax".

The company does not register outstanding obligations to the state budget, these being paid within the legal term.

Cash flow, prepared by the indirect method, was determined starting from the gross profit, corrected with the influences of non-monetary operations (expenses with depreciation of fixed assets, adjustment of current assets) and with the variation of working capital elements. Its analysis confirms the ability of the company to generate cash from the operational activity.

At the end of the first quarter of 2024, the achieved level of the economic-financial indicators provided in Regulation no. 5/2018 on the issuers of financial instruments and market operations was presented as follows:

Name of the indicator	Calculation method	31.03.2024	31.03.2023
Current liquidity	Current Assets/Current Liabilities	2.28	2.16
Level of indebtedness	Borrowed capital/Equity *100	8.74	14.09
Days Sales Outstanding	Average customer balance/Revenue from customer contracts (turnover) x 90	152	163
Fixed assets turnover rate	Revenues from contracts with clients (turnover)/Fixed assets	0.25	0.33

Evolution of the indicators reflects an improvement compared to the level registered in the same period of the previous year, a positive effect of the measures to make activities more efficient.

Applying the principles of business consolidation

The synthesis of the main diagnostic indicators recorded highlights the financial balance and the continuous concern for business efficiency.

Intermediate management balances

-lei-

No.	Indicators	31.03.2024	31.03.2023
1	Revenues from contracts with customers (turnover)	182,846,610	179,175,512
2	Gross margin	121,846,717	105,828,802
3	Gross margin (%)	64%	63%
4	Added value	102,655,958	85,090,245
5	Operating profit (EBIT)	39,810,512	26,818,981
6	Gross profit	39,123,129	25,755,976
7	Gross profit margin (EBT margin)	21%	14%
8	Claw back tax	10,050,000	9,500,000
9	Profitability gross profit + claw-back tax	27%	20%
10	Net profit	37,314,718	22,203,410
11	Net profit profitability	20%	12%
12	Earnings before interest, taxes, depreciation, and amortization (EBITDA)	50,340,994	40,509,948

Gross margin indicator reflects the performance of the company's sales and production activity. This is higher than that one achieved in the similar period of the previous year, due to the effective correlation of production, sales and stocks.

The indicator "*added value*" reflects what the company adds to the economic circuit through its own activity. The activity carried out in the first quarter of 2024 increased by 21% in value value compared to the value of the previous year.

EBITDA shows an upward trend compared to the similar period of the previous year.

Indicators - Q1 2024, 2023 and Q1 2023

-lei-

No.	Indicators	31.03.2024	31.12.2023	31.03.2023
1	Current assets	433.443.429	401.284.019	375.872.887
2	Short-term bank debts	43.290.796	29.552.092	48.947.811
3	Total bank debts	77.327.577	66.302.295	93.477.805
4	Net accounting assets (equity)	884.278.839	846.964.120	663.634.011
5	Current liquidity (Current assets/Short-term bank liabilities)	10,01	13,58	7,68
6	Total bank debts /EBITDA	1,54	0,53	2,31
7	Total bank debts /Equity	0,09	0,08	0,14

8	EBITDA (Earnings before interest, taxes, depreciation, and amortization)	50.340.994	124.835.756	40.509.948
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Current liquidity, determined as the ratio between current assets and short-term bank liabilities, had a level of 10.01 (above the level agreed by the banking institutions of 1.2), indicating the maintenance of the financial balance in the short term, being on the rise compared to the level recorded in the similar period of the previous year. Our company has the ability to honor current bank obligations on account of/using the liquid assets.

Total bank debts reported at the EBITDA level recorded a level of 1.54, being within the parameters agreed by the financial institutions (maximum allowed level of 3.5). Also, the indicator total bank debt compared to equity recorded a level of 0.09, being within the parameters agreed by the financial institutions (maximum accepted level of 1).

The company's investment plan includes two main axes:

I. Investments for strategic development - which support the increase in turnover

For developing the product portfolio, our company made investments in the first 3 months in value of 4.17 million lei, of which:

- developing the product portfolio through our own research: 2.52 million lei
- product development through in-licensing: 0.42 million lei;
- modernization of the research laboratory: 1.23 million lei.

II. Investments for consolidating our business - contribute to the continuity of production according to industry standards

Priority investments for consolidating our business in 2024, aim to put into operation a 3.7 MWh solar energy production capacity that will ensure 35% of the company's energy consumption (by reference to the consumption recorded in 2021), digitization, modeling and automation of specific processes, as well as the modernization of existing production capacities.

1. Investments in information technology, telecommunications and digitization of processes, in value of 0.84 million lei. Within the digitization and computerization plan, Antibiotice prioritized the purchase of equipment, software and the implementation of an ERP-type system.

2. Adaptation to the development trends of the industrial site, of the infrastructures of supply and distribution utilities, storage of raw materials and finished products, transport and connection to the national road system, in value of 8.70 million lei.

The projects to reduce energy consumption (thermal and electric) started in 2023 are planned to be continued.

In the first quarter, the 2.5 MWh investment objective for solar energy production was put into operation.

3. Investments in the Integrated Management System (Quality, Environment, Sustainability, Occupational Health and Safety) , in value of 0.10 million lei.

Sunt prevazute investitii in echipamente, care sa permita mentinerea standardelor de calitate a produselor fabricate si respectarea cerintelor legale pentru protejarea mediului inconjurator si a angajatilor.

Investments in equipment are planned, for maintaining the quality standards of the manufactured products and complying with the legal requirements for protecting the environment and our employees.

4. Investments for modernizing the existing sites and equipment, worth 2.67 million lei.

For revamping the drug manufacturing flows in the four divisions, the purchase of equipment, installations, supplies and laboratory equipment was planned for 2024.

The Management Report as of 31.03.2024 was drawn up on the basis of unaudited and unrevised individual financial statements.

General Director,
Ioan NANI, Economist

Executive Financial Director
Paula COMAN, Economist

ANTIBIOTICE S.A.

**INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD
ENDED ON MARCH 31, 2024**

**Prepared in accordance with
the International Financial Reporting Standards (“IFRS”)
adopted by the European Union**

TABLE OF CONTENTS

PAGE

INTERIM INDIVIDUAL STATEMENT OF THE COMPREHENSIVE INCOME	1
INTERIM INDIVIDUAL STATEMENT OF THE FINANCIAL POSITION	2
INDIVIDUAL INTERIM STATEMENT OF CHANGES IN EQUITY	3 – 4
INDIVIDUAL INTERIM STATEMENT OF CASH FLOWS	5
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS	6 – 44

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM STATEMENT OF THE GLOBAL RESULT
FOR THE THREE-MONTH PERIOD ENDING ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

	Note	Period ended on March 31, 2024	Period ended on March 31, 2023
Revenues from contracts with clients, of which:		182,846,610	179,175,512
<i>Revenues from the sale of finished products</i>	3	149,114,467	141,523,864
<i>Revenues from the sale of products made on other manufacturing sites</i>	3	33,244,184	37,201,977
<i>Income from the provision of services</i>	3	487,959	449,671
Other operating revenues	4	149,701	83,024
Income from subsidies	4	70,605	67,727
Changes in stocks of finished products and production in progress		5,384,218	(13,624,792)
Company's own work capitalized		2,935,616	3,062,520
Expenses with raw materials, used consumables and products made on other manufacturing sites	5	(69,319,727)	(62,784,439)
Employee benefit expenses	6	(34,752,685)	(32,373,885)
Transport expenses		(1,137,524)	(1,144,729)
Utility expenses		(6,807,503)	(8,807,323)
Depreciation and adjustments for the depreciation of fixed assets, net	11, 12	(10,530,481)	(7,038,772)
Depreciation and adjustments for the depreciation of fixed assets, net		-	(6,652,194)
Sponsorships, donations		(93,307)	(172,431)
Other expenses	7	(28,935,011)	(22,971,237)
Operational result		39,810,512	26,818,981
Exchange rate differences, net	8	198,685	(275,163)
Interest expense, net	8	(886,068)	(865,245)
Other financial expenses	8	-	77,403
Financial result	8	(687,383)	(1,063,005)
Pre-tax profit		39,123,129	25,755,976
Income tax expense	9	(1,808,411)	(3,552,566)
The profit of the financial year		37,314,718	22,203,410
Result per basic and diluted share	10	0.0556	0.0331

Authorized by the Management Board on:

General Director,
Ec. Ioan NANI

Financial Director,
Ec. Paula Luminita COMAN

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM SITUATION OF THE FINANCIAL STATEMENT
FOR THE THREE-MONTH PERIOD ENDING ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

	Note	Period ended on March 31, 2024	Period ended on December 31, 2023
Assets			
Fixed assets			
Tangible fixed assets	11	696,004,187	692,361,541
Intangible fixed assets	12	43,937,120	45,526,698
Total fixed assets		739,941,307	737,888,239
Current assets			
Inventory	13	149,959,235	160,214,484
Trade and similar receivables	14	278,014,239	235,771,990
Expenses registered in advance		5,115,235	3,489,615
Cash and cash equivalents	15	354,720	1,807,930
Total current assets		433,443,429	401,284,019
Total assets		1,173,384,736	1,139,172,258
Equity and liabilities			
Equity			
Subscribed capital	16	67,133,804	67,133,804
Revaluation reserves	16	222,531,901	225,417,959
Legal reserves and other reserves	16	324,877,598	324,877,598
Reported result		269,735,536	229,534,759
Total equity		884,278,839	846,964,120
Long-term liabilities			
Loans and bank debts	18	34,036,781	36,750,203
Subsidies for investments - non-current portion	19	1,646,310	1,586,415
Deferred tax liabilities		63,011,011	63,401,227
Total long-term liabilities		98,694,102	101,737,845
Current liabilities			
Trade and similar debts	17	136,621,358	150,780,362
Bank loans	18	43,290,796	29,552,092
Other debts	17	10,193,352	9,831,550
Subsidies for investments - current portion	19	306,289	306,289
Total current liabilities		190,411,795	190,470,293
Total liabilities		289,105,897	292,208,138
Total equity and liabilities		1,173,384,736	1,139,172,258

Authorized by the Management Board on:

General Director,
Ec. Ioan NANI

Financial Director,
Ec. Paula Luminita COMAN

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON") unless otherwise specified)

DECEMBER 31, 2023	Share capital	Legal reserves and other reserves	Revaluation reserves	Cumulative carried forward result	Total equity
Balance on January 01, 2023 reported	67,133,804	305,594,766	111,164,239	157,537,792	641,430,601
Corrections of the previous period	-	-	86,594,381	12,958,610	99,552,991
Balance on January 1, 2023 restated*	67,133,804	305,594,766	197,758,620	170,496,402	740,983,592
The result of the year	-	-	-	81,088,596	81,088,596
Other comprehensive income	-	-	30,210,432	-	30,210,432
Total global result	-	-	30,210,432	81,088,596	111,299,028
Reserves representing the surplus achieved from revaluation	-	-	(2,551,093)	2,551,093	-
Dividends paid in 2023	-	-	-	(5,318,500)	(5,318,500)
Transfer from the result carried over to other reserves	-	19,282,832	-	(19,282,832)	-
Balance on December 31, 2023	67,133,804	324,877,598	225,417,959	229,534,759	846,964,120

Authorized by the Management Board on:

General Director,
Ec. Ioan NANI

Financial Director,
Ec. Paula Luminita COMAN

The attached notes are an integral part of these individual interim financial statements.

