Antibiotice

DIRECTORS' REPORT

January - December 2024

Annual report in compliance with: IFRS
Report date: 31.12.2024

Company name:
Antibiotice SA

Registered office:
Iași, Strada Valea Lupului nr.1
Telephone number:
0232/209000; fax: 0372065633
VAT no.:
RO1973096
Trade register number:
J1991000285223

The regulated market on which the issued securities are traded
Bucharest Stock Exchange
Subscribed and paid-up share capital:
67,133,804 RON
Main characteristics of securities issued by the company: Registered shares, nominal value:
0.10 RON

Contents

1. Antibiotice - a performance orientated company

With a tradition of almost seven decades, Antibiotice is the most important Romanian-owned generic drug producer supporting the national health system and offering a complex portfolio with over 500 marketing authorisations in 42 countries for international marketing. Antibiotice is also the only producer in Romania of active substances obtained by biosynthesis processes.

The company's own production capacity is organised in 4 distinct manufacturing divisions at the level of which 8 manufacturing flows are organised, which produce: sterile injectable penicillin injectable powders, penicillin capsules, non-betalactam capsules, cephalosporin capsules, tablets, ointments, creams, gels, suppositories, suppositories, ova, active substances obtained by biosynthesis.

Alignment to international quality standards in the field is confirmed by the Good Manufacturing Practice (GMP) certification for all 8 production flows, the favourable opinion from the US Food and Drug Administration for the manufacture of active substances and sterile injectable powders, as well as the reference standard granted by the American Pharmacopeia (USP) for the active substance antifungal antibiotic nystatin.

The company's medium- and long-term development vision is reflected in *The Future Together 2030* business plan, which includes goals and objectives that aim to multiply profit and turnover, with an impact on increasing Antibiotice's market share on the domestic and international market, all this with the integration of sustainability principles in all company activities.

Main results recorded by Antibiotice S.A. in 2024:

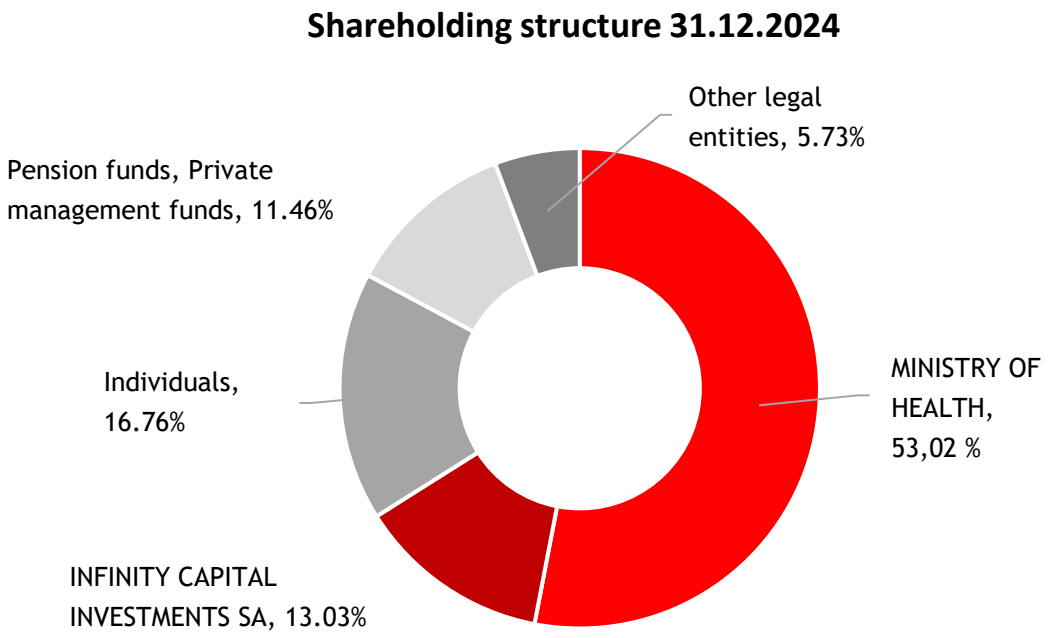
- total revenues of 693 million RON, up 8% compared to the same period in 2023;
- net turnover increasing by 12% from 600.8 million RON in 2023 to 675 million RON in 2024;
- gross profit cumulated with the claw-back tax amount consolidates a return on business of 21%;
- 15% higher international sales revenues compared to 2023;
- 4th place[1] consolidated in terms of canned consumption on the generics market with and without prescription in Romania;maintaining the leading position[2] in value in the hospital segment on generic prescription and non-prescription products;
- the share value increased from 1.39 RON at year-end 2023 to 2.56 RON at year-end 2024.

[1] according to Cegedim Sell Out Romania; Sell-Out: the sale of prescription and non-prescription products from pharmacies to consumers

[2] according to Cegedim Sell Out Romania; Sell-Out: the sale of prescription and non-prescription products from pharmacies to consumers

2. Shareholding structure

In 2024, Antibiotice S.A. changed its shareholding structure following the completion of an accelerated private placement transaction on 22 November 2024, exclusively addressed to qualified investors, whereby Infinity Capital Investments S.A. sold 110,000,000 ordinary shares held in Antibiotice S.A. at a price of RON 2.65 per share. As a result of this transaction, Infinity Capital Investments' stake in Antibiotice S.A. reached 87,475,826 shares representing 13.03% of the company's share capital.



Shareholding structure	31.12.2024	31.12.2023
Ministry of Health	53.02%	53.02%
Infinity Capital Investments S.A.	13.03%	29.42%
Legal entities and individuals, of which:	33.95%	17.56%
Pension funds and privately managed funds	11.46%	1.83%
Other legal entities	5.73%	2.45%
Individuals	16.76%	13.28%

2.1. About share performance

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

At the beginning of 2024, Antibiotice was in the BETPlus and BET-BK indices and was subsequently added to the BET-XT, BET-XT-TR and BET-XT-TRN indices.

The BET-XT Index - reflects the price evolution of the 30 most traded companies on the regulated market of the BVB, including financial investment companies (SIFs).

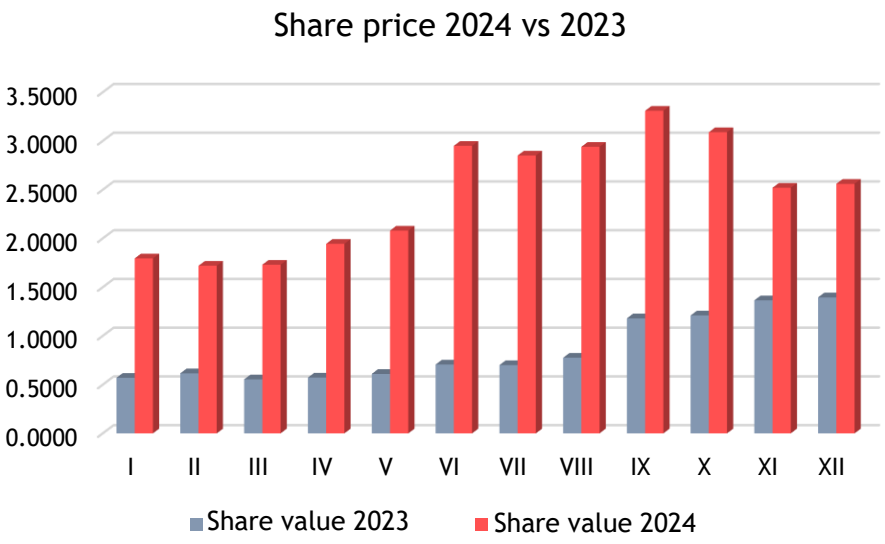
An important moment was the inclusion of the company on 23 September in the BET index, the benchmark of the top 20 companies considered the best performing on the Romanian capital market.

With this inclusion, Antibiotice has also been included in its gross and net total return variants, the BET-TR and BET-TRN indices, respectively.

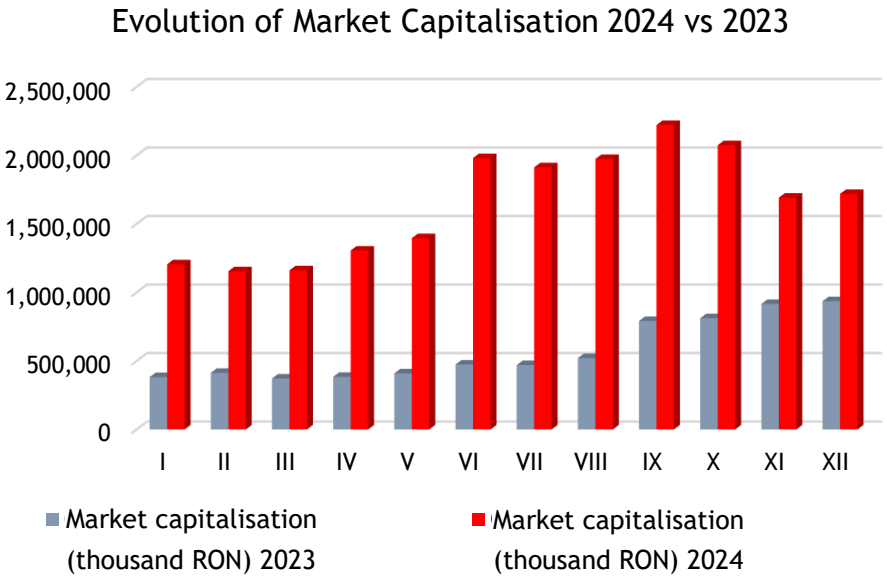
The BET index is a free float capitalisation weighted index of the most liquid Romanian companies on the regulated market of the BVB, which meet the highest quality standards. This index was designed to be a benchmark of performance and transparency of the regulated market administered by the BVB.