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

MARCH 31, 2024	Share capital	Legal reserves legale and other reserves	Revaluation reserves	Cumulative carried forward result	Total equity
Balance on January 01, 2024	67,133,804	324,877,598	225,417,959	229,534,759	846,964,120
The result of the year	-	-	-	37,314,718	37,314,718
Other comprehensive income	-	-	(2,886,058)	2,886,058	-
Total global result	-	-	(2,886,058)	40,200,776	37,314,718
Reserves representing the surplus achieved from revaluation	-	-	-	-	-
Dividends paid in the first quarter of 2024	-	-	-	-	-
Transfer from the result carried over to other reserves	-	-	-	-	-
Balance on March 31, 2024	67,133,804	324,877,598	222,531,901	269,735,536	884,278,839

Authorized by the Management Board on:

General Director,
Ec. Ioan NANI

Financial Director,
Ec. Paula Luminita COMAN

The attached notes are an integral part of these individual interim financial statements.

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

The indirect method	Note	Period ended on March 31, 2024	Period ended on March 31, 2023
Pre-tax profit		39,513,345	26,696,041
Ajustments for:			
Depreciation related to intangible assets		819,243	485,547
Depreciation related to tangible assets		9,711,238	6,553,224
Expenses related to inventory provisions		-	1,758,360
(Revenues) related to customer provisions and assimilated accounts		-	4,893,834
The net loss from the disposal of tangible assets		(3,151)	-
Income from subsidies		(70,605)	(67,727)
Interest expenses		886,649	865,710
Interest income		(581)	(465)
Cash flow generated from operating activity before changes in working capital		50,856,140	41,184,526
(Increases) of stocks		10,255,249	10,576,272
(Increases)/Decreases in receivables		(42,242,249)	(70,216,218)
(Increases) of expenses in advance		(1,625,620)	(1,483,880)
Increases / (decreases) in debts		(15,494,778)	16,516,112
Increases/ (decreases) of income in advance		59,895	(67,727)
Interest collected		581	465
Net cash from operating activities		1,809,217	(3,490,449)
Cash flows from investment activities			
Purchases of tangible assets		(13,353,884)	(8,933,267)
Purchases of intangible assets		(103,409)	(600,914)
Net cash from investment activities		(13,457,293)	(9,534,181)
Cash flows from financing activities			
(Refunding)/Use of credit line		13,738,704	14,939,695
(Refunding) long-term loan		(2,713,422)	(2,443,507)
Dividends paid		(11,859)	(8,320)
Interest paid		(886,649)	(706,093)
Net cash from financing activities		10,126,774	11,781,774
(Decrease)/Net increase in cash and cash equivalents		(1,521,301)	(1,242,856)
Cash and cash equivalents at the beginning of the financial year	15	1,807,930	2,111,377
The effect of the exchange rate on the movement of cash and cash equivalents		68,090	(124,063)
Cash and cash equivalents at the end of the financial year	15	354,720	744,458

Authorized by the Management Board on:

General Director,
Ec. Ioan NANI

Financial Director,
Ec. Paula Luminita COMAN

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

1. COMPANY-RELATED INFORMATION

1.1. Brief company profile

Antibiotice S.A. ("ATB" - Bucharest Stock Exchange symbol, or the "Company") is a commercial company established in Romania, with registered office in Str. Valea Lupului, nr. 1, Iasi. The company is registered at the Trade Registry Office under no. J 22/285/1991 and has unique registration code 1973096.

The scope of activity of Antibiotice S.A. is the manufacture of basic pharmaceutical products, according to the Classification of Economic Activities in the National Economy, CAEN code 2110.

These financial statements are individual interim financial statements of Antibiotice S.A. drawn up on 31.03.2024, which were authorized on:

Antibiotice S.A.:

- is the most important producer of generic medicines in Romania, with full Romanian capital;
- is the only Romanian company that produces active substances, through biosynthesis processes;
- has been listed on the Bucharest Stock Exchange in the premium category, since 1997;
- has a product portfolio that includes generic drugs for human use (RX medicines 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 surface and hand disinfection, 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 OTC 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 S.A. company on the domestic market, as well as on the international markets, both through our own research and development activity, as well as through the assimilation of new products through the business development (in-licensing contracts);
- has a diversified production capacity, organized on 4 production divisions and 8 production flows on which: penicillin injectable powders; penicillin capsules; non-beta-lactam capsules; cephalosporin capsules; tablets; ointments, creams, gels; suppositories and pessaries are produced as well as active substances obtained through biosynthesis and 10 partner sites. All production capacities are the property of the company and they are located at the registered office. The company has the right of ownership over all fixed assets registered in the company's accounting;
- detine un Centruowns 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 medicines;
- is a traditional supplier of anti-infective medicines for hospitals in the USA, Vietnam and European markets (Great Britain, Denmark, Holland, Serbia, Lithuania, Hungary);
- is the world market leader for the consumption of active substances based on biotechnologies derived from *streptomycine 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 and North America.

1. COMPANY-RELATED INFORMATION (continued)

1.2. Corporate Governance Structures

The structures on which the corporate governance system within Antibiotice S.A. is based can be found on the company's website at <https://www.antibiotice.ro/investitori-php/corporate-governance/>. These are as follows:

- The General Meeting of Shareholders;
- The Administration Board;
- The Advisory Committees;
- The Executive Management;
- The Corporate Governance Secretariat;
- The internal audit, financial management control and risk management.

The General Meeting of Shareholders

Antibiotice S.A. is organized on the principles of corporate governance, which regulates the selection and appointment procedure of administrators and directors, as well as the operation of the management system, seeking to strengthen the independence, accountability and professionalism of management structures, the transparency and quality of publicly presented information, as well as the protection of shareholders, including minority shareholders. The management of the company is organized to meet the expectations of the shareholders in terms of ensuring competitiveness, profitability and the generation of long-term added value. A well-defined, traceable decision-making system is ensured, and the delegation of duties and competences are proportional to the granted prerogatives and the existing control system.

The applying of the principles of good corporate governance practices with strict compliance with the recommendations of the Corporate Governance Code of the Bucharest Stock Exchange ensures the transparency and efficiency of the company's activities and processes, thus providing the framework for maximizing the value of Antibiotice S.A. shares in the long term, namely protecting the interests of the interested parties and increasing the degree of trust in Antibiotice S.A.

The company's management believes that the Corporate Governance Code is an important tool for achieving sustainable performance, ensuring the accuracy and transparency of the company's decision-making process, through the equal access of all shareholders to relevant information about the company.

The legal framework for ensuring the corporate governance system is:

- The Law no. 31/1990 on commercial companies, with subsequent amendments and additions;
- The GEO no. 109/2011 regarding the corporate governance of public enterprises, with subsequent amendments and additions;
- The Law no. 24/2017 regarding issuers of financial instruments and market operations;
- The ASF (Financial Supervisory Authority) Regulation no. 5/2018 regarding issuers of financial instruments and market operations;
- The corporate governance code of Antibiotice S.A. which also includes the Regulation on Organization and Functioning of the Management Board and the Regulation on the Evaluation of administrators.
- The Code of Ethics

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

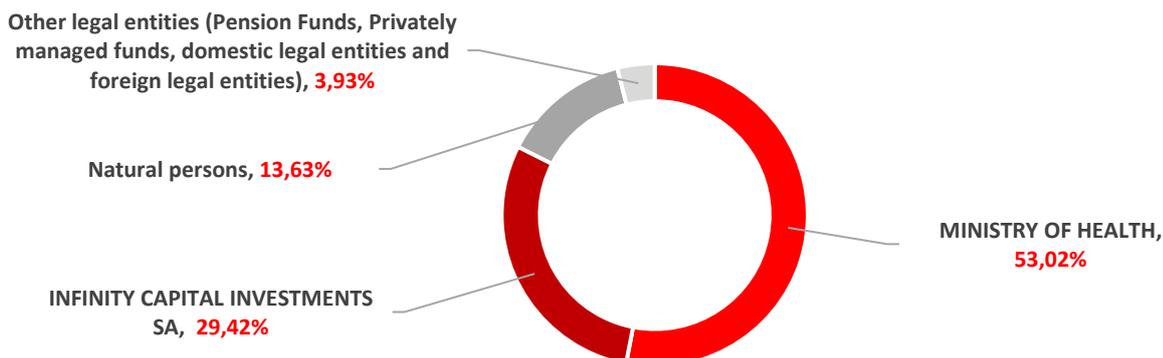
ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

1. COMPANY-RELATED INFORMATION (continued)

The main shareholders of the company on 31.03.2024 (extract from the Register of Shareholders)

MINISTRY OF HEALTH (*)	53.0173%
INFINITY CAPITAL INVESTMENTS S.A. (*)	29.4153%
Other shareholders (46.475 shareholders)	17.5674%

NOTE: (*) - Significant shareholders, according to Law no. 297/2004 regarding the capital market, art. 2, paragraph 1



Classes of shareholders:

- Legal persons – 96.0657 %
- Natural persons – 3.9343 %

Antibiotice S.A. on the share capital market

The securities issued by Antibiotice S.A. are listed in the PREMIUM category of the Bucharest Stock Exchange, under the symbol (ATB), starting with the year 1997.

The Antibiotice S.A. shares are included in the BET-Plus index component, which includes Romanian companies listed on the BSE market that meet the minimum selection criteria with the exception of financial investment companies and BET-BK, which was built to be used as a benchmark by fund managers, but also by other institutional investors. This reflects the fact that Antibiotice S.A. is a solid company, developed on a lasting economic foundation.

The stock market capitalization of Antibiotice S.A. on March 31, 2024, was 1,161,415 thousand lei.

During the first 3 months of 2024, 14,456,697 shares were traded, worth 24,740,041.52 million lei (4,974,094.00 million EURO, 5,401,956.55 million USD), with an average price of 1.7113 lei/share.

1. COMPANY-RELATED INFORMATION (continued)

The corporate governance framework adopted and applied:

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

On the website of the company Antibiotice S.A. at the address www.antibiotice.ro/investitori/informatii_actionari, there is a section dedicated to shareholders, where one can access and download documents related to General Meetings of Shareholders: procedures regarding access to and participation in the meetings, the notice to attend, the agenda, informative materials, special powers of representation, voting forms by mail, draft decisions, decisions and voting results.

Investor relations

The investor relations activity supports constant communication between the company and the investors. This process allows the knowledge of the operational activity, the strategy and the perspectives of the business, with the aim of achieving, in the knowledge of the cause of a fair evaluation of the company. As a company listed on the stock exchange, we make available to the public and send to the Financial Supervisory Authority (ASF) and the Bucharest Stock Exchange (BVB) annual, semi-annual, quarterly and current reports, as well as documents related to the smooth conduct of general meetings. Because we are oriented towards the development and increase of transparency towards the shareholders, immediately after the periodic financial reports (annual and half-yearly), we organize our own meetings and presentation events.