Antibiotice's performance has contributed to increasing the interest of local and international investors and at the same time demonstrates that the success of listed companies attracts new investors and stimulates the development of the capital market.

ATB shares closed the last trading session of 2024 at RON 2.56, up 84.17% from the last trading session of 2023, when they were at RON 1.39. In the period 09.09.2024 ÷ 21.11.2024, the value of Antibiotice share exceeded the threshold of 3.00 RON, reaching on 26.09.2024 a historical maximum of 3.44 RON. This context has positioned Antibiotice as one of the most traded companies on the stock exchange. This performance was recognised at **BVB Awwards 2025**, where Antibiotice won the BET-XT's highest investor return award.



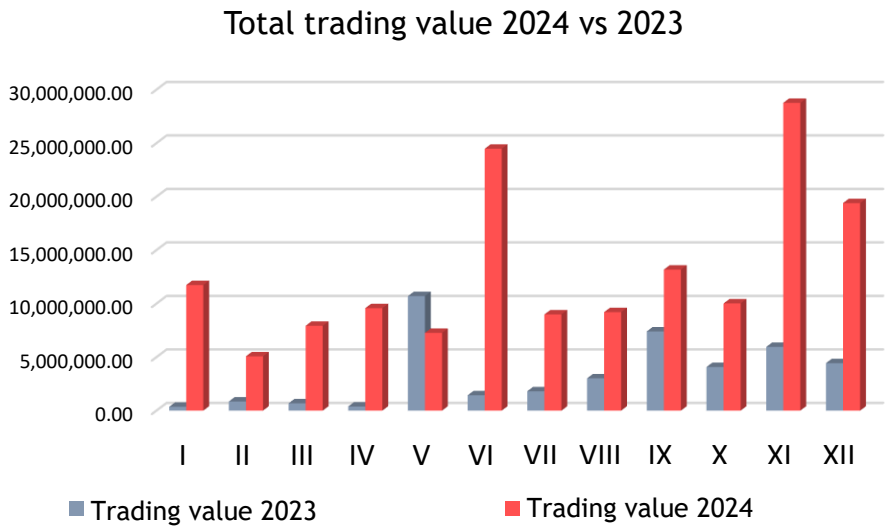
At the end of 2024, Antibiotice S.A. recorded a market capitalisation of 1,718,625 thousand RON, up 83.51% compared to the value at the end of 2023.



During 2024, 172,950,251 shares were traded, an increase of 249.17% compared to the 49,531,258 shares traded during 2023.

The trading value at the end of 2024 was 447,116,977 RON, up 987% from the end of the previous year. To this increase contributed with RON 291,500,000, the value obtained from the trading of 110,000,000 shares sold by Infinity Capital Investments S.A., following the finalisation of an accelerated private placement operation.

Net of the value obtained from the private placement, the value traded during 2024 was RON 155,616,977, 278% higher than the value traded during 2023.



(*) Trading value does not include private placement

Shares Antibiotice S.A.- (ATB)/Regular List

	2020	2021	2022	2023	2024
Number of shares	671,338,040	671,338,040	671,338,040	671,338,040	671,338,040
Market capitalisation (thousand RON)*	326,270	406,831	379,977	936,517	1,718,625
Market capitalisation (thousand euro)*	66,935	82,211	76,803	188,260	345,355
Market capitalisation (thousand $)*	82,163	93,022	81,987	208,309	360,669
Total traded value (million RON)	14	44	8	41	447
Number of shares traded	27,085,005	80,534,368	14,651,742	49,531,258	172,950,251
Opening price (RON/share)	0.5120	0.4940	0.6060	0.5660	1.3950
Maximum price (RON/share)	0.5550	0.6080	0.6100	1.5500	3.4400
Minimum price (RON/share)	0.4130	0.4800	0.4800	0.5400	1.3600

Price at the end of the period (RON/share)	0.4860	0.6060	0.5660	1.3950	2.5600
Average price (RON/share)	0.5079	0.5913	0.5408	0.8301	2.5852
Earning/share (RON/share)***	0.0418	0.0446	0.0574	0.1214	0.1522
Gross dividend/share (RON/share)**	0.00330631	0.0031980923	0.00792224	0.0829228506	0.020557268
Dividend yield****	6.5%	0.65%	1.31%	8.1%	1.47%
Dividend distribution rate*****	8.4%	7.2%	13.8%	38.1%	13.50%

* Calculated on the basis of the share price on the last trading day of that year,

** Dividends proposed and approved,

*** The calculation of earnings per share is based on the net profit for each year,

**** Dividend per share/share price on the first trading day of each year,

***** Dividend payout ratio = (total number of shares x gross dividend per share)/total net profit.

2.2. Dividends

The General Meeting of Shareholders approved on 1 July 2024 the distribution of a gross dividend per share for the financial year 2023, amounting to RON 0.082922, which represents 90% of the net profit for the year 2023, after deduction of reserves for tax facilities established according to the law.

During the year 2024, dividends were paid for the financial years 2020, 2021, 2022 and 2023, in the amount of 48,166,988.70 RON, as follows:

Dividend history 2020- 2021-2022-2023

Period	Net dividends							
	Due	Settled				Not taken until 31 December 2024		Dividend payment limitation date
		RON			% total paid			
		Until 31 December 2023	01.01 ÷ 31.12.2024	Total		RON	%	
0	1	2	3	4	5	6	7=6/1	8
2020	2,208,009.98	2,023,308.19	3,611.30	2,026,919.49	91.80	181,090.93	8.20	19 September 2024
2021	2,136,257.01	1,954,103.89	4,851.68	1,958,955.57	91.69	177,301.43	8.31	Payment in progress
2022	5,025,047.00	4,595,719.78	15,427.07	4,611,146.85	91.75	413,900.15	8.25	Payment in progress

2023	52,587,262.46	-	48,143,098.65	48,143,098.65	91.51	4,444,109.35	8.49	Payment in progress

3. Strategic adaptation of human resources

The objectives pursued are: to implement and develop strategies to motivate and retain valuable employees as well as to attract employees with skills adapted to the pharmaceutical industry, correlated with current labour market trends.

3.1. Implementing modern human resources management

In order to continuously modernise the human resources management in line with the pharmaceutical industry trends and to support the ambitious business objectives of "The future Together" plan, with targets until 2030, projects have been developed in the following axes:

- Analysis and redefinition of the organisational structures within the company, adapted to modern human resources principles, correlated with the need for business growth in 2025 - 2030, as well as with market trends. In the period January - December 2024, in order to achieve an optimal internal organisational framework, activities within the company were reorganised / established (e.g. within the Pharmaceuticals division - National Sales division by setting up the Online Sales structure).
- Adapting motivational packages in order to attract and retain valuable employees (key functions) and increase retention. In 2024, the Staff Salary and Motivation Policy was updated by analysing all categories of staff and introducing new strategic categories, taking into account the need to stimulate professional performance.

From the perspective of the tax facilities provided for in the current legislation, the motivational system is grouped by elements as follows:

- ✓ Limit of 33% of the employee's basic salary - facility granted: private health insurance
- ✓ Limit of 5% for social expenses from the amount of staff expenses; facilities granted: transport insurance for staff, social allowances for family events, awards for public holidays.
- In 2024, salary and motivation elements have been updated (e.g.: value of meal vouchers, number of private health insurance, minimum salary reference for secondary education, etc).

- The company-wide staff retention rate in 2024 was 97.20 per cent, maintained at last year's retention rate and above the planned rate of 95 per cent.
- Running employee training and skills development programmes. In 2024, a cumulative average of 44 hours of professional training per employee was programmed and 50.19 hours per employee were realised, including training hours: in areas with legal training requirements, sessions with internal lecturers, with external providers and on the e-Learning platform.

The 2024 annual training plan for developing employee competences with external providers is part of the **Academia a+** project and is adapted to the requests and dynamics of the training needs identified at company level, in line with the pharmaceutical market trend.

The a+ Academy has two essential pillars: The a+ Technical College, which offers practical training in the pharmaceutical field, and the a+ Business School, created for the continuous development of professional skills.

- Collaboration with the university and pre-university environment. The collaboration with the university environment materialised in 2024 in actions aimed at developing the practical skills of students through internship programmes, so that the most valuable among them can be recruited within the company.

Among the projects carried out with the university environment, we mention the organisation of internships for 75 students of the Technical University of Iasi, "Al.I.Cuza" University of Iasi, "Gr.T.Popa" University of Medicine and Pharmacy (UMF) Iasi, as well as 12 residents from the Faculty of Pharmacy, UMF "Gr.T.Popa" Iasi.

In order to train future specialists with theoretical training specific to the pharmaceutical field, in 2024 Antibiotice participated as a partner in the process of approval and inclusion in the postgraduate programme of the Faculty of Pharmacy Iasi of two master's programmes:

- Regulatory affairs - Pharmaceutical regulation and authorisation, 1 year
- Assessment of the safety of pharmaceutical products (pharmacovigilance), lasting 2 years.

Among the projects carried out with the pre-university environment, we mention that Antibiotice has signed contracts for vocational training through dual education with partner high schools for the period 2024 - 2027:

- "Petru Poni" Technological High School for the qualification of operator in the pharmaceutical and cosmetics industry (vocational school, 3 years) - 24 students
- Technological High School Mechatronics and Automation for the qualification low voltage electrician - 12 students
- Technical College "Mihail Sturdza" for the qualification of equipment electrician - 12 students

During 2024, internships were provided for 190 students from the qualifications agreed in the partnerships signed within the a+ Academy. Also, teaching activities were supported through study visits for a total of 1,030 pupils in the framework of the "Scoala altfel – Saptamana verde" programme.

At the same time, the company has applied and obtained a favourable opinion for the financing of two projects regarding internships for students from technological high schools and students from the universities of Iasi, within the Education and Employment Programme (PEO), aiming to improve the access and relevance of vocational and technical education.

A notable example is the project "Education in Action: Improving the Accessibility and Relevance of Vocational and Technical Education through Internships within Antibiotice S.A.", with a value of 2,452,958.07 RON, implemented for a period of 36 months, starting with 1 December 2024. This project aims at organising internships for 254 students from pre-university, vocational and technical education, facilitating the integration of key competences, including entrepreneurial and digital competences.

Antibiotice S.A. will also run the project ***"Antibiotice Skills: Students Development and their Adaptation to the Labour Market"***, with a value of 4,857,830.53 RON, financed by the European Social Fund Plus (ESF+), with an implementation period of 24 months. In the framework of this project, 251 students will participate in internships in a real working environment within the company. The project is in the contracting stage.

3.2. Modernising organisational culture

According to the 2024 work plan, sports, recreational, social and cultural actions, programmes and activities were organised throughout the year, involving approximately 950 employees.

4. Strategic adaptation of the product portfolio

4.1. Portfolio Management

The expansion of the product portfolio is a major contributor to the development of Antibiotice S.A. on the domestic and international markets and is realised both through its own research and development activity and through business development.

Products in the current portfolio are carefully monitored, with actions being taken to adapt to national requirements and international regulations, by analysing therapeutic trends, medical guidelines, new efficacy and safety studies.

The current portfolio includes 187 actively marketed products from 11 therapeutic classes and is composed of:

- generic medicines for human use (prescription medicines - prescription and non-prescription medicines - OTC);
- food supplements, cosmetics and medical devices;
- active substances obtained by biosynthesis process by cultivation of the microorganism Streptomyces noursei;
- veterinary medicines;

- biofertilisers obtained by biosynthesis process from Bacillus megaterium, Azotobacter chroococcum and Azospirillum lipoferum.

The prescription product portfolio is composed of the following therapeutic classes: anti-infectives - including drugs for the treatment of tuberculosis, cardiovascular drugs, digestive tract and metabolism class, preparations for the treatment of gynaecological diseases, dermatological and central nervous system preparations.

The non-prescription portfolio is represented by OTC medicines, food supplements, cosmetics and medical devices. They are intended for health maintenance, prophylaxis or as an adjuvant in certain high-incidence diseases.

Division	Number of products	Of which new products
Oral Solid Forms	86	18
Topical Forms	55	3
Sterile Products Forms	42	
Active Substance	4	

New products

The main objective of the future portfolio is to consolidate the position on the domestic market and to capitalise on the potential of international markets, assimilating products that are in the latest prescription and consumption trends.

The main strategic directions of development of this portfolio are addressing infectious, dermatological, cardiovascular, digestive tract, musculoskeletal and central nervous system diseases.

The portfolio of oral forms was completed in 2024 with 4 new prescription products in the anti-infective class (critical medication according to the list published by the EMA), 4 food supplements intended to relieve symptoms of urinary tract infections, abdominal discomfort, cardiovascular health and favour natural sleep, 1 medical device intended for the digestive tract and 1 suspension to complete the cold and flu portfolio.

The portfolio of oral forms has been completed with the portfolio of veterinary products which includes 8 products from the range of veterinary supplements (used in the treatment of skin disorders, acute urinary tract diseases or infections, improving immunity, restoring and maintaining intestinal flora, joint health, liver function and supporting kidney function).

The portfolio of the topicals division was completed with 3 new products: 1 medical device intended for the prevention and treatment of hypertrophic and keloid scars and 2 dermatocosmetic products, part of a line of products for the care of seborrheic, acne-prone skin.

4.2. Promotional activity

A. Communication to health professionals (PDS)

In 2024, the company Antibiotice S.A. participated in events for the medical specialties Dermatology, Infectious Diseases, Pneumology & Pneumophthiology, ENT, Urology, ICU, Gynaecology, Emergency Medicine, Cardiology, Paediatrics, Family Medicine and Pharmacy. The participation had the following objectives: increasing the visibility of the company brand and product brands, launching and promoting products, networking and developing relationships with partners, understanding the market and competition. These scientific events are organised by the main professional, academic and scientific societies and associations in Romania.

5 veterinary medical events have been organised in the main cities with veterinary university centres and with a number of veterinary professionals above the country average.

B. Communication to the general public

The over-the-counter portfolio was supported during the year by:

- Online social media communication for dermo-cosmetics and food supplements
- Offline TV communication for the following brands: Zinba®, SimbiFlora®, Silithor®, Clafen® and Saliform® Forte;
- Offline radio communication for the following brands: Zinba®, Simbiflora® gama, Clafen®, Saliform® Forte, Urexpert® Equilibra® Plus, Lejer Anti-Gas®;
- Public events such as World Breastfeeding Week, INIMO - International Festival of Life and Good Deeds or World Heart Day.

4.3. Research and business development activities

The development of the product portfolio is realised in line with the strategic directions set out in "The Future Together 2030" business plan.

The assimilation of new products in the company's portfolio takes place both through R&D projects carried out within the INOVA a+ centre and through the acquisition of licences for those products that we want in our portfolio, but which are not compatible with the existing manufacturing flows in terms of pharmaceutical forms, product classes or packaging.

In 2024, within INOVA a+, research project milestones were carried out for both prescription products (prescription medicines) and non-prescription products (OTC, food supplements, medical devices and dermatocosmetics).

The multi-annual nature of R&D projects highlights the complexity of the process of realising a new product in accordance with international regulations applicable to the pharmaceutical field.

Since the beginning of the year, the INOVA a+ centre has carried out various stages of research for a total of 49 projects, 10 of which have already been successfully completed during the year. The rest of the projects are in various stages of research, according to the established planning.

The distribution of the 49 projects by division is as follows:

- Topical Products Division - 28 projects.
- Oral Solid Forms Division - 11 projects.
- Sterile Injectables Division - 10 projects.

The 10 projects finalised in research in 2024 will complete the company's portfolio from 2025.

With regard to clinical trials, in accordance with international legislation applicable to the pharmaceutical field, for certain categories of products it is necessary to demonstrate therapeutic efficacy and safety in use by interpreting the data obtained following the administration of medicinal products to human subjects.

Thus, in 2024, various stages of clinical trials were conducted for a total of 5 products. Of these, 3 clinical trials (2 topical products and 1 oral product) were successfully finalised during the mentioned period, the remaining 2 being in various stages according to the set schedule. The results obtained from the clinical trials are a mandatory part of the authorisation documentation of the respective products, but also an important advantage in communicating the benefits of Antibiotice branded products to health professionals.

The development of the portfolio was also supported by In-licensing projects managed by the Business Development Department. In 2024, 15 new products have been contracted to complete 4 therapeutic classes that we plan to develop: 6 products in the class anti-infective products, 4 products in the class Genito-urinary system, 4 products in the concept Cold and Flu, 1 product in the class Blood and Haematopoietic Organs. The registration procedures for these products have been initiated in order to valorise the products in line with "The Future Together 2030" business plan.

5. Continuous improvement of the integrated management system (Quality, Environment, Health and Safety at work)

Ensuring product quality, reducing quality incidents, incidents of any nature with repercussions on human health, the environment, is the main ethical, moral and professional concern at the company.

Resolving and investigating complaints and quality defects is a priority objective for the company, thus using them as constructive tools to increase the company's performance, contributing to the improvement of processes and internal working methods. By the way we handle and prioritise the resolution of complaints, we gain loyalty and trust from our customers, thus strengthening the reputation of our company.

During 2024 a total of 13 partner audits took place: 5 for the manufacture of parenteral products, one for the manufacture of topical products and 6 for the manufacture of the active substance and a surveillance audit by TUV Rheinland for ISO 9001, 14001, 45001 certifications. The audits were carried out in good conditions, Antibiotice S.A. continuing the partnerships initiated, respectively the certification body recommended the maintenance of ISO certificates.

In the perspective of the company's continued strategic development, Antibiotice is constantly concerned with process improvement and alignment with changing legislation. In this regard, during 16-17 September 2024, the ANMDM inspection took place to authorise the extension of the raw materials warehouse, a new microbiology laboratory within the Quality Control, as well as the replacement of major equipment in 2 production sections.

In order to develop and sustain business partnerships, the qualification of strategic suppliers was planned in order to: perform supplier audits (online/onsite/third party reports), respectively to elaborate Quality Agreements / Commercialisation Contracts. Thus, the activities regarding the qualification of the suppliers of raw materials/primary packaging materials/finished products were carried out, which were completed without identifying any critical non-conformities, being accepted as authorised suppliers for Antibiotice S.A..

A total of 39 quality contracts/agreements have been initiated/evaluated/finalised with producers of active substances and finished products.

With reference to the periodic training on specific GMP topics, on the internal component they took place according to the approved Annual Training Plan, and on the external component the members of the Quality Assurance department attended 9 workshops / conferences (online, onsite) organised by external providers on topical issues specific to the pharmaceutical industry.

5.1. Environmental responsibility

During the year 2024, the Water Management Authorisation no. 20/30.03.2021, issued by the Prut Barlad Water Basin Administration, and the Integrated Environmental Authorisation no. 3/29.09.2021, issued by the Iasi Environmental Protection Agency, were maintained.