Interested investors and analysts participate in these events and they have the opportunity to send their questions, opinions and suggestions, thus ensuring a dialogue with the exponents of the capital market in Romania, so that they get a solid basis for the investment decision-making process.

The agenda of events, which intends to maintain a permanent dialogue between the company's management, investors and analysts, included during the first 3 months of 2024 a teleconference for the presentation of the preliminary financial results, on March 7, 2024.

All the documents related to the smooth running of the events mentioned above, were published in accordance with the legislation in force, respectively: the Law no. 31/1990 regarding commercial companies, republished, with subsequent changes and additions, the Government Emergency Ordinance no. 109/2011 regarding the corporate governance of public enterprises with subsequent amendments and additions, the Law no. 24/2017 regarding the issuers of financial instruments and market operations, the Regulation no. 5/2018 regarding the issuers of financial instruments and market operations.

The organization of the General Meetings of Shareholders, the changes in the structure of the company, the decisions of the general meetings, as well as the actions related to guaranteeing the rights of the shareholders - the distribution of dividends related to the financial year 2022 were carried out in accordance with the legal regulations.

1st place, for the best Company from the perspective of activity in Investor Relations - Main Market - public vote, awarded on November 17, 2023 by the Association for Investor Relations at the Romanian Stock Exchange during the ARIR Gala, as well as the grade 10 obtained for the third consecutive year, when evaluating the VEKTOR indicator based on 15 criteria of good practices in the relationship with investors motivate us to perform in the communication with them, to observe our mission to provide information in a transparent and responsible manner, so that we develop relationships based on ethics and trust with current and potential investors.

This award recognition supports the company's orientation towards a sustainable development, in accordance with the transparency of the company's activity in relation to its stakeholders

The Management Board

Antibiotice S.A. is administered by a Management Board, responsible for the fulfillment of all the tasks necessary to achieve the object of the company's activity, with the exception of those provided by law for the General Meeting of Shareholders. There is a clear delimitation of responsibilities between the Management Board and the Executive Management.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

The Management Board ensures that its own decisions, those of the company's management, of the General Meeting of Shareholders, as well as the internal regulations, comply with the legal requirements and are adequately implemented. The Board is responsible for monitoring the company's management on behalf of the shareholders.

1. COMPANY-RELATED INFORMATION (continued)

The duties of the Management Board are described in the company's Articles of Associations and in the relevant internal regulations, available on the company's website, in the Corporate Governance section.

The composition of the Antibiotice S.A. Management Board – March 31, 2024.

Ec. Ioan NANI

Vice President of the Management Board and General Director

Permanent Executive Administrator

In the Ordinary General Meeting of Shareholders on May 20, 2020, he was reconfirmed as part of the Management Board, for a term valid until 18.04.2024, as Mr. Nani was then elected by the members of the Management Board on 20.05.2020, to the position of vice president.

Mr. Nani is an economist specialized in management and an accounting expert; Mr. Nani has been a member of the Management Board since 2009 and a General Director (1998 - 2008 and 2009 - present).

Number of Antibiotice S.A. shares owned - 1.513*

Eng. Catalin Codrut POPESCU

Member of the Management Board and a shareholder representative of INFINITY CAPITAL INVESTMENTS S.A.

Permanent Non-Executive Administrator

At the Ordinary General Meeting of Shareholders on August 26, 2021, Mr. Popescu was elected to the Management Board for a term valid until April 18, 2024.

Director General of MEDIMFARM S.A.

Number of Antibiotice S.A. shares owned - 0*

Ec. Mihai TRIFU

Member of the Management Board and shareholder representative of INFINITY CAPITAL INVESTMENTS S.A.

Permanent Non-Executive Administrator

At the Ordinary General Meeting of Shareholders on August 26, 2021, Mr. Trifu was elected to the Management Board for a term valid until April 18, 2024.

Vice President and Deputy General Director of INFINITY CAPITAL INVESTMENTS S.A.

Number of Antibiotice S.A. shares owned - 0*

Fig. Lucian TIMOFTICIUC

Member of the Management Board and a representative of the Ministry of Health

Permanent Non-Executive Administrator

President of the Management Board

1. COMPANY-RELATED INFORMATION (continued)

In the Ordinary General Meeting of Shareholders on September 16, 2020, he was elected as a member of the Management Board for a term valid until April 18, 2024. Currently, Mr. Lucian Timofticiuc holds the position of administrator and general director of Vremea Noua.

Number of Antibiotice S.A. shares owned - 0*

Mr. Catalin LUNGU

Provisional member of the Management Board

In the Ordinary and Extraordinary General Meeting of Shareholders of 29.02.2024, he was elected as a provisional member of the Management Board of the company.

Number of Antibiotice S.A. shares owned - 0*

(*) The number of Antibiotice S.A. shares owned on March 31, 2024, according to the last database held by Antibiotice S.A. for the first quarter of 2024.

The Corporate Governance Code

The basis of good governance practices in the company is the Corporate Governance Code of Antibiotice S.A., which outlines the general framework for the activity of the Management Board. Built according to the principles and recommendations of the Corporate Governance Code of the Bucharest Stock Exchange (BVB). The corporate governance code of Antibiotice S.A., approved by the Management Board in January 2017 and updated in November 2021, includes, among other things, information about the duties of the management structures, the fair reward and motivation, the relations with investors, the risk management system and the internal control. The management of Antibiotice S.A. believes the Corporate Governance Code to be an important tool for achieving sustainable performance, ensuring the accuracy and transparency of the company's decision-making process, through the equal access of all shareholders to relevant information about Antibiotice S.A.

The Code of Ethics

The Code of Ethics of Antibiotice S.A. it is the basis of an organizational culture that respects integrity standards and complies with the specific legislation in force. The fundamental ethical values assumed by the company are integrity, professionalism, responsibility and transparency. Any violation of the code is considered an ethical incident, failure to comply with the Code of Ethics may lead to disciplinary sanctions. The compliance with the provisions of the Code of Ethics is mandatory for all structures in the company's organizational chart (employees, executive management and members of the Management Board). The code of ethics is made known to every new employee or administrator and it can be read online.

The advisory committees

The Management Board exercises part of its duties through the three advisory committees: the Audit Committee, the Commercial Policy Committee and the Nomination and Remuneration Committee. The specialized advisory committees carry out investigations, analyses, they develop recommendations and they periodically submit reports on their activity to the Management Board.

The composition of the Advisory Committees can be read at <https://www.antibiotice.ro/investitori-php/corporate-governance/structuri-de-guvernanta/>

The duties and responsibilities of the advisory committees can be found on the company's website at: <https://www.antibiotice.ro/wp-content/uploads/2015/06/Regulamentele-comitetelor-consultative-1.pdf>

The executive management

Antibiotice S.A. is represented by the General Director, according to the prerogatives established by law and the company statute. The Management Board retains the authority to represent the company in relations with the directors it appointed. The management team composition of Antibiotice S.A., as of 31.03.2024, can be read at the address: <https://www.antibiotice.ro/investitori-php/corporate-governance/structuri-de-guvernanta/>.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

2. GENERAL INFORMATION

2.1. The drawing-up bases

The individual interim financial statements were drawn up in accordance with the provisions of O.M.F.P. (Order of the Ministry of Public Finances) no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards with subsequent amendments and additions. These provisions comply with those of the International Financial Reporting Standards ("IFRS") and with the IFRIC interpretations, adopted by the European Union. The individual interim financial statements were prepared based on the principle of continuity of the activity.

The company has drawn up individual interim IFRS financial statements that include the individual interim statement of the global result, the individual interim statement of the financial position, the individual interim statement of cash flows and the individual interim statement of changes in equity for the period ended on March 31, 2024.

Starting with the period ending on June 30, 2023, the company prepared and presented the individual interim statement of cash flows using the indirect method. For the period ended on March 31, 2024, in order to present some comparative information, the company prepared the individual interim statement of cash flows using the same method as on March 31, 2023.

These individual interim financial statements have been prepared in accordance with IAS 1 Presentation of financial statements, as adopted by the European Union.

2.2. The evaluation bases

The individual interim financial statements are drawn up based on the historical cost with the exception of the land and buildings presented at revalued cost by using the fair value as assumed cost and the elements presented at fair value, that is the financial assets and liabilities at fair value, through the profit and loss account, except for those for which the fair value cannot be reliably established.

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

2.3. The functional and presentation currency

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

The 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. The 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 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 monetary assets and liabilities denominated in foreign currency is reflected in the individual interim statement of the global result.

The foreign exchange differences are recognized in profit or loss in the period in which they arise, with the exception of foreign exchange differences on foreign currency loans related to assets under construction for future productive use, which are included in the cost of those assets when they are considered as an adjustment of interest costs for those loans in foreign currency.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
EUR	4.9695	4.9746
USD	4.6078	4.4958

2. GENERAL INFORMATION (continued)

2.4. Crucial accounting evaluations and estimates

The company makes certain estimates and assumptions regarding the future. The estimates and judgments are continually evaluated based on historical experience and other factors, including forecasting of future events that are believed to be reasonable under the existing circumstances. In the future, the actual experience may differ from the present estimates and assumptions. Examples of evaluation, estimation and assumptions applied within the company are given below:

- The valuation of land investments and owned buildings - Based on the evaluations made by external appraisers, the fair value of real estate investments and owned buildings is determined. These evaluations are based on assumptions that include future rental income, anticipated maintenance costs, future development costs and the discount rate. The evaluators also refer to the information on the market related to the prices of transactions with similar properties.
- Adjustments for the impairment of receivables – For trade receivables, a simplified approach is adopted in which impairment losses are recognized based on the expected lifetime credit losses at each reporting date. If there are credit insurances or guarantees for the outstanding balances, the calculation of expected losses from receivables is based on the probability of non-repayment of the insurer for the insured part of the outstanding balance, and the remaining uncovered amount will have the probability of non-repayment of the counterparty. For trade receivables, the simplified model regulated by IFRS 9 is used.
- Adjustments for inventory impairment - The assessment for inventory impairment is performed on an individual basis and it is based on the management's best estimate of the present value of cash flows 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, consumables and finished products that no longer comply from a qualitative view point. The calculation of the general adjustment for stock depreciation is made according to the validity period of the items in stock.
- Judicial proceedings - The company reviews the unresolved legal cases by following the developments in the judicial proceedings and the existing situation at each reporting date, in order to evaluate the provisions and the presentations of its financial statements. Among the factors considered in making decisions related to provisions are the nature of the litigation or claims and the potential level of damages in the jurisdiction where the litigation is adjudicated, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or the opinions of the legal advisers, the experience in similar cases and any decision of the company's management related to the way in which it will respond to the litigation, complaint or evaluation.
- The accounting estimates of expenses - There are objective situations in which until the closing date of some fiscal periods or until the closing date of a financial exercise the exact values of some expenses committed by the company are not known (e.g.: marketing-sales campaigns to promote products and sales promotion). Preliminary expenses will be made for this category of expenses, which will be actually recorded in the following periods.
- Taxation - The taxation system in Romania is in a phase of consolidation and harmonization with the European legislation. There are uncertainties regarding the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Considering the diversity of business relationships and the longevity and complexity of the existing contractual agreements, the differences that occur between the actual results and the assumptions made or future changes to these assumptions could require future adjustments to the tax revenues and expenses already recorded. In Romania, the fiscal year remains open for fiscal verification for 5 years. The management of the company believes that the fiscal duties included in the individual interim financial statements are adequate.