The visit carried out by APM Iasi representatives (10.09.2024) ended with the issuance of the annual visa no. 605/16.09.2024, which aimed to verify compliance with the provisions of the Integrated Environmental Authorisation. No violations of applicable legal requirements were found.

At the same time, the control carried out by the representatives of the Environmental Guard in November 2024, ended with the conclusions that the company complies with the regulations in force, and no sanctions or corrective measures were necessary.

In November 2024, Antibiotice audited the compliance of the operations carried out by the OIREP (Organisations Implementing Extended Producer Responsibility Obligations) with which we have a contract, with the regulations in force and the assessment of the traceability of documents. The audit results confirmed that all processes are compliant and in accordance with legal requirements.

Information on environmental aspects at company level was communicated to the institutions with specific attributions (Iasi Environmental Protection Agency, Romanian Waters, Environmental Guard), all the reports required by the authorisations held were made, according to legal requirements.

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

Antibiotice S.A. develops an integrated management policy, which has as its main objective to reduce the impact on the environment by identifying and implementing sustainable practices and technologies in all areas of activity. This policy is based on compliance with legal regulations and environmental standards such as ISO 14001, promoting the efficient use of natural resources and minimising emissions and waste.

Also in December, a consultancy contract was signed to calculate Scope 3 emissions. Collaboration with external experts will help to assess the impact of indirect emissions generated by the supply chain and other related activities in order to implement measures to reduce them (Decarbonisation Strategy), in line with international climate change regulations.

The Annual Environmental Report for the year 2023 has been prepared in accordance with the requirements of the Integrated Environmental Authorisation and published on the company's website.

In order to protect the quality of water resources, the "Plan for preventing and combating accidental pollution" has been updated .

Within the objective "Drilling works for hydrological assessment for the supply of technological water", the execution works have been started. After completion of the works, the necessary actions will be taken to renew the Water Management Permit.

In order to optimise the efficiency of wastewater treatment and the valorisation of sludge, 2 studies have been launched: "Study for the optimisation of the wastewater treatment plant" and "Study for the evaluation of the possibilities of valorisation of sludge type wastes". Both studies are currently in their final stages.

Also, environmental protection regulatory acts have been obtained for various projects implemented according to the investment plan.

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

In order to monitor the quality of environmental factors, analyses on the quality of the water entering the pre-treatment plant and discharged into the municipal sewerage system were carried out in our own laboratory and by third parties. For emissions/emissions of pollutants into the air, determinations have been carried out as required by the Integrated Environmental Authorisation. No exceedances of the maximum permissible concentrations established by the Integrated Environmental Authorisation and the Water Management Authorisation were recorded.

5.1.2. Waste management

Antibiotice S.A. continuously improves its waste management system to ensure a sustainable and efficient approach. Thus, the completion of the landfill in 2023 has contributed to reducing our environmental impact, promoting more sustainable practices and more efficient resource management.

The specific legal requirements in the field of waste management have been fulfilled, the internal waste audit corresponding to the year 2023 has been carried out, the Programme for prevention and reduction of waste generated from the company's activity is finalised and published on the company's website.

The waste generated is collected separately and managed by authorised operators for recovery or final disposal. Some types of waste can also be disposed of by incineration in your own incinerator.

The amount of packaging placed on the Romanian market was managed (recovered) through a service contract concluded with an organisation that implements the extended producer responsibility obligations, so that the overall objective of recovery/recycling of at least 65% of the amount of packaging placed on the market was achieved in 2024, according to the requirements of Law no. 249/2015 on the management of packaging and packaging waste (updated), as well as the O.U.G. no. 196/2005 on the Environment Fund.

Corresponding to the year 2024, the company has no outstanding payments to the Environmental Fund Administration, and the overall objective of recycling/recovery of packaging waste has been met.

5.2. Health and Safety at Work

In order to comply with the legislative provisions regarding the protection of employees' health, in 2024 the *2024 Prevention and Protection Plan* (revised according to the legislative provisions), the *Annual Training and Testing Programme in the field of Health and Safety at Work*, the *Annual Programme for the Periodic Medical Examination*, the *Annual Programme for Monitoring Exposure to Noxious Sub*stances were drawn up.

The technical measures proposed in the Prevention and Protection Plan for the year 2024 have been realised, including measures to reduce physical effort, mechanical and thermal risks.

The periodic training of the staff was carried out according to the Annual Training Programme in the field of Occupational Health and Safety (monthly, quarterly, half-yearly - depending on the specificity of each activity.

Monitoring of exposure to NOx was carried out according to the Annual NOx Monitoring Programme (100%).

5.3. Health assessment

On the basis of the medical recommendations of the screening team that carried out the assessment of the locomotor health of the staff who constantly exert physical effort in the fulfilment of their work tasks (carried out in 2023), in 2024, a target group of 50 employees was defined for the first stage of the rehabilitation treatment.

In 2024, 3 other screenings were organised for employees for the preventive identification of diseases with increased incidence, according to age and other specific criteria, attended by 450 employees.

In 2024, 4 accidents at work were recorded, of which: 2 accidents at work, 1 road traffic accident and 1 road traffic accident.

6. Performance management

6.1. Antibiotice in the Romanian pharmaceutical market[3]

- maintains its 4th place (out of 361 companies) in consumer spending;
- 4th place boxes in the generic prescription and non-prescription segment (4.6% market share);
- is the quantitative (IU) leader in the total market for the pharmaceutical dosage forms ointments (19.9% out of a total of 132 companies), suppositories and ova (32.2% out of a total of 50 companies) and injectable powders (60% out of a total of 62 companies);
- occupies third place, by number of boxes in the total market by capsule pharmaceutical form (6.1% of a total of 196 companies);

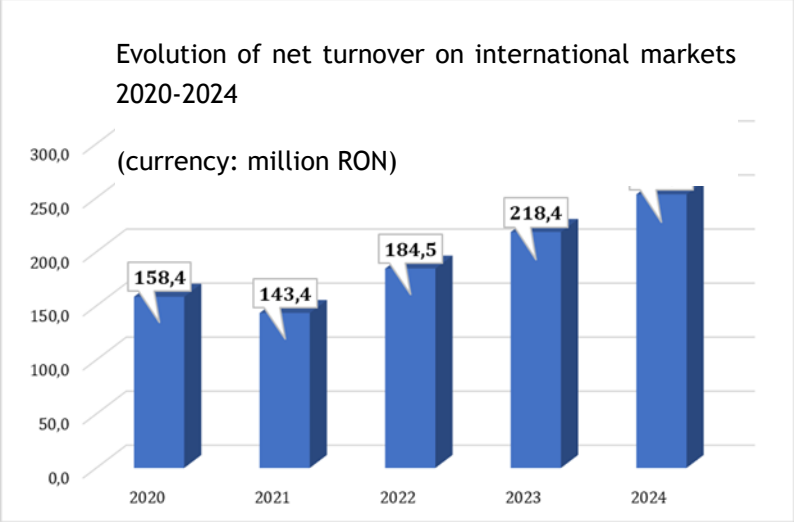
[3] Data source: Cegedim Sell Out Romania

- is the value leader in the segment of generic prescription and non-prescription medicines marketed in hospitals, with a market share of 13.2%, in a market in which 250 companies are active;
- provide 91% of the physical consumption of injectable beta-lactam penicillins, 83% of the physical consumption of injectable cephalosporins and 88% of the physical consumption of carbapenems;
- provides 98.8% of the physical consumption of oral anti-tuberculosis products (being a partner of the Ministry of Health on this programme);
- account for one third of the consumption of oral penicillins and cephalosporins (36%);
- provides 39% of topical prescription treatment for dermatological conditions;
- account for 76% of paediatric topical analgesics and antipyretics consumption;
- provide 19% of topical anti-inflammatory medicines.

6.2. Antibiotice on the international market

In 2024, revenues from sales of finished products and active substances on the international market totalled RON 256 million, up 16% compared to the previous year (RON 220.7 million).

Net turnover on the international market in 2024 was RON 253.2 million, up by 16% versus 2023 (RON 218.4 million).



6.2.1. Export of finished products

Sales of finished products account for about 62% of the export turnover - 156.3 million RON, up by 18% compared to the previous year (132.3 million RON). In North America, sales are consolidated at around

33 million RON/year, all other regions are up by at least 15% compared to 2023, both in terms of traditional territories for the company (Vietnam, UK, Republic of Moldova, Denmark, Canada, Iraq) and new territories accessed in the period 2023-2024 (Saudi Arabia, Poland, Italy, Czech Republic, United Arab Emirates). The added value comes mainly from Europe, which accounts for 43% of the value of exports of finished products. Antibiotice's footprint in the EU area has been growing year on year, among the latest countries added to the portfolio being: Italy, Poland, Czech Republic, Bulgaria.

In the year 2024, Antibiotice participated and won several national, multi-annual tenders with a total value of approx. 4.2 million Eur/year in the UK, Hungary, Malta, Bulgaria, Lithuania, Hungary, Malta, Bulgaria. Virtually 1 in 2 hospitalised patients in the UK in 2024 is treated for bacterial infections with Amoxicillin/Clavulanate and Flucloxacillin sterile injectable powders manufactured by Antibiotice, and 1 in 3 patients with Piperacillin/Tazobactam.

Another region where Antibiotice focused in 2024 was the Middle East region, generating a doubling of sales in 2024 compared to 2023, as a result of the start of sales in the United Arab Emirates and increased exposure in the Saudi Arabian and Iraqi markets on both the anti-infective and cardiovascular portfolios.