2.5. Classification of short-term or long-term assets and liabilities

The company presents in the interim individual financial position assets and liabilities based on short-term/long-term classification. An asset is current when:

- it is expected to be achieved or it is intended to be sold or consumed in the normal operating cycle;
- it is held mainly for trading purposes;
- it is expected to be achieved within twelve months from the reporting period, or
- it constitutes cash and cash equivalents.

All other assets are classified as fixed assets.

2. GENERAL INFORMATION (continued)

A debt is short-term when:

- it is expected to be paid in the normal operating cycle;
- it is held mainly for trading purposes;
- is settled within twelve months from the reporting period;
- there is no unconditional right to postpone the settlement of the debt for at least twelve months after the reporting period.

The deferred tax assets and liabilities are classified as long-term assets and liabilities.

2.6. Revenue recognition IFRS 15 - Revenue from contracts with customers

The revenues are increases in economic benefits recorded during the reporting period, in the form of incomes or increases in assets or reductions in liabilities, which materialize in increases in equity, 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.

Income assessment

The objective of IFRS 15 - Revenue from contracts with customers is to clarify the principles of revenue recognition. This includes eliminating inconsistencies and perceived weaknesses and improving the comparability of revenue recognition practices generated by companies, industries and capital markets. In this regard, IFRS 15 establishes a unique framework for the revenue recognition. The basic principle of the framework is: an entity should recognize revenue to describe the transfer of goods or services promised to customers in an amount that reflects the consideration to which the entity expects to be entitled, in exchange for those goods or services. Revenue is recognized when or as the customer obtains control over the goods or services.

The revenues represent the gross inflow of economic benefits during the period generated within the normal activities of an entity, in the form of inflows of assets or increases in the value of assets, or decreases in liabilities, which result in increases in equity, other than those obtained through contributions from the capital holders. The revenues are increases in economic benefits recorded during the accounting period, in the form of incomes or increases in assets or reductions in liabilities, which materialize in increases in a company's own capital, 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.

IFRS 15 - Revenue from contracts with customers establishes a general framework that will apply to the recognition of revenue 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 revenue recognition:

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

IFRS 15 - Revenue from contracts with customers focuses on the identification of duties and it makes a clear distinction between obligations that are satisfied "at a given point in time" and those that are satisfied "over a period of time", as this is determined by the manner in which the 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.

2. GENERAL INFORMATION (continued)

The revenues from the sale of finished products, products made on other manufacturing sites and from other activities 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 they undertake to fulfill their duties;
- 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.

The revenue from the sale of goods is recognized to illustrate the transfer of goods promised to customers at an amount that reflects the consideration to which they are expected to be entitled in exchange for those goods. The income is recognized when the company fulfills a performance obligation by transferring some promised goods (an asset) to a customer. The asset is transferred when the customer obtains control over that asset. When the performance obligation is fulfilled, the value of the transaction price, which is allocated to that performance obligation, must be recognized as income. The company believes that the collection terms do not generate a financial component of the revenues invoiced to the distributors. The seller guarantees the quality of the delivered products for the entire period of validity under the condition that the customer complies with the legal rules and the written instructions received in advance from the seller regarding the transportation, handling and storage of the products.

In Romania, the standard terms agreed by the parties are the following: 150 days from the billing date for non-prescription products, medical devices, food supplements and products for the treatment of TB and 180 days from the billing date for prescription products. In foreign markets, payment terms vary from the advance, before delivery, to 90-120 days, depending on the volumes delivered, the customer and the market where the goods are transferred. The products will be sold by the manufacturer to the distributor at the list price in force on the invoicing date. The seller can grant the buyer commercial reductions/discounts, rebates and other commercial advantages provided by the legislation in force depending on the volume and structure of the sale made to the buyer, in accordance with the specific market conditions.

In accordance with IFRS 15, the revenue is recognized in the amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to a customer. According to IFRS 15, the revenues will be recognized when a customer obtains control over the goods.

Revenues from the sale of finished products

The revenues obtained from the sale of products manufactured on our own manufacturing sites are recognized as revenues from the sale of finished products.

Revenues from the sale of products manufactured on partner sites

According to the requirements of the Good Manufacturing Practices, the manufacturing of some products from the portfolio is carried out on partner manufacturing sites, the revenues from their commercialization are recognized as revenues from the sale of products manufactured on the partner sites.

Income from studies and research

The company is authorized to carry out clinical studies and laboratory analyzes for third parties and the consideration is recognized as income from studies and research.

Income from various activities

The income from various activities includes the amounts obtained for the provision of wastewater collection services for economic agents in the vicinity.

Employee benefits – IAS 19

Current benefits granted to employee

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

The benefits after the employment contract conclusion

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). The company has no other legal or implied obligation to pay future contributions. Its 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 not have any obligation to pay the benefits earned by its own employees in the previous years. The company's contributions to the contribution plan are presented in the expenses chapter in the year to which it refers.

Tangible immobilization accounting policies

Tangible 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) are expected to be used during several financial years.

Recognition:

The tangible assets with the exception of land and buildings are valued at cost, net of accumulated depreciation and/or losses from accumulated depreciation, if any.

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.

The evaluation after recognition

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

After the recognition as an asset, an item 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. Revaluations are performed with sufficient regularity to ensure that the book 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.

The fixed assets for production, supply or administrative purposes, or for purposes not yet determined, are recorded at cost minus any recognized impairment loss. The cost includes the professional fees and, for eligible assets, the costs of indebtedness capitalized in accordance with the accounting policy.

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 presents 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.

2. GENERAL INFORMATION (continued)

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. The 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.

The company carried out the revaluation of immobilized assets in the nature of land, buildings and special constructions existing in the heritage on 31.12.2023, for the purpose of accounting reporting.

The subsequent costs

The daily maintenance and repair expenses related to tangible assets are not capitalized. They are recognized as costs of the period in which they are produced. These costs consist mainly of labor and consumables and may also include the cost of low-value components. The expenses for the maintenance and repairs of tangible assets are recorded in the profit or loss account when they occur. The significant improvements brought to the tangible assets, which increase their value or life span, or which significantly increase the capacity to generate economic benefits by them, are capitalized (increase accordingly the accounting value of the respective assets).

The depreciation of tangible assets

The depreciable value of an asset is allocated systematically over its useful life. The 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 lands are not depreciated.

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

Category	Life span
Buildings and constructions	24-40 years
Equipment and installations	7-24 years
Means of transport	4- 6 years
Computing technology	2- 15 years
Furniture and office equipment	3- 15 years

The depreciation of tangible assets

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 less 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.

2.7. Intangible assets accounting policies

Purchased intangible assets

The intangible assets are recorded according to IAS 38, "Intangible assets" and IAS 36, "Depreciation of assets". The externally acquired intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic life.

2. GENERAL INFORMATION (continued)

The expenses related to the acquisition of patents, copyrights, licenses, brands and other intangible fixed assets recognized from an accounting viewpoint, with the exception of the costs of establishment, of the commercial fund, of intangible fixed assets with an indefinite useful life, thus classified 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.

Licenses

The licenses purchased separately are presented at historical cost. The licenses are capitalized based on the costs recorded with the acquisition and commissioning. They have a fixed lifetime and they are subsequently accounted for at cost minus accumulated depreciation and depreciation losses.

Software

The licenses acquired separately are valued at historical cost. After the initial recognition, the software is accounted for at cost less any accumulated amortization and any impairment loss, if any.

The computer program maintenance costs are recognized at expense as they are achieved.

The depreciation of intangible assets

The computer programs are amortized linearly over a period of 3 years and licenses are amortized during their validity, which cannot exceed 5 years.

Internally generated intangible assets (development costs)

To determine whether an internally generated intangible asset meets the recognition criteria, an entity divides the process of generating the asset into:

- (a) a research stage; and
- (b) a developmental stage.

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

The development expenses related to projects for new products intended for registration on the domestic and international markets, technological transfer projects are recognized as intangible assets. These consist of: consumption of raw materials and consumables and labor costs related to the hours worked for each project.

An internally generated intangible asset resulting from development (or from the development phase of an internal project) is recognized if and only if all the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it is available for use or sale;
- The intention to complete the intangible asset and to use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to reliably measure the expenses attributable to the intangible asset during its development

The initially recognized amount for internally generated intangible assets is the amount of expenses incurred from the date on which the intangible asset meets the recognition criteria listed above for the first time. Where no internally generated intangible asset can be recognized, development expenses are recognized in profit or loss in the period in which they are incurred.

2. GENERAL INFORMATION (continued)

The recognition of costs in the accounting value of an intangible asset ceases when the asset is in the necessary condition to be able to function in the manner intended by the management. Thus, the costs of using or moving an intangible asset are not included in the accounting value of the asset in question.

The following costs are not included in the accounting value of an intangible asset:

- (a) costs incurred when an asset capable of operating in the manner intended by management has not yet been put into use; and
- (b) the initial operating losses, such as those borne as the demand for the production realized by that asset takes shape.

After the initial recognition, the internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The development expenses related to projects for new products are recognized as intangible assets. These consist of: consumption of raw materials and consumables, 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.

The depreciation of intangible assets

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gains or losses resulting from the derecognition of an intangible asset measured as the difference between the net proceeds from disposal and the accounting value of the asset are recognized in the profit or loss account when the asset is derecognised.

The impairment of non-financial assets (excluding stocks and deferred tax assets) - IAS 36 "Impairment of assets"

The 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).

The depreciation expenses are included in the profit or loss account, except when they reduce previously recognized gains in other elements of the overall result.

The intangible assets are presented in detail in Note 12.

2.8. Stock accounting policies

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

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

The valuation of stocks

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

2. GENERAL INFORMATION (continued)

The raw materials and consumables are valued at the purchase price, including transport, handling costs and net of commercial discounts, the disposal of raw materials and materials stocks is done using the weighted average price method. The work in progress and finished goods are valued at actual cost consisting of direct materials, direct labor and directly attributable production expenses and other costs incurred to bring them to their existing location and condition using the standard cost method. The standard costs take into account the normal levels of consumption of raw materials and materials, labor, efficiency and capacity utilization. They are reviewed regularly and, if necessary, revised according to current conditions.

The 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.

The inventory purchase costs include the purchase price, import taxes and other taxes (except those that the entity can later recover from the tax authorities), transportation costs, handling and other costs that can be directly attributed to the purchase of finished products, materials and services. The trade discounts, rebates and other similar items are deducted to determine purchase costs.