In addition to the new markets in Europe and the Middle East where sales have been initiated this year, we also mention Australia, where we made our first sales in September. In perspective, we plan to initiate the registration of at least two new products to develop Antibiotice's presence in this area.

In terms of pharmaceutical dosage forms, the top sales leaders are packaged medicines in sterile powder form, with a 24% increase in volume compared to 2023, and prescription medicines in tablet form, with a 36% increase compared to 2023.

Export of active substances

The activity carried out in 2024 confirms the trend of the last three years of consolidation of its position on the world market, with the active substance produced by Antibiotice being sold in more than 55 countries worldwide. During the period under review, progress was recorded in the main development projects in Europe, North America and Asia, capitalising on the consumption potential in these areas and continuing the good development of the main export markets.

6.3. Economic and financial performance

6.3.1. Management of financial flows and operational expenditure

The effect of all activities during the financial year 2024 is summarised in the individual financial statements prepared in accordance with International Financial Reporting Standards. The realised level of the main indicators reflecting the financial performance at 31.12.2024 compared to the realised level at the end of 2023 is shown in the following table:

			-RON-
Indicators	**31.12.2024**	**31.12.2023**	**31.12.2024 / 31.12.2023**
A. Total revenue, of which:	692,983,751	640,726,948	8%
1. Operating revenue	685,368,808	629,266,367	9%
1.1 Revenue from contracts with customers (turnover), of which:	675,010,971	600,780,825	12%
revenue from the sale of products realised on own websites	530,471,197	482,092,932	10%
revenue from the sale of products realised on partner websites	143,650,793	117,383,457	22%
revenue from the provision of services	888,981	1,304,436	-32%
1.2 Other operating income	2,335,250	1,424,282	64%
1.3 Subsidy income	439,209	270,907	62%
1.4 Changes in stocks of finished goods and work in progress	-3,531,922	13,408,502	-126%
1.5 Revenue from fixed asset projects	11,115,300	13,381,851	-17%
2. Financial income	7,614,943	11,460,581	-34%
Foreign exchange gains	7,613,145	11,456,207	-34%
Bank interest income	1,798	4,374	-59%
B. Total expenditure, of which:	589,871,189	549,202,703	7%
1.Operational expenditure:	577,980,490	532,733,136	8%
Expenditure on raw materials and materials	145,349,297	157,104,754	-7%
Expenditure on products realised on partner websites	85,233,701	61,063,703	40%
Expenditure on electricity	8,669,770	13,741,049	-37%
Natural gas expenditure	7,095,893	9,620,298	-26%
Expenditure on drinking water and sewerage	2,135,620	1,972,936	8%
Expenditure on employee benefits	165,385,364	156,053,526	6%
Other operating expenses (*)	119,053,059	105,301,310	13%
Depreciation and adjustments for impairment on fixed assets, net	45,057,786	27,875,560	62%
2. Financial expenses	11,890,699	16,469,567	-28%
Expenses from exchange rate differences	7,349,193	12,323,961	-40%
Bank interest expenses	4,541,506	4,145,606	10%
Operating profit/loss	107,388,318	96,533,232	11%
Financial result	-4,275,756	-5,008,986	-15%
Gross profit	103,112,562	91,524,246	13%
Corporate tax expenses	909,734	10,435,650	-91%
Net profit	102,202,828	81,088,596	26%

The responsible and rigorous development of activities in the period 2024, constantly monitoring the impact in achieving the objectives of The Future Together Business Plan led to **total revenues** of 693 million RON, 8% higher than the amount recorded in the same period of the previous year.

The increase in total income is the positive effect of:

- expanding the presence of Antibiotice S.A. in new territories with products that define the strategic portfolio;
- increasing the value of sales in the closed circuit (hospital) pharmacy segment;
- increasing the sales value in an optimised structure in the open circuit (retail) pharmacy segment;
- strengthening the sales of active substance obtained on the basis of biotechnologies derived from streptomyces noursei for pharmaceutical use and maintaining its position as world leader.

The effort made to realise the total revenues, expressed by **total expenses**, amounted to 590 million RON, 7% higher compared to the value recorded in the similar period of the previous year, being in correlation with the structure of products manufactured and sold.

Gross profit amounts to 103.11 million RON, 13% higher than the amount realised in 2023.

- According to their nature, the statement of revenue, expenses and implicitly the recognised result is as follows:
- **operating revenues**, amounting to 685.37 million RON, 9% higher than the level of 629.27 million RON realised at the same date of the previous year, due to the increase in the value of product sales realised on its own websites and on partner websites.

In the **operating revenue** structure, the situation of the indicators is as follows:

- **net turnover** (income from contracts with customers) realised in 2024 is 675 million RON. Compared to the same period last year, net turnover is 12% higher, of which:
  - ✓ **the net turnover realised on the Romanian market** amounts to 421.8 million RON, 10% above the level achieved in the same period of the previous year, a favourable effect of the redefinition of the way of working with the national distributors and chains in Romania, the main objectives being to increase the market share correlated with the sales potential of the products in each of the segments of the pharmaceutical market, namely: hospital, chain and mini-chain and independent pharmacies;
  - ✓ **the net turnover realised on the international market** amounts to 253.2 million RON, 16% higher than in the same period of the previous year, a positive effect of Antibiotice S.A.'s territorial expansion strategy.
- **income from property projects.** Amounts invested in the development phase of research and development projects are recognised, in accordance with IAS 38 Intangible Assets, as income from intangible asset projects. Their value in 2024 is 11 million RON. The works realised on own account

on tangible fixed assets, recorded according to the legal regulations as income from the production of tangible fixed assets, amount to 0.12 million RON.

- income from changes in stocks of finished goods and work in progress.

The combined effect of the production and sales structure resulted in an amount of income from changes in inventories of finished goods and work in progress of -3.53 million RON.

- **operating expenses**: 577.98 million RON, higher compared to the same period of the previous year (532.73 million RON), in line with the increase in revenues;
- **expenses with raw materials and consumables** of 145.35 million RON, lower by 7% compared to the level of 157.10 million RON in the same period of the previous year, are in line with the manufacturing structure and specific consumption related to the realised production;
- **expenses with products realised on partner sites** in the amount of 85.23 million RON are 39.6% higher compared to the same period of the previous year, amounting to 61.06 million RON, in line with the sales structure of these products.
- **the expenditure for electricity, natural gas, drinking water** is 17.9 million RON. Compared to 31.12.2023, when they totalled RON 25.33 million, these expenses are lower by RON 7.43 million. The structure of the manufactured production and the optimisation of specific technological processes resulted in a lower quantitative consumption of utilities, with a value influence of 0.82 million RON. Utility tariffs, below those realised in the same period of the previous year, determined a decrease in the value of these expenses by 6.58 million RON.
- **employee benefits expenses** - the remuneration of the workforce for the activity carried out in 2024 generated expenses in the amount of 165.39 million RON, higher than the amount as at 31.12.2023 (156 million RON).
- **other operating expenses** - their amount is 119 million RON, 13% higher than in the same period of the previous year.

			-RON-
Indicators	**31.12.2024**	**31.12.2023**	**31.12.2024 / 31.12.2023**
Total other operating expenses, of which:	119,053,059	105,301,310	13%
Expenditure on other taxes and duties	52,144,851	47,588,521	10%
Promotion expenses	29,669,420	24,950,769	19%
Expenditure on services performed by third parties	14,398,758	12,226,022	18%
Transport costs	4,514,550	4,199,124	8%
Expenditure on insurance premiums	3,687,072	2,818,950	31%
Expenditure on repairs	2,401,474	2,545,491	-6%

Protocol expenses	1,758,584	1,126,604	56%
Travelling expenses	1,708,513	1,643,571	4%
Environmental protection expenditure	1,410,289	1,485,956	-5%
Expenditure on vocational training	1,379,270	955,676	44%
Sponsorship and donations	821,912	1,059,242	-22%
Representation expenses in territories	814,208	1,039,541	-22%
Postal charges and telecommunications	748,741	562,380	33%
Rent expenditure	649,523	595,149	9%
Bank commission expenses	504,071	504,921	0%

The types of expenses by nature included in other operating expenses are:

- **taxes and duties**, totalling 52.14 million RON, of which:
    - claw-back tax, with a 75.6% share. Its value is 39.42 million RON, above the level recorded in the previous year of 37 million RON, being correlated with the level of sales of medicines subject to this tax on the Romanian market. The claw back fee is regulated by GEO no. 77/2011 on the establishment of certain contributions for the financing of certain health expenditures, it is paid quarterly to the State Budget for prescription drugs, included in national health programmes, with or without personal contribution, used in outpatient treatment on prescription through open circuit pharmacies, for those used in hospital treatment, paid from the National Single Fund for Social Health Insurance and from the budget of the Ministry of Health;
    - fees for registration and maintenance of product certification with the regulatory authorities, which account for 15%;
    - local taxes and duties (buildings, land, means of transport), which account for 5.4%;
    - the contribution to the solidarity fund is 3.5%.
- **expenses for the promotion of** the products in the portfolio and of the company, their value is 29.67 million RON, 19% higher compared to the value recorded in 2023. The main categories of promotional activities are:
- promotional campaigns to the general public (TV, radio, on-line), which represent 40% of the total;
- campaigns for the promotion of non Rx products in partnership with distributors which are run both through national pharmacy chains and through mini- and independent pharmacies;
- promotion in media publications, brochures and magazines for the general public, realisation and support of presentations produced by health professionals at scientific events;

- providing product samples and personalised promotional materials (necessary for brand promotion and communication, as part of the actions carried out to increase the visibility and notoriety of the products, as well as to increase the loyalty of the target audience);
- scientific promotion/participation in congresses.