The adjustments for inventory impairment – The inventory impairment assessment is performed on an individual basis and it is based on management's best estimate of the present value of cash flows 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, consumables and finished products that no longer comply from a qualitative viewpoint. The calculation of the general adjustment for the depreciation of finished products and goods is made according to the period of validity of the items in stock.

2.9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another.

Financial assets

Recognition and initial evaluation

The financial assets are classified, upon initial recognition, and subsequently evaluated at amortized cost, fair value through other elements of the overall result.

The classification of financial assets at initial recognition depends on the contractual characteristics of the financial asset's cash flow and the company's business model for the management thereof.

The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows.

All regular purchases or sales of financial assets are recognized and derecognized based on the date of the transaction. The purchases or sales in the usual way are purchases or sales of financial assets that require the delivery of the assets within the time frame established by regulations or conventions on the market.

With the exception of trade receivables that do not contain a significant financing component, the company initially evaluates a financial asset at fair value.

The receivables arise mainly through the provision of goods and services to customers (for example, trade receivables), but they also incorporate other types of contractual monetary assets (advances granted to suppliers of goods and services, commercial effects not yet due).

The adjustments for the impairment of commercial receivables include the adjustments for receivables in litigation and the adjustments established by applying the simplified analysis model provided by IFRS 9 Financial Instruments. The company applies the simplified approach of IFRS 9 for the measurement of expected credit losses, which aims at a reduction of expected losses (ECL) over the lifetime for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on common credit risk characteristics and days past due.

2. GENERAL INFORMATION (continued)

The expected loss rates are based on the payment profiles of the sales for a period of 36 months before March 31, 2024 and March 31, 2023 and on the corresponding historical credit losses recorded during this period. The historical loss rates are adjusted to reflect the current and future information regarding macroeconomic factors that impact the customers' ability to settle receivables.

The trade receivables are canceled when there is no reasonable expectation of recovery. The indicators showing that there is no reasonable expectation of recovery include the fact that a debtor does not commit to a repayment plan and that he does not make contractual payments for a period of more than 90 days in arrears. The impairment losses on trade receivables are presented as net impairment losses within operating profit. The subsequent recoveries of previously canceled amounts are credited to the same item.

The adjustments for the impairment of receivables – For trade receivables, a simplified approach is adopted in which impairment losses are recognized based on expected lifetime credit losses at each reporting date. If there are credit insurances or guarantees for the outstanding balances, the calculation of expected losses from receivables is based on the probability of non-repayment related to the insurer for the insured part of the outstanding balance and the remaining uncovered amount will have the probability of non-repayment of the counterparty. For commercial receivables, the regulated simplified model is used of IFRS 9.

All financial liabilities are subsequently valued at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial debt and of allocating interest expenses over the relevant period. The effective interest rate is the rate that accurately updates the estimated future cash payments (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the estimated life of the financial debt, or (if applicable) a shorter period, at the amortized cost of a financial debt.

The company derecognizes the financial liabilities when and only when the company's obligations are honored, canceled or expired. The difference between the accounting value of the derecognized financial debt and the consideration paid and to be paid is recognized in profit or loss.

Cash and cash equivalents

The cash from the individual interim statement of the financial position includes the cash at the banks and in the cash register. The company's exposure to the credit risk associated with the cash and cash equivalents is limited because it collaborates with solid financial institutions in terms of cash management and banking operations.

In the individual interim statement of cash flows, cash and cash equivalents are included. The book value of these assets is approximately equal to its fair value.

2.10. Taxation

The income tax expense includes current tax and deferred tax.

The current tax

The current income tax assets and liabilities are valued at the amount expected to be paid or to be paid to the tax authorities. The tax rates and tax laws used to calculate the amount are those that are adopted or substantially adopted at the reporting date.

The current tax includes the tax to be paid or recovered related to the taxable profit or loss (es) of the respective year and any adjustment of the tax to be paid or recovered related to previous years. The amount of the current tax to be paid and recovered is the best estimate of the amount expected to be paid or recovered that reflects the uncertainty related to the profit tax. It is determined using the tax rates that have been adopted or largely adopted at the reporting date. Current tax credits and debts are offset only if certain criteria are met.

Taxation

The taxation system in Romania is in a stage of consolidation and harmonization with the European legislation. There are uncertainties regarding the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Considering the diversity of business relationships and the longevity and complexity of the existing contractual agreements, the differences that appear between the actual results and the assumptions made or future changes to these assumptions could require future adjustments to the tax revenues and expenses already recorded. In Romania, the fiscal year remains open for fiscal verification for 5 years. The management of the company believes that the fiscal obligations included in the individual interim financial statements are adequate.

2. GENERAL INFORMATION (continued)

Deferred tax

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

The deferred tax is recognized as the difference between the accounting value of assets and liabilities in the financial statements and the corresponding tax bases used to calculate the taxable income.

The deferred tax liabilities are generally recognized for all the taxable temporary differences, while the deferred tax assets are recognized for deductible temporary differences.

The current tax and the deferred tax are recognized in profit or loss, except for the case where they refer to elements that are recognized in other elements of the global result or directly in equity, in which case the current tax and the deferred tax are also recognized in other elements of the global result or, directly in equity.

The recognition of deferred tax assets is limited to those cases 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 apply when the deferred tax liabilities/(assets) are settled/(recovered).

The company offsets the receivables and liabilities regarding the deferred tax if and only if it has a legally enforceable right to offset the assets and liabilities with the current tax and the assets and liabilities with the deferred tax relate to the profit tax levied by the same fiscal authority.

2.11. Provisions

The provisions are recognized when the company has a present obligation (legal or implied) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate of the value of the obligation can be made.

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.

A provision is recognized if, as a result of a previous event, the company has a current, legal or implied obligation, which can be reliably estimated and it is likely that an outflow of resources incorporating the economic benefit will be required to settle the obligation. Provisions are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessments of the time value of money and specific debt risks.

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

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

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

The judicial proceedings - the company reviews the unresolved legal cases following the developments in the judicial proceedings and the existing situation at each reporting date, in order to evaluate the provisions and the presentations from its individual interim financial statements. Among the factors considered when making decisions related to provisions are the nature of the litigation or claims and the potential level of damages in the jurisdiction in which the litigation is adjudicated, the progress of the case (including the progress after the date of the individual interim financial statements but before the respective statements are issued), the opinions or the opinions of legal advisers, experience in similar cases and any decision of the company's management related to how it will respond to the litigation, complaint or assessment.

2. GENERAL INFORMATION (continued)

2.12. The 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.

Accounting estimates of expenses - There are objective situations in which until the closing date of some fiscal periods or until the closing date of a financial exercise the exact values of some expenses committed by the company are not known (example-marketing campaigns-sales of product promotion and stimulation of sales). For this category of expenses, preliminary expenses will be made, which will be actually recorded in the following periods.

2.13. Dividends

Dividends are recognized as a deduction from equity in the period in which their distribution is approved and are recognized as a liability to the extent that they are unpaid at the reporting date. The dividends are presented in the notes to the financial statements when their distribution is proposed after the reporting date and before the date of issuance of the individual financial statements.

The dividends are distributed from the net annual distributable profit based on the audited individual annual financial statements, after their approval by the Ordinary General Meeting of the Company and after the approval of the dividend proposal by the Ordinary General Meeting. The distributable profit represents the part of the net profit of the financial year that can be distributed in the form of a dividend after legal and statutory distributions have been made, such as the distribution for the legal reserve.

The shareholders receive dividends proportional to the ownership share of the paid-up social capital of the company and not right of priority or preference over the distribution of dividends in favor of any shareholder is applicable.

The proposal regarding the distribution of dividends made by the Management Board will be submitted to the vote of the General Meeting of Shareholders, as a rule, in the same meeting where the audited individual financial statements are approved.

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

2.14. Capital and reserves

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

Antibiotice S.A. was established according to Law no. 31/1990 on commercial companies, with subsequent additions and changes.

In the first set of individual 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.

2.15. Earnings per share

The company presents the basic and diluted earnings per share for ordinary shares. The earnings per basic 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.

The result per share is presented in detail in Note 10.

Segmented 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 viewpoint of the activity segments, the company does not identify distinct components from the viewpoint of associated risks and benefits.

2. GENERAL INFORMATION (continued)

2.16. Affiliated 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) are o influenta semnificativa asupra societatii; has a significant influence on company;
- (iii) is a member of key management personnel.

The 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 (executive or non-executive) director of the entity.

The transactions with the key personnel include exclusively the salary benefits granted to them as presented in Note 6 - Expenses with employee benefits and the remuneration of the members of the Management Board.

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, the subsidiary and the 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-party entity, and the other is an associated entity of the third party 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 management personnel of the entity (or of the entity's parent company).

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

2.17. Contingent assets and liabilities

A contingent liability is:

- a) a potential obligation arising as a result of previous events and whose existence will only be confirmed by the occurrence or the occurrence of one or more uncertain future events, which are not fully controlled by the company; or
- b) a current obligation arising as a result of previous events, but which is not recognized because:
 - it is not likely that resources will be required to incorporate economic benefits for the settlement of this obligation; or
 - the value of the obligation cannot be assessed reliably enough.

The contingent liabilities are not recognized in the individual interim financial statements, but are presented in the notes, with the exception of the case where the possibility of an outflow of resources incorporating the economic benefit is remote.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

2. GENERAL INFORMATION (continued)

A contingent asset is a potential asset that appears as a result of previous events and whose existence will only be confirmed by the occurrence or the non-occurrence of one or more uncertain future events, which are not fully controlled by the company. A contingent asset is not recognized in the individual interim financial statements, but it is presented when an inflow of economic benefits is probable.

2.18. The risk management

The activities carried out by the company can give rise to various risks. The risk management monitors the effect of these risks and events that may have adverse effects on the company's operations.

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

- The credit risk;
- The market risk, which includes the interest rate risk, the currency risk and the instrument price risk;
- The 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 for the assessment thereof. Additional quantitative information regarding these risks is presented in these individual interim 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.

The company is mainly exposed to risks arising from the use of financial instruments; the main financial instruments used by the company are:

- Trade receivables and other receivables;
- Cash and cash equivalents;
- Trade debts and other debts.

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

Trade receivables, cash and cash equivalents at amortized cost	Period ended on March 31, 2024	Period ended on December 31, 2023
Trade and similar receivables	278,014,239	235,771,990
Cash and cash equivalents	354,720	1,807,930
Total	278,368,959	237,579,920

The values by maturity intervals of the financial assets are

Financial liabilities at amortized cost	Period ended on March 31, 2024	Period ended on December 31, 2023
Trade and similar debts	136,621,358	150,780,362
Bank loans	43,290,796	29,552,092
Total	179,912,154	180,332,454

2. GENERAL INFORMATION (continued)

The values by maturity intervals of the financial debts are presented at the liquidity risk

Calculation and analysis of the net situation (equity)

Indicators (RON)	Period ended on March 31, 2024	Period ended on December 31, 2023
Short-term loans and credits	43,290,796	29,552,092
Long-term loans and credits	34,036,781	36,750,203
Cash and cash equivalents	(354,720)	(1,807,930)
Net liabilities	76,972,857	64,494,365
Total equity	884,278,839	846,964,120
Net liabilities in equity (%)	8.70%	7.61%

The credit risk

The 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 exposed to the credit risk resulting from its operational activity, mainly from the collection of trade receivables.

Regarding the cash and cash equivalents, the company analyzed the credit risk and determined that it is not significant.

Receivables

The trade receivables come from trade relations with distributors in the national pharmaceutical market and from trade relations with partners in the international market.

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

At the company level, the exposure to credit risk is controlled. A specialized department permanently monitors each debtor in trade relations on the domestic market.

For domestic and international receivables, the credit risk is constantly evaluated, taking into account the financial performance, the payment history, and insurance policies are concluded.

The balance of receivables is monitored at the end of each month and any delay from a customer is analyzed.

The credit risk profile of the commercial receivables is presented according to their maturity, monitoring the receivables from the domestic market and from the international market separately. The historical non-payment rates are analyzed.

The trade receivables do not bear interest and they generally have payment terms that vary between advance payment and 180 days.

The trade receivables are considered in default when they are overdue for more than 90 days. The trade receivables are canceled when the management believes that there is no probability of collection.

In accordance with IFRS 9, the financial assets and liabilities of the company are valued at amortized cost.

The company has not included information regarding the fair value for financial assets and liabilities that are not evaluated at fair value if the accounting value represents a reasonable approximation of the fair value. The company used the simplified approach of IFRS 9 to determine expected credit loss for trade receivables related to third parties that did not contain a significant financing component.

2. GENERAL INFORMATION (continued)

The methodology used by the company to evaluate the expected losses of trade receivables can be described as follows:

- determining an appropriate watch period for tracking the historical loss rate. The company selected 3 previous periods for data collection;
- collecting data on trade receivables and grouping thereof according to maturity in each analyzed period;
- analysis of the evolution of these balances over a period of 12 months and the determination of the unpaid amounts from each group of balances to determine the proportion of balances from each category of debt that was not collected in the end;
- determining the weighted average rate of losses (%) depending on maturity for the 3 analyzed periods;
- application of the loss rate thus determined for trade receivables on March 31, 2024.

The market risk

The market risk represents the possibility of recording losses or not achieving the estimated profits resulting, directly or indirectly, from fluctuations in the market price, interest rate or exchange rate related to the company's assets and liabilities.

The main sub-categories of market risk are the following:

The interest rate risk: the risk that the fair value of future cash flows or future cash flows related to financial instruments will fluctuate with changes in interest rates.

The currency risk: the risk that the fair value of future cash flows or future cash flows related to financial instruments will fluctuate with changes in exchange rates.

The company is mainly exposed to currency risk in the purchases made from external suppliers of raw materials, packaging and other materials. The suppliers from whom the company purchases these items necessary to support the production of medicines must have quality documents, stipulated in the European rules for the production and registration of medicines on the market.

The liquidity risk

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

The liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. The company prepares budgets, analyzes and estimates of cash flows, which allow the evaluation of the level of financing required in the following periods

The Company's management closely monitors the situation and it acts accordingly. The management believes that, based on the perspective of the cash flow and the support available from the shareholders, the company is in a negative position regarding the ability to pay, in the interval of more than 12 months. The management is confident that in 12 months there will be enough resources to cover the payment needs.

2. GENERAL INFORMATION (continued)

2.19. New IFRS accounting standards and amendments to existing standards, which are in force this year

In the current year, the company applied a series of amendments to the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union, which became mandatory for the reporting period starting on or after January 1 2023. Their adoption did not have a significant impact on the presentation of information nor on the amounts reported in these individual interim financial statements.

- The new standard IFRS 17 "Insurance contracts" including amendments to IFRS 17 issued by the IASB in June 2020 and December 2021;

-Amendments to IAS 1 Presentation of accounting policies;

-Amendments to IAS 8 Definition of accounting estimates;

-Amendments to IAS 12 Deferred tax related to receivables and payables arising from a single transaction;

-Amendments to IAS 12 International tax reform — model rules regarding pillar II*

** the exception mentioned in the amendments to IAS 12 (for an entity not to recognize and not to provide information on deferred tax assets and liabilities related to deferred tax that is the subject of OECD pillar two) is applicable immediately after the issuance of the amendments and retrospectively in accordance with IAS 8. The other presentation requirements are mandatory for annual periods beginning on or after January 1, 2023.*

New IFRS accounting standards and amendments to existing standards issued and adopted by the EU, but which have not yet entered into force

At the date of approval of these individual interim financial statements, the company did not apply the following modified IFRS Accounting Standards that were issued by the IASB and adopted by the EU, but have not yet entered into force:

-Amendments to IFRS 16-Lease liabilities in a sale and leaseback transaction, effective date from January 1, 2024.

- Amendments to IAS 1-Classification of debts into short-term debts and long-term debts and long-term debts with financial indicators, effective date from January 1, 2024.

New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU

Currently, IFRS as adopted by the EU do not differ significantly from IFRS adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards, which were not adopted by the EU at the date of authorization of these individual interim financial statements:

- Amendments to IAS 7 and IFRS 7 Financing agreements in relation to suppliers (date of entry into force established by the IASB: January 1, 2024). They have not yet been adopted by the EU.

-Amendments to IAS 21 Lack of convertibility (effective date established by the IASB: January 1, 2025). They have not yet been adopted by the EU.

- IFRS 14 Deferral accounts related to regulated activities (date of entry into force established by: January 1, 2016). The European Commission decided not to start the approval process of this interim standard and to wait for the final standard.

- Amendments to IFRS 10 and IAS 28 Sale of or contribution of assets between an investor and its associated entities or joint ventures and subsequent amendments (the date of entry into force was postponed indefinitely by the IASB, but its early application is allowed).

The approval process was postponed for an indefinite period until the completion of the research project on the equivalence method.

The company anticipates that the adoption of these new standards and the amendments to the existing standards will not have a significant impact on the individual interim financial statements of the company in the future.

The hedging accounting against the risks of a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the company's estimates, the use of hedge accounting against the risks of a portfolio of financial assets and liabilities according to **IAS 39: "Financial instruments: recognition and evaluation"** would not significantly impact the individual interim financial statements, if it is applied at the balance sheet date.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

3. OPERATING INCOME

Below there is an analysis of the revenues:

	Period ended on March 31, 2024 RON	Period ended on March 31, 2023 RON
Sales of finished products	167,165,292	164,051,531
Sales of products made on other manufacturing sites	40,263,347	39,830,557
Income from other activities	487,959	449,671
Trade discounts granted	(25,069,988)	(25,156,247)
Total	182,846,610	179,175,512

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

	Period ended on March 31, 2024 RON	Period ended on March 31, 2023 RON
On the Romanian market	106,005,048	114,176,550
On foreign markets	76,841,562	64,998,962
Total	182,846,610	179,175,512

4. OTHER INCOMES

	Period ended on March 31, 2024 RON	Period ended on March 31, 2023 RON
Income from compensations, fines and penalties	8,719	4,178
Income from the sale of tangible and intangible assets	3,151	-
Other operating revenues	137,831	78,846
Total	149,701	83,024
Income from subsidies	70,605	67,727
Total	220,306	150,751

5. EXPENDITURE ON RAW MATERIALS, USED CONSUMABLES AND PRODUCTS MADE ON OTHER MANUFACTURING SITES

	Period ended on March 31, 2024 RON	Period ended on March 31, 2023 RON
Raw material expenses	43,750,571	36,632,603
Consumables expenses	4,085,499	4,015,363
Expenses on products made on other manufacturing sites	21,480,162	22,129,392
Expenses on used packaging	3,495	7,081
Total	69,319,727	62,784,439

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

6. EXPENSES WITH EMPLOYEE BENEFITS AND THE REMUNERATION OF THE MANAGEMENT BOARD MEMBERS

	Period ended on March, 2024	Period ended on March 31, 2023
	RON	RON
Wages	31,793,397	29,833,609
Labor insurance contribution	863,107	703,671
Meal vouchers and other benefits granted to employees	2,096,181	1,836,605
Total expenses with employee benefits	34,752,685	32,373,885

The remuneration granted to the Management Board and the Executive Management is presented in the table below:

	Period ended on March 31, 2024	Period ended on March 31, 2023
	RON	RON
Wages	108,177	108,177
Management Board	304,087	228,721
Taxes and social contributions	75,389	35,044
Variable allowances	2,938,360	1,042,863
Total	3,426,013	1,414,805

7. OTHER EXPENSES

	Period ended on March 31, 2024	Period ended on March 31, 2023
	RON	RON
Expenses with services performed by third parties	6,163,408	2,876,840
Repair expenses	153,782	310,690
Expenses with other taxes and fees*	13,108,968	11,871,337
Protocol expenses, advertising and publicity	2,780,825	5,423,833
Insurance premium expenses	887,801	664,590
Consulting expenses	203,891	-
Other general expenses	4,784,427	1,310,183
Rent expenses	76,930	77,572
Travel expenses	284,641	294,395
Expenses with postal and telecommunications fees	166,205	137,870
Expenses with compensations, fines and penalties	324,133	3,927
Total	28,935,011	22,971,237

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

7. OTHER EXPENSES (continued)

Other general expenses in the amount of 4,784,427 lei recorded in the first quarter of 2024 include:

- environmental protection expenses in the amount of 394,247 lei;
- expenses for supporting international sales, amounting to 163,987 lei;
- professional training expenses, in the amount of 241,556 lei;
- expenses with bank commissions in the amount of 122,706 lei;
- other operating expenses in the amount of 3,861,931 lei (the annual analysis of research projects led to the registration of the amount of 3,809,084 lei representing research projects that will not be completed).

Other general expenses in the amount of 1,310,183 lei recorded in the first quarter of 2024 include:

- environmental protection expenses in the amount of 309,468 lei;
- expenses for supporting international sales, amounting to 664,798 lei;
- professional training expenses, amounting to 221,974 lei;
- expenses with bank commissions in the amount of 113,943 lei.

*Expenses with other taxes and fees

	Period ended on March 31, 2024	Period ended on March 31, 2023
	RON	RON
Expenses with the tax on buildings	521,975	380,785
Land tax expenses	133,789	133,789
Expenses with the tax on means of transport	10,641	10,113
Expenses with other taxes and fees	2,379,024	1,837,767
Expenses regarding the environmental fund	13,539	8,883
Claw-back fee charges	10,050,000	9,500,000
Total	13,108,968	11,871,337

8. FINANCIAL RESULT

Financial income and expenses:

	Period ended on March 31, 2024	Period ended on March 31, 2023
	RON	RON
Interest income	581	465
Interest expenses	(886,649)	(865,710)
Interest expense, net	(886,068)	(865,245)
Income from exchange rate differences	1,140,325	2,175,325
Expenses from exchange rate differences	(941,640)	(2,450,488)
Exchange rate differences, net	198,685	(275,163)
Other financial expenses	-	77,403
The financial result	(687,383)	(1,063,005)

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

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

9. EXPENSES WITH CURRENT PROFIT TAX AND DEFERRED TAX

Amounts recognized in the profit or loss situation

	Period ended on March 31, 2024	Period ended on March 31, 2023
	RON	RON
Current income tax expenses	2,198,627	4,492,631
The impact of deferred income tax	(390,216)	(940,065)
Total	1,808,411	3,552,566

The profit tax

The current profit tax for the first quarter of 2024 and the year 2023 is determined at a statutory rate of 16% based on the adjusted accounting profit with non-deductible expenses and non-taxable income. The final value of the profit tax is reduced by tax credits. The deferred income tax on March 31, 2024 and December 31, 2023 is determined based on the tax rate of 16%, which is expected to be in effect when the temporary differences will resume.