- **expenses for services performed by third parties**, amounting to 14.4 million RON, which include services for serialisation of medicines, equipment qualification, equipment maintenance, customs services, physico-chemical analyses (nitrosamine analyses);
- **expenses for the transport of goods and personnel** in the amount of 4.5 million RON, incurred for the transport of finished products free at destination, sold on the domestic and international markets;
- **expenses with insurance premiums** amount to 3.68 million RON, including the value of insurance premiums paid for:
    - optional insurance granted to employees on performance criteria;
    - securing internal and external claims;
    - insurances for vehicles in the fleet;
    - insuring products during domestic and international transport;
    - liability insurance for patients' consumption of medicines, mandatory for sales in the US market.
- **expenses with maintenance and repairs** in the amount of 2.4 million RON necessary to maintain in optimal condition the production equipment, consolidation of some constructions, maintenance and repair of the car fleet;
- **protocol expenses** are intended to support sales through participation in events to increase product awareness among the general public and in scientific events, amounting to 1.76 million RON;
- **travelling expenses** amount to 1.7 million RON, 4% higher compared to the level recorded in 2023, being necessary to support the development and consolidation of the business. The diversity of activities carried out at the company level, with specific legal regulations involves travelling to the authorities, to business partners both in the country and abroad to strengthen and develop new partnerships, participation in international conferences and events in the field of pharma and professional training courses;
- **environmental protection expenses**, amounting to 1.4 million RON, are represented by the amounts paid to the electricity supplier for the green certificates attesting that the supplier produces electricity from renewable sources, as well as environmental taxes paid to authorised suppliers for waste recycling;

- **expenses with professional training** in the amount of 1.38 million RON, above the amount recorded in the previous year, necessary to maintain / improve the professional level of employees;
- **donations and sponsorship expenses**, amounting to 0.82 million RON, are the amounts allocated to social responsibility projects in which the society is actively involved, with a view to sustainable development;
- **representation expenses in the territories** in the amount of 0.81 million RON, lower compared to the level recorded in the previous year. Selling products in Antibiotice's territories involves entering into contracts with partners in those areas to manage the registration of products with the authorities and to broker sales in the market;
- **postal and telecommunication charges** amount to 0,74 million RON, these expenses are necessary for the realisation of the necessary communication for the activities;
- **expenses with rents**, totalling 0.64 million RON, incurred for communication with partners;
- **expenses with bank commissions** paid for current operations of collections and payments, in RON and foreign currency, as well as for the renewal of the financing contract for operational activity, have a level of 0.54 million RON.

The change in adjustments to current assets is in line with the realised income, amounting to RON 3.76 million.

Operating profit - the operating profit for the year 2024 totalled RON 107.39 million, 11% higher than in the same period of the previous year (RON 96.53 million).

From the financial activity, at the end of 2024, financial income in the amount of RON 7.6 million was recorded, represented by income from exchange rate differences and interest income, and financial expenses in the amount of RON 11.89 million (represented by expenses from exchange rate differences and interest expenses), which resulted in a negative financial result of RON 4.28 million lower than the one realised as at 31.12.2023 (RON 5 million).

The amount of expenses from exchange rate differences is correlated with the evolution of exchange rates (average euro exchange rate 31.12.2024: 4.9746 RON, average euro exchange rate 31.12.2023: 4.9465 RON, average dollar exchange rate 31.12.2024: 4.5984 RON, average dollar exchange rate 31.12.2023: 4.5743 RON), payments and receipts in foreign currency and the evolution of the balance of external claims and debts.

6.3.2. Statement of financial position

			-RON-
Indicators	**Period ending 31 December 2024**	**Period ending 31 December 2023**	**31 December 2024/ 31 December 2023**
Assets			

Fixed assets			
Tangible fixed assets	749,395,619	692,361,541	8%
Intangible assets	55,168,937	45,526,698	21%
Total fixed assets	**804,564,556**	**737,888,239**	**9%**
Current assets			
Inventories	169,858,775	160,214,484	6%
Trade and similar claims	298,073,567	235,771,990	26%
Deferred expense	4,078,280	3,489,615	17%
Cash and cash equivalents	2,681,342	1,807,930	48%
Total current assets	**474,691,964**	**401,284,019**	**18%**
Total assets	**1,279,256,520**	**1,139,172,258**	**12%**
Equity and debt			
Equity capital			
Subscribed capital	67,133,804	67,133,804	0%
Revaluation reserves	213,945,112	225,417,959	-5%
Legal and other reserves	412,159,000	324,877,598	27%
Retained earnings	201,070,907	229,534,759	-12%
Total equity	**894,308,823**	**846,964,120**	**6%**
Long-term debts			
Bank loans and debts	85,715,093	36,750,203	133%
Subsidies for investment - non-current portion	5,145,731	1,586,415	224%
Deferred tax liabilities	59,031,869	63,401,227	-7%
Total long-term liabilities	**149,892,693**	**101,737,845**	**47%**
Current liabilities			
Trade and similar debts	169,233,444	150,780,362	12%
Bank loans	54,994,289	29,552,092	86%
Other debts	10,310,387	9,831,550	5%
Investment grants - current portion	516,884	306,289	69%
Provisions	-	-	
Total current liabilities	**235,055,004**	**190,470,293**	**23%**
Total debts	**384,947,697**	**292,208,138**	**32%**
Total equity and debt	**1,279,256,520**	**1,139,172,258**	**12%**

6.3.3. Analysis of fixed assets

An important objective of the "The Future Together" Business Plan is to realise investments in order to develop and consolidate the business.

At the end of the year 2024 Antibiotice S.A. recorded an asset level of 1,279.26 million RON, in its structure fixed assets hold a share of 63% and current assets 37%.

As of the beginning of 2024, the inflows of tangible and intangible fixed assets in excess of the amount of depreciation and amortisation expenses resulted in a level of **net fixed assets** as of 31.12.2024 of RON 804.56 million, 9% higher compared to the value as of the beginning of 2024, of which:

- the net book value of **tangible fixed assets** in the assets of Antibiotice S.A. is RON 749.40 million, 8% higher than at the end of 2023.
- **intangible fixed assets**, represented by know-how, research and development projects that have reached the development phase, software licences, amount to RON 55.17 million, 21% higher than on 31.12.2023.

6.3.4. Analysis of current assets

The value of current assets has increased since the beginning of the year by RON 73.4 million (+18%) mainly as a result of the increase in inventories and trade receivables (in line with the increased pace of sales).

In their structure, trade receivables have increased in line with the growing evolution of sales and the trade receivables collection period. The increase in turnover, on the domestic and international markets, in conjunction with the collection terms on the domestic market (2023-176 days and 2024-182 days) and on the international markets (2023-59 days and 2024-58 days) and on the total (2023-167 days and 2024-171 days), resulted in a receivables value of 298.07 million RON above the level of 235.77 million RON at the end of 2023. In order to counter commercial risks, the company has taken out insurance policies for receivables on the domestic and international markets.

At the end of 2024 the stock level is 169.86 million RON, 6% higher than at the beginning of the year. The main categories of stocks are:

- raw materials and materials (totalling 70.97 million RON). These have an optimal level correlated with the production processes and with the supply rhythms on the domestic and international market;
- finished products realised on own sites and on partner sites (in the amount of 93.53 million RON), in accordance with the sales plans on the domestic and international market and with the delivery terms. Stocks of raw materials as well as finished products realised on own sites and on partners' sites are monitored and correlated with stock norms.

  The amount of cash and cash equivalents in the amount of RON 2.68 million includes cash in bank accounts.

6.3.5. Debt analysis

In the long term, Antibiotice S.A. aims to consolidate the net book assets, at the end of 2024, their value is 894 million RON, 6% higher compared to the value as at 31.12.2023, as a result of the favourable evolution of the economic and financial results.

Current liabilities at 31.12.2024 amount to RON 235.06 million, 23% higher than at the beginning of 2024. In their structure:

- short-term bank lending is 86% higher than at the beginning of the year. The value of this indicator also includes the amount of instalments to be repaid related to the investment loan contracted in 2018 with UniCredit Bank with a maturity of up to 12 months.
- trade and similar debts include:
  - debts to suppliers of raw materials, materials, services, which are overdue, totalling 86 million RON, up by 12% compared to the beginning of the year (76.5 million RON);
  - debts to suppliers of fixed assets, which are overdue, totalling 44.3 million RON, are 10% higher than at the beginning of the year (40.41 million RON);
  - contributions and taxes related to the outstanding December salaries, due on 25 January 2025;
  - dividends outstanding on 31.12.2024 in the amount of RON 8.5 million.
- other debts are represented by the amounts due to the State Budget due 25.01.2025 - the contribution to the Solidarity Fund regulated by Law no. 448/2006 on the protection and promotion of the rights of persons with disabilities (0.16 million RON) and the clawback tax for the fourth quarter of 2024, the balance amount is 10.15 million RON.

Long-term liabilities amount to 149.9 million RON, an increase of 47% compared to the amount at the beginning of 2024 is mainly determined by the amount of the loan from the European Investment Bank drawn in June 2024.

Subsidies for short-term investments in the amount of 0.516 million RON are represented by the amounts recorded on income as amortisation of investments for which subsidies were obtained, respectively:

- investments in environmental protection for the treatment plant;
- investments in the project POIM COD SMIS 2014-109717 "Intelligent energy consumption monitoring system".

The company has no outstanding obligations to the state budget, which have been paid within the legal deadline.