	Period ended on March 31, 2024	Period ended on March 31, 2023
	RON	RON
Accounting profit:	37,299,129	20,902,741
Tax at the Romanian corporate tax rate of 16% (2023: 16%)	5,967,861	3,344,439
Effect of non-deductible expenses	2,159,028	1,235,993
The effect of non-taxable income	(579,092)	(354,000)
Tax related to reinvested profit	(3,953,292)	(273,743)
Other tax effects	(1,786,094)	(400,123)
Income tax expenses	1,808,411	3,552,566

10. EARNINGS PER SHARE

	Period ended on March 31, 2024	Period ended on March 31, 2023
	RON	RON
Net profit (A)	37,314,718	22,203,410
Number of ordinary shares (B)	671,338,040	671,338,040
Result per basic and diluted share (A/B)	0.0556	0.0331

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

11. TANGIBLE ASSETS

	Land	Buildings	Machinery and equipment, vehicles	Installations and furniture items	Tangible assets in progress	Total
COST						
Balance on January 1, 2023	203,674,702	267,974,628	261,368,188	9,839,442	9,087,755	751,944,716
Increases:						
Transfers to/from fixed assets in progress	-	-	-	-	83,025,003	83,025,003
Increase / (decrease) from revaluation	1,119,770	21,432,297	27,448,395	560,988	(49,441,679)	-
Disposals and other discounts	-	23,416,021	-	-	-	24,535,791
	-	(52,921)	(2,573,774)	(165,743)	-	(2,792,438)
Balance as of December 31, 2023	204,794,472	312,770,025	286,242,809	10,234,687	42,671,079	856,713,072
Balance on January 1, 2024	204,794,472	312,770,025	286,242,809	10,234,687	42,671,079	856,713,072
Increases:						
Transfers to / from fixed assets in progress	-	-	-	-	13,353,884	13,353,884
Increase / (decrease) from revaluation	-	1,839,280	25,457,231	121,311	(27,417,822)	-
Disposals and other discounts	-	-	-	-	-	-
	-	-	-	-	-	-
Balance on March 31, 2024	204,794,472	314,609,305	311,700,040	10,355,998	28,607,141	870,066,956

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

11. TANGIBLE ASSETS (continued)

	Land	Buildings	Machinery and equipment, vehicles	Installations and furniture items	Tangible assets in progress	Total
CUMULATIVE AMORTIZATION						
Balance on January 1, 2023	-	-	145,350,343	6,695,462	-	152,045,805
Depreciation recorded during the year	-	10,705,925	14,571,307	409,016	-	25,686,248
Disposals and other discounts	-	(52,921)	(2,628,148)	(165,444)	-	(2,846,513)
Cumulative depreciation of tangible fixed assets revalued	-	(10,534,008)	-	-	-	(10,534,008)
Balance on December 31, 2023	-	118,996	157,293,502	6,939,034	-	164,351,532
Balance on January 1, 2024	-	118,996	157,293,502	6,939,034	-	164,351,532
Depreciation recorded during the year	-	5,451,862	4,149,556	109,819	-	9,711,237
Disposals and other discounts	-	-	-	-	-	-
Cumulative depreciation of tangible fixed assets revalued	-	-	-	-	-	-
Balance on March, 31 2024	-	5,570,858	161,443,058	7,048,853	-	174,062,769
NET ACCOUNTING VALUE						
Net book value on December 31, 2023	204,794,472	312,651,028	128,949,308	3,295,653	42,671,079	692,361,541
Net book value on March 31, 2024	204,794,472	309,038,447	150,256,982	3,307,145	28,607,141	696,004,187

11. TANGIBLE ASSETS (continued)

The most important investment projects carried out in the first quarter of 2024 are the following:

1. The photovoltaic plant of 2.5 MW

The achievement 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.

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

- reducing the amount of electricity purchased by about 3300 MWh per year, representing 26% compared to the level of consumption in 2021;
- the 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 the first quarter of 2024.

2. The photovoltaic plant of 1.2 MW

The photovoltaic panels related to this power plant will be placed on a number of 13 buildings; following technical expertise, it was found that the roofs can bear additional loads. An annual production of about 1,840 MWh is estimated, representing about 15% of the annual electricity consumption of Antibiotice S.A. from 2021. The investment will be completed in the first quarter of 2024.

3. Warehouse for finished pharmaceutical products

This investment meets the needs of Antibiotice S.A. to have a modern and efficient warehouse, able to manage the planned future production. With a storage capacity adapted to the anticipated growth until 2030, this warehouse will serve as an essential pivot for the storage and distribution of pharmaceutical products. The construction works started in August of this year. Currently, the resistance structure of the building has been completed. The construction works will be completed in 2024.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

12. INTANGIBLE ASSETS

	Concessions, patents and other similar rights (externally generated)	Other intangible assets (internally generated)	Other intangible assets (externally generated)	Development costs (internally generated)	Development costs (externally generated)	Total intangible assets
COST						
Balance on January 1, 2023	12,275,985	9,974,392	4,197,131	29,078,675	1,215,462	56,741,645
Increases	841,177	-	-	13,220,959	950,027	15,012,163
Transfers	-	10,700,896	764,071	(10,471,332)	(993,635)	-
Balance on December 31, 2023	13,117,162	20,675,288	4,961,202	31,828,302	1,171,854	71,753,808
Balance on January 1, 2024	13,117,162	20,675,288	4,961,202	31,828,302	1,171,854	71,753,808
Increases	103,409	-	-	2,935,340	-	3,038,749
Disposals / discounts	-	-	-	(3,809,084)	-	(3,809,084)
Transfers	-	1,937,492	-	(1,937,371)	(121)	-
Balance on March 31, 2024	13,220,571	22,612,780	4,961,202	29,017,187	1,171,733	70,983,473
Accumulated depreciation						
Balance on January 1, 2023	11,385,762	8,400,531	4,197,131	-	-	23,983,424
Depreciation expense	425,274	1,705,435	112,977	-	-	2,243,686
Balance on December 31, 2023	11,811,036	10,105,966	4,310,108	-	-	26,227,110
Balance on January 1, 2024	11,811,036	10,105,966	4,310,108	-	-	26,227,110
Depreciation expense	142,604	638,435	38,204	-	-	819,243
Balance on March 31, 2024	11,953,640	10,744,401	4,348,312	-	-	27,046,353
Net book value						
On December 31, 2023	1,306,126	10,569,322	651,094	31,828,302	1,171,854	45,526,698
On March 31, 2024	1,266,931	11,868,379	612,890	29,017,187	1,171,733	43,937,120

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

13. STOCKS

	Period ended on March 31, 2024	Period ended on December 31, 2023
	RON	RON
Finished products	81,415,791	77,950,369
Raw materials	54,587,858	68,605,059
Products made on other manufacturing sites	20,506,332	21,176,967
Consumables	302,335	223,865
Inventory items	8,553	9,959
Residual products	3,428	3,743
Packing	105,719	74,492
Products in progress	7,180,512	6,321,323
Stocks - gross value	164,110,528	174,365,777
Value adjustments for raw materials and materials	(1,964,160)	(1,964,160)
Value adjustments for finished products	(9,511,394)	(9,511,394)
Value adjustments for products made on other manufacturing sites	(2,675,739)	(2,675,739)
Total value adjustments	(14,151,293)	(14,151,293)
Total stocks - net value	149,959,235	160,214,484

14. TRADE AND SIMILAR RECEIVABLES

	Balance on March 31, 2024	Balance on December 31, 2023
	RON	RON
Short term receivables		
Trade receivables	300,532,532	238,897,257
Customers - invoices to be drawn up	(23,128,099)	(7,528,379)
Trade effects	10,123,113	10,393,167
Advances paid to suppliers of fixed assets	589,778	410,546
Advances paid to suppliers of stocks and services	1,860,609	1,451,944
Advances paid to employees	1,929	126
Other receivables	8,663,250	12,776,201
Additional adjustments for impairment	(20,628,873)	(20,628,873)
Balance at the end of the period	278,014,239	235,771,990

Changes in impairment adjustments for receivables.

	Period ended on March 31, 2024	Period ended on December 31, 2023
	RON	RON
Balance at the beginning of the period	(20,628,873)	(21,724,353)
Adjustment of the depreciation recorded in the statement of the overall result in relation to trade receivables	-	1,095,480
Balance at the end of the period	(20,628,873)	(20,628,873)

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

15. CASH AND CASH EQUIVALENTS

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

	Period ended on March 31, 2024	Period ended on December 31, 2023
	RON	RON
Available at the bank	332,233	1,792,024
Cash and cash equivalents	22,487	15,906
Total	354,720	1,807,930

The company has open accounts at commercial banks in Romania that are part of European banking groups or at state banks.

16. SHARE CAPITAL

	Balance on March 31, 2024	Balance on December 31, 2023
	RON	RON
Ordinary shares paid in full	67,133,804	67,133,804

The subscribed capital of the company on March 31, 2024 is 67,133,804 lei and nominal value of a share is 0.1000 lei/share. The company has a number of 671,338,040 shares that give equal rights to the company's shareholders. Antibiotice S.A. did not issue shares that would offer preferential rights to the shareholders. In accordance with the provisions of IAS 29 - hyperinflationary economies, the social capital was restated taking into account the inflation index communicated by the National Statistics Commission. It was applied starting with the balance determined according to GD 500/1994, from the date of contribution until 31.12.2003, the date when it was considered that the national economy ceased to be hyperinflationary. Later, the share capital was increased according to the historical amounts registered at the Trade Register.