The cash flow, prepared using the indirect method, was determined on the basis of the gross profit, adjusted for the effects of non-cash transactions (depreciation of fixed assets, adjustment of current

assets) and changes in working capital items. Its analysis shows the company's ability to generate cash from operating activities.

Situation of the indicators in the Interim Management Balance Sheet and of the economic-financial summary indicators

At the end of 2024 compared to 2023 the main indicators are as follows:

		Statement of interim management balances			RON
No.	Mode of calculation	Indicators	**31 December 2024**	**31 December 2023**	**31 December 2024/ 31 December 2023**
1	**1=2+3+4**	**Income from contracts with customers (turnover) + Changes in stocks of finished goods and work in progress + Income from fixed asset projects:**	**682,594,349**	**627,571,178**	**9%**
2		Income from contracts with customers (turnover)	675,010,971	600,780,825	**12%**
3		Changes in stocks of finished goods and work in progress	-3,531,922	13,408,502	**-126%**
4		Income from property projects	11,115,300	13,381,851	**-17%**
5		Expenditure on raw materials	128,162,209	141,828,708	**-10%**
6		Material expenses	17,187,087	15,276,046	**13%**
7		Expenditure on finished products realised on partner sites	85,233,701	61,063,703	**40%**
8	**8=1-5-6-7**	**Gross margin**	**452,011,351**	**409,402,721**	**10%**
9	**9=8/1**	**Gross margin (%)**	**66.22%**	**65.24%**	**2%**
10	10=11+12	External operating expenses:	80,580,159	78,609,391	**3%**
11		Expenditure on electricity, natural gas and drinking water	17,901,283	25,334,283	**-29%**
12		Expenditure on services performed by third parties	62,678,876	53,275,108	**18%**
13	**13=8-10**	**Added Value**	**371,431,193**	**330,793,331**	**12%**
14		Taxes and duties	52,144,851	47,588,522	**10%**
15		Expenditure on employee benefits	165,385,364	156,053,526	**6%**
16		Depreciation expenses	45,057,786	27,875,560	**62%**
17		Impairment adjustment on current assets, net	-3,765,041	426,963	**-982%**
18		Other operating revenue	2,774,459	1,695,189	**64%**

19		Other operating expenses	7,994,373	4,010,716	**99%**
20	**20=13-14-15-16+/-17+18-19**	**Operating profit/loss (EBIT)**	**107,388,318**	**96,533,232**	**11%**
21		**Financial result**	-4,275,756	-5,008,986	**-15%**
22		**Total revenue**	692,983,752	640,726,948	**8%**
23		**Total expenditure**	589,871,190	549,202,704	**7%**
24		**Gross profit/loss**	**103,112,562**	**91,524,246**	**13%**
25		**Corporate tax**	909,734	10,435,650	**-91%**
26		**Net profit/loss**	**102,202,828**	**81,088,596**	**26%**
27	27=24/2	Return on gross profit (EBT)	15.28%	15.23%	**0%**
28		Claw back fee expenses	39,417,598	37,012,660	**6%**
29	29= (24+28)/2	Gross profit yield + claw-back tax	21.12%	21.39%	**-1%**
30		Net profit/loss	102,202,828	81,088,596	**26%**
31	31=30/2	Return on net profit	15.14%	13.50%	**12%**
32	32=16+20	Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	152,446,105	124,408,792	**23%**
33		Current assets	474,691,964	401,284,019	**18%**
34		Cash and cash equivalents	2,681,342	1,807,930	**48%**
35		Short-term bank debt	54,994,289	29,552,092	**86%**
36		Total bank debt	140,709,382	66,302,295	**112%**
		Indicators	**31 December 2024**	**31 December 2023**	**31 December 2024/ 31 December 2023**
37		Net book assets (equity)	894,308,823	846,964,120	**6%**
38	38= (33-34)/35	Current liquidity (>1.2) ((Current assets-Number- current tax receivable	8.58	13.43	**-36%**
39	39=36/32	Total bank debt/EBITDA (<3.5)	0.92	0.53	**73%**
40	40=36/37	Total bank debt / Equity (<1)	0.16	0.08	**101%**
41		Debt ratio (Total liabilities/Total assets)	30.09%	25.65%	**17%**
42		Overall solvency (Total assets/Total liabilities)	3.32	3.90	**-15%**
43		Working Capital Fund (WC) (permanent capital - fixed assets)	239,636,960	210,813,726	**14%**
44		Working Capital Requirement (WCR) (Stocks + Receivables - Trade payables)	291,949,907	238,557,888	**22%**
45		Net cash (WC - WCR)	-52,312,947	-27,744,162	**89%**

Gross margin represents the performance of the company's sales and production activity, related to the sum of turnover, income from stocked production and income from the production of intangible fixed assets. It has a level of 66.22%, above the level achieved in 2023 favourable effect of the balanced management of sales and marketing mix budgets, with an increase in the share allocated to brand projects and a decrease in the impact of commercial policies and cost management measures.

The **value added** reflects what the company adds to the economic circuit through its own calculated activity, it is calculated as the difference between the gross margin and the expenses for electricity, natural gas and drinking water and the expenses for services performed by third parties.

The **EBIT** - **operating profit/loss** indicator shows an increase of 12% compared to 31 December 2023.

The gross result is 103.38 million RON, higher than the amount realised in 2023 (91.52 million RON).

Current liquidity, determined as the ratio of current assets to short-term bank liabilities, is 8.58, above the level of 1.2 agreed by banking institutions, which indicates the company's ability to honour current bank obligations on liquid assets and to maintain short-term financial balance. Compared to the value at the end of 2023, there was a decrease in the indicator as a result of the increase in the value of operating loans and instalments falling due within one year on investment loans, from RON 29.5 million to RON 55 million, at a higher pace than the increase in current assets.

The total bank debt to EBITDA ratio registers a level of 0.92, being within the parameters accepted by the financial institutions (maximum level of 3.5). The value of the indicator is above the level recorded on 31.12.2023 as a result of the increase in borrowings attracted to finance investments.

The Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) indicator, which reflects the profit before interest, taxes, depreciation and amortisation, has a value of RON 152.45 million, an increase of 23% compared to the end of 2023, when it recorded a value of RON 124.41 million.

The total bank debt-to-equity ratio registers a level of 0.16, being within the parameters accepted by the financial institutions (maximum accepted level of 1). The increase compared to the value at the end of 2023 is justified by the amount of bank loans to finance investments attracted in 2024.

The **indebtedness ratio** indicator shows the company's ability to cover total liabilities from total assets, registering a level of 30.09% higher compared to the value at the end of 2023 (25.65%). **Overall solvency** reflects a company's ability to meet all its obligations, registering a lower level of 3.32 compared to the end-2023 value of 3.9.

The value of working capital below the value of working capital requirements resulted in a net cash indicator value of -52.31 million RON, which reflects a temporary gap in working capital financing (the average collection period in 2024 is 171 days, the average number of days of debt payment is 90 days), which the company manages through short-term bank loans.

The **Working capital** indicator shows the sustainable resources remaining available to a company after financing of fixed assets. At the end of 2024, it has a value of 239.64 million RON, an increase of 14% compared to the value of 210.8 million RON at the end of 2023.

The **Working Capital Requirement** indicator shows the short-term financial needs of the company compared to the short-term resources attracted. At the end of 2024, the increase in receivables and inventories at a higher rate than the increase in trade payables led to an indicator value of RON 291.9 million, 22% higher than the value at the end of the previous year.

The value of **fixed assets** is closely correlated with the implementation of the **investment programme**, the value of investments made in 2024 is **116.16 million RON.**

According to the 2024 annual programme, the investment structure is as follows:

I. Investment for strategic development

I.1. Product portfolio development

During this period, investments in research and development projects continued in order to obtain new, quality, safe, efficient and competitive products on the market.

The New Product Development Programme for 2024 has the following objectives: (a) modernising the company's product portfolio and (b) providing competitive pharmaceutical products on the external market.

I.2. Investing in new production sites

The project "*Production capacity, packaging and storage of sterile products, solutions and topicals*" is part of the Business Plan of S.C. Antibiotice S.A. for 2030. The investment covers the 3 stages for sterile injectable and topical products on the Antibiotice S.A. industrial platform: *production, packaging and storage*.

This year saw continued investment in new warehousing capacity for finished goods. The investment started in 2023 and was completed by the end of 2024, including the purchase of shelving, lifting and transport equipment, equipment, equipment qualification, mapping of storage spaces in preparation for the ANMDM inspection to obtain the operating authorisation planned for the beginning of 2025. Design, supply and fulfilment contracts have been signed for the two manufacturing flows: Sterile topicals manufacturing flow and sterile solutions manufacturing flow. Contracts are currently in various stages of realisation.

I.3.Digitisation Strategy

Antibiotice, as part of its digitalisation and computerisation plan, has prioritised investments to increase the company's efficiency, by reorganising all processes based on automation and implementation

of an integrated IT system, modernising IT networks, improving IT security to provide a complete working tool.

II. Investments to strengthen the business

II.1. Adaptation to the development trends of the industrial platform, infrastructures for utilities supply and distribution, storage of raw materials and finished products, transport and connection to the national road system

In order to modernise the facilities for the production and distribution of utilities, there are projects in various stages of development, which are carried out on a multi-annual basis, depending on the complexity and investment costs, for the modernisation of: drinking water networks, transformer stations and electricity distribution facilities, steam production and distribution facilities, compressed air facilities, etc. These projects aim to comply with environmental protection legislation and ensure the continuity of technological processes carried out on the platform.

II.2. Investments in Integrated Management System (Quality, Environment, Sustainability, Health and Safety at Work)

Equipment was purchased to equip product quality control laboratories. In 2024 investments were made to modernise the quality control laboratories to ensure standards and operational efficiency.