On 31.12.2012, in the company's balance sheet there was a loss carried forward resulting from the application for the first time of IAS 29 "Financial Reporting in Hyperinflationary Economies" which was proposed to be covered by the amount resulting from the application of IAS 29 "Financial Reporting in Economies" Hyperinflationists" as follows:

Retained earnings loss from applying IAS 29 for the first time	197,701,352
Social capital adjustments - applying IFRS for the first time	197,701,352

Reserves

The reserves include the following components:

Description	Period ended on March 31, 2024	Period ended on December 31, 2023
Fixed asset revaluation reserves	264,918,960	268,354,743
Legal reserves	13,426,761	13,426,761
Deferred profit tax recognized on account of equity	(42,387,059)	(42,936,784)
Other reserves	311,450,837	311,450,837
Total	547,409,499	550,295,557

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

16. SHARE CAPITAL (continued)

Shareholding structure

	Balance on March 31, 2024		Balance on December 31, 2023	
	Number of shares	% holding	Number of shares	% holding
MINISTRY OF HEALTH	355,925,135	53,0173	355,925,135	53,0173
INFINITY CAPITAL INVESTMENTS S.A.	197,475,826	29,4153	197,475,826	29,4153
Other natural and legal persons	117,937,079	17,5674	117,937,079	17,5674
Total	671,338,040	100.0000	671,338,040	100.0000

Revaluation reserve

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

	Period ended on March 31, 2024	Period ended on December 31, 2023
	RON	RON
Balance at the beginning of the period for the revaluation reserve	268,354,744	235,426,926
Balance at the beginning of the period for the deferred tax related to the revaluation reserve	(42,936,785)	(37,668,306)
The transfer of the revaluation reserve to the retained earnings as a result of depreciation and disposals of tangible assets, net of tax	(3,435,783)	(2,065,204)
Revaluation of tangible assets	-	34,993,022
Decrease in deferred tax related to the revaluation reserve	549,725	485,889
Deferred profit tax	-	(5,754,368)
Balance at the end of the period for the revaluation reserve	264,918,961	268,354,744
Balance at the end of the period for the deferred tax related to the revaluation reserve	(42,387,060)	(42,936,785)
Reconciliation of revaluation reserves	222,531,901	225,417,959

16. SHARE CAPITAL (continued)

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

The nature of the reserve	Description and purpose of the reserve
Fixed asset revaluation reserves	If the accounting value of a tangible fixed asset is increased as a result of the revaluation, then the increase must be recognized in other elements of the overall result and accumulated in the equity, as surplus from the revaluation. The reserves from the revaluation cannot be distributed and cannot be used to increase the social capital.
Legal reserves	According to Law 31/1990, every year at least 5% of the profit is taken for the formation of the reserve fund, until it reaches at least one fifth of the social capital.
Other reserves	Other reserves include reserves representing fiscal facilities that cannot be distributed, having implications on the recalculation of the profit tax. The difference represents reserves made up of profits.

17. TRADE AND SIMILAR DEBTS

The liabilities mainly include trade debts and other short-term financial debts (debts related to personnel, debts related to taxes and duties, 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.

	Balance on March 31, 2024	Balance on December 31, 2023
	RON	RON
Trade debts	81,495,641	73,656,235
Payable bills	4,536,804	2,883,929
Debts from the purchase of fixed assets	19,684,939	40,406,065
Other current liabilities*	29,863,525	33,405,736
Advances collected based on orders	1,040,449	428,397
Total	136,621,358	150,780,362

***Other current liabilities**

	Balance on March 31, 2024	Balance on December 31, 2023
	RON	RON
Salary debts to employees and social insurance debts**	26,133,471	29,726,847
Unclaimed employee rights	34,184	34,184
Other creditors	1,170,699	1,129,950
Payable interest	127,023	96,359
Other payment taxes	30,589	38,978
Dividend payment	2,367,559	2,379,418
Total	29,863,525	33,405,736

17. TRADE AND SIMILAR DEBTS (continued)

** Salary debts to employees and social insurance debts in the amount of 26,133,471 lei with a balance on March 31, 2024:

- 2,746,525 lei the remuneration due to employees representing the liquidation of March 2024 paid in April 2024;
- 42,305 lei represent the amounts withheld from personnel rights according to legal regulations, related to the month of March 2024, which will be paid to third parties;
- 3,355,844 lei amounts owed to employees represent awards as well as debts to employees represented by the guarantees retained by employees according to legal requirements;
- 3,666,492 lei represent the amounts withheld according to legal requirements from the gross income of the employees, representing the contribution to the social insurance;
- 1,530,276 lei represent the amounts withheld according to legal requirements from the gross income of employees representing the contribution to social health insurance;
- 326,690 lei represents the labor insurance contribution owed by the unit for personnel rights related to March 2024;
- 1,011,501 lei represents the income tax withheld according to legal requirements from the gross income of employees for the month of March 2024;
- 3,000,000 lei, the amounts representing the debts regarding the participation of employees in the profit;
- 5,057,930 lei for management remuneration;
- 5,310,452 lei unused vacations;
- 85,456 lei in personal and material aid owed.

Salary debts to employees and social insurance debts in the amount of 29,726,847 lei with a balance on December 31, 2023:

- 2,865,047 lei the remuneration due to employees representing the liquidation of December 2023 paid in January 2024;
- 42,180 lei represent the amounts withheld from personnel rights according to legal regulations, related to the month of December 2023, which will be paid to third parties;
- 4,299,300 lei, the amounts owed to employees represent awards as well as debts to employees represented by the guarantees retained by employees according to legal requirements;
- 3,476,901 lei represent the amounts withheld according to legal requirements from the gross income of the employees, representing the contribution to social insurance;
- 1,367,942 lei represent the amounts withheld according to legal requirements from the gross income of employees representing the contribution to social health insurance;
- 310,710 lei represents the labor insurance contribution owed by the company for personnel rights related to December 2023;
- 941,930 lei represents the income tax withheld according to legal requirements from the gross income of employees for the month of December 2023;
- 3,000,000 lei, the amounts representing the debts regarding the participation of employees in the profit;
- 8,062,407 lei for management remuneration;
- 5,310,452 lei unused vacations;
- 49,978 lei in personal and material aid owed.

17. TRADE AND SIMILAR DEBTS (continued)

The value added tax

The fiscal period for VAT is the calendar month, 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 VAT related to sales and purchases that have not been settled at the end of the reporting period is recognized in the individual interim statement of the financial position at the net value and presented separately as a current asset or liability. In cases where adjustments have been recorded for the depreciation of

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

receivables, the loss from depreciation is recorded for the amount with VAT included of the debit. The related VAT 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.

The claw-back tax

The claw-back tax regulated by the 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 on the basis of 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.

Debts from taxes and current charges

	Period ended on March 31, 2024	Period ended on December 31, 2023
	RON	RON
Claw-back tax	10,050,000	9,691,498
Other special funds	143,352	140,052
Total	10,193,352	9,831,550

18. BANK LOANS

The bank loans on March 31, 2024 and December 31, 2023 are as follows:

The financing bank	The type of financing	Date of grant	Balance on December 31, 2023	Balance on March 31, 2024	In the short term on March 31, 2024	In the long term on March 31, 2024	Period
Unicredit Bank	Credit line - working capital	17.08.2016	29,552,092	43,290,796 (*)	32,607,786	-	84 MONTHS
Unicredit Bank	Investment credit	03.05.2018	36,750,203	34,036,781 (**)	10,683,010 (***)	34,036,781	120 MONTHS
TOTAL			66,302,295	77,327,577	43,290,796	34,036,781	

(*) working capital financing credit line and part of the short-term investment loan

(**) long-term investment loan

(***) short-term investment loan

Antibiotice S.A. concluded a financing contract with the European Investment Bank in 2023 in the matter of financing investment objectives in the development of new production lines, in their digitalization processes, as well as in new research and development capacities. The contracted amount is 25,000,000 euros, which will be used as needed. On 31.03.2024, the company did not use the funds available from this credit.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2024
(all amounts are expressed in RON ("RON"), unless otherwise specified)

19. SUBSIDIES FOR INVESTMENTS

	Period ended on March 31, 2024	Period ended on December 31, 2023
	RON	RON
On January 1 st	1,892,704	2,163,611
Subsidy inputs	130,500	-
Transferred to the global result statement	(70,605)	(270,907)
On December 31, 2023/December 31, 2022	1,952,599	1,892,704
Current	306,289	306,289
Non-current	1,646,310	1,586,415

The amounts reflected in the investment subsidies account represent values received by the company in the form of subsidies in the last 10 years for investments in environmental protection as well as in increasing the competitiveness of products through financing from the Ministry of Economy, the Ministry of European Funds, the Ministry of the Environment, Trade and Business Environment Relations.

The objective of the subsidy received from the Ministry of European Funds for the intelligent system for monitoring the energy consumption is to reduce the energy consumption by 1%. In 2023, there were no financing conditions that have not been met.

20. CONTINGENT LIABILITIES

On March 31, 2024 and December 31, 2023, Antibiotice S.A. had no contingent liabilities.

21. RELATED PARTY DISCLOSURES

21.1 - The nature of the related party relationship

For the purpose of presentation in the individual interim financial statements in accordance with the provisions of IAS 24, the company monitors the relations with the affiliated entities. During the years 2022 and 2023, the shareholder from the company Infinity Capital Investments S.A. purchased shares of the company, increasing the share held in the share capital of Antibiotice S.A. from 27.0379% to 29.4153%, thus becoming an associated entity with significant influence. The shareholder Infinity Capital Investments S.A. has two members in the Management Board of the Company.

21.2 - Amounts due and receivable from related parties

At the end of the first quarter ended in 2024 and at the end of the financial year ended in 2023, the company had no claims or debts towards the associated entity.

21.3 - Information regarding the transactions with related parties

During the first quarter ended in 2024 and during the financial year ended in 2023, the company did not carry out commercial transactions with the associated entity.

22. EVENTS AFTER THE REPORTING PERIOD

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

23. INFORMATION RELATING TO THE AUDIT OF INDIVIDUAL INTERIM FINANCIAL STATEMENTS

The individual interim financial statements for the 3-month period ending on March 31, 2024 were not audited.

24. OTHER INFORMATION

On the date of these individual interim financial statements Antibiotice S.A. did not prepare the non-financial statement. For the year 2023, the company will issue the sustainability report prepared in accordance with the GRI standards by 30.06.2024.

Authorized by the Management Board on:

General Director,
Ec. Ioan NANI

Financial Director,
Ec. Paula Luminita COMAN

CURRENT REPORT

Report date: **14.05.2024**

Name of issuing company: **Antibiotice SA**

Headquarters: **Iași, str. Valea Lupului nr. 1, zip code 707410**

<http://www.antibiotice.ro>

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

Telephone/fax no. : **+40232 209000 / +40232 209633**

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

No. in the Trade Register: **J22/285/1991**

Subscribed and paid-up capital: **67,133,804.00 RON**

The regulated market trading

the securities issued: **Bucharest Stock Exchange**

Number of shares: **671,338,040**

Number of votes: **671,338,040a**

Main characteristics of the securities

issued by the company: **nominative shares, nominal value: 0.10 lei**

Important event to be reported:

Notice of availability for the Report on 31 March 2024

Antibiotice Iași informs the investors that the *report on 31.03.2024* is available through the *Bucharest Stock Exchange* and *Financial Surveillance Authority* as well as on our website: www.antibiotice.ro (Investors/Financial Information/Financial Reports - 2024, 3 months).

We mention that the above-mentioned report can also be obtained at our company's headquarters (Investor Relations, phone no. 0232 209570, fax 0372 065633, e-mail: relatiicuinvestitorii@antibiotice.ro).

General Director,
ec. Ioan NANI

Financial Director,
ec. Paula-Luminița COMAN