II.3. Investment in modernising existing sites and equipment

In 2024, procedures were carried out for the acquisition of equipment, installations, fixtures and fittings and laboratory apparatus in order to upgrade the four divisions' drug manufacturing flows. By the end of 2024, all the projects to modernise the manufacturing flows have been completed on schedule.

7. Improving Corporate Governance Systems

Antibiotice is committed to the implementation of robust corporate governance practices designed to promote trust and accountability and to bring long-term value to its relationship with shareholders, employees, customers and other stakeholders.

Corporate governance refers to the system of rules, policies, practices and processes by which a company is governed, controlled and managed, encompassing the relationships and responsibilities between the company's management, board of directors, shareholders and other stakeholders. The primary objective of corporate governance is to ensure that a company operates in an ethical, transparent and accountable manner, while maximising long-term shareholder value.

As an issuer of securities traded on the regulated market, Antibiotice must fully comply with the corporate governance standards stipulated by the applicable national regulations by adhering to the rules of the BVB Corporate Governance Code, but also ensures compliance with the capital market legislation *(Law no. 24/2017 on issuers of financial instruments and market operations, respectively ASF Regulation no. 5/2018 on issuers of financial instruments and market operations)*.

Antibiotice S.A. is a company in which the Romanian State owns the majority stake (53.0173%), through the Ministry of Health (public tutelary authority), being a public enterprise in the meaning of Emergency Ordinance no. 109/2011 on corporate governance of public enterprises, with subsequent amendments and additions, which regulates its organisation and functioning.

7.1. Implementation of corporate governance principles

Antibiotice Corporate Governance Code S.A. forms the basis of good corporate governance practices. The Code outlines the general framework for the management of the company and the responsibilities of the Board of Directors, the system of risk management and internal control, fair reward and remuneration of management and building transparent relationships with investors. Antibiotice's Corporate Governance Code is published on the company's website www.antibiotice.ro, section "*Corporate Governance - Governance Documents*".

During 2024 action was taken on the following corporate documents:

- revision of the company's Articles of Incorporation;
- the development and adoption of an internal Insider Procedure;
- developing and adopting an Investor Relations Communication Policy;
- developing and adopting a Sustainable Corporate Governance Policy;

7.2. General Meeting of the Shareholders of Antibiotice S.A.

The General Meeting of Shareholders is the highest decision-making body of Antibiotice S.A., the governing body, where shareholders participate directly and make decisions. Among other duties, the General Meeting of Shareholders selects and appoints the company's administrators, decides on the distribution of profits, determines the remuneration of the members of the Board of Directors and appoints the financial auditor. From the organisational perspective, within the joint-stock company Antibiotice S.A. two categories of general meetings can be convened: ordinary general meeting and extraordinary general meeting of shareholders.

During 2024, at the request of the Board of Directors, six Ordinary General Meetings and three Extraordinary General Meetings of Shareholders were convened and held, the resolutions of which can be accessed in the section "*Investors - General Meetings of Shareholders - GMS and GMS archive*".

7.2.1. Shareholders' rights

Through the application of corporate governance, the shareholders of Antibiotice S.A. are recognised as essential rights grouped into non-pecuniary and patrimonial rights: the right to participate directly in the deliberations of general meetings, the right to vote, the right to elect and dismiss members of the board of directors, the right to information on all essential aspects of the company, the right to dividends, and the right to transfer the company's securities.

7.2.2. Board of Directors

Until 16.04.2024, Antibiotice S.A. was managed by a Board of Directors consisting of 5 (five) members of which 4 (four) non-executive and 1 (one) executive who had a 4-year term of office.

As from 16.04.2024 the General Meeting of Shareholders decided that the company Antibiotice S.A. will be managed by a Board of Directors consisting of 7 (seven) members. The Chairman and Vice-Chairman of the Board were elected by the Board of Directors from among its members. The Board of Directors is competent to fulfil all the necessary acts of administration of Antibiotice S.A., except those reserved by law to the General Meeting of Shareholders and those delegated by the Board to the General Manager. The composition of the Board of Directors complies with the criteria required by law regarding the proportion of non-executive and independent directors, the proportion of studies and the balance of competences, experience and gender diversity (criteria detailed in the Internal Regulations of the Board of Directors).

The manner of constitution, revocation of directors, duration of mandates, powers and role of the Board are clearly defined in the Articles of Incorporation of Antibiotice S.A. and in the Regulation of Organisation and Functioning of the Board of Directors, drawn up in accordance with the provisions of Law no. 31/1990 on commercial companies and GEO no. 109/2011 on corporate governance of public enterprises.

In April 2024, the Ordinary General Meeting of Shareholders approved the achievement of the 2023 performance indicators for the non-executive directors and the executive director, whose 4-year term of office had ended.

During the year 2024, the Board of Directors met in 16 meetings, during which the results obtained through the implementation of the business plan, the performance criteria and the Income and Expenditure Budget were analysed.

The composition of the Board of Directors of Antibiotice S.A. can be consulted on the company's website in the section "*Corporate Governance - Governance Structures*".

Three Advisory Committees are set up and function within the Board of Directors:

- Audit Committee,

- Nomination and Remuneration Committee,
- Risk Management Committee.

The specialised advisory committees carry out analyses, investigations, draw up recommendations and periodically submit reports on their activities to the Board of Directors.

The *Audit Committee* fulfils the legal duties set out in Article 65 of Law no.162/2017, which mainly consist in monitoring the financial reporting process, internal control systems, internal audit within the company, as well as in supervising the statutory audit of the annual financial statements and in managing the relationship with the external auditor.

The *Nomination and Remuneration Committee* organises training sessions for board members, formulates proposals for the remuneration of directors and executives, in compliance with the remuneration policy submitted by the Agency for Monitoring and Evaluation of Public Enterprises Performance (AMEPIP) and supports the board in the evaluation of its own performance as well as the performance of the management. The Committee is also required to draw up an annual report on the remuneration and other benefits granted to directors and managers during the financial year.

The Risk Management Committee ensures that the control activities are in line with the risks generated by the activities and processes subject to control, identifies, analyses, evaluates, monitors and reports the identified risks, the plan of measures to mitigate or anticipate them, other measures taken by the executive management. It is also responsible for measuring the company's solvency, analyses the company's practices and performance in meeting its environmental, social and governance obligations, informs and makes proposals to the Board of Directors.

The structure, role, attributions and organisation of the advisory committees are laid down in Antibiotice's Corporate Governance Code, in the Organisational and Functioning Regulation of the Board of Directors, chapter Board Committees.

7.2.3. Executive Management

Antibiotice S.A. is represented by the General Manager, in accordance with the prerogatives established by law and the company's articles of association.

The composition of the management team of Antibiotice S.A. as at 31.12.2024 can be consulted on the company's website, section "Corporate Governance - Governance Structures".

7.2.4. Remuneration of the executive and non-executive members of the Board of Directors, as well as of the directors

The policy and criteria of remuneration of executive and non-executive members of the board of directors of the company and directors with mandates are based on the following rules: Law no. 31/1990 on companies, as amended and supplemented, GEO no. 109/2011 on corporate governance of public enterprises, as amended and supplemented, the company's Articles of Incorporation, approved at the Extraordinary General Meeting of Shareholders on 16.04.2024, Antibiotice S.A. remuneration policy.

According to the Remuneration Policy applicable in 2023, the remuneration of directors with a 4-year term of office approved by the Ordinary General Meeting of Shareholders and of directors approved by the Board of Directors, is composed of:

a. fixed allowance and

b. variable component.

Remuneration has been established in accordance with the applicable legal provisions set out above, approved by the GMS resolutions and set out in the Contracts of Mandate of each director.

7.2.5. Communication with shareholders and investors

Communication with shareholders and investors includes: meetings with them, organisation of conferences, teleconferences and videoconferences, management of the special section dedicated to investor relations on the company's website, facilitating access to relevant information about the company's activities and reports, communication of the company's corporate governance policies, communication of information with impact on the company, shareholders and investors.

The maintenance of investor relations is based on efficient communication, adjusted on the basis of market feedback, allowing shareholders to understand and assess, on the basis of objective and timely information, changes in trading patterns, the company's development directions and information impacting on risk management strategies.

During 2024 communication with shareholders and investors materialised in:

- Organisation of teleconferences, in accordance with the Society's financial calendar.

  These events are attended by interested investors and analysts, who have the opportunity to submit their questions, opinions and suggestions, thus ensuring a dialogue with the Romanian capital market exponents, so that they can gain a sufficient basis for the investment decision-making process. Audio recordings and transcripts of the teleconferences are available on the company's website in the section "*Investors - Shareholder information - Investor meetings*".

During 2024, 4 conference calls were held to present the preliminary, semi-annual and quarterly financial statements on: 7 March, 21 May, 20 August and 19 November.

- On 18 November 2024, the "Investors' Day" event was organised, which offered investors and analysts the opportunity to interact directly with Antibiotice SA's management team, visit the drug production flows and discover the company's news and future plans.
- Prompt transmission of information upon request to shareholders, potential investors and capital market participants;
- Attending conferences organised by third parties on the Romanian capital market and presenting the company's financial results and growth opportunities. On 5 September 2024, the investor relations team participated in the *Romania Investor Days* event, organised by Wood &Company in partnership with Bucharest Stock Exchange. The event was attended by a large number of institutional investors with high interest in the Romanian market.
- Participation of Antibiotice SA representatives in informative seminars organised by the authorities in the field in order to improve corporate governance and increase transparency towards shareholders;
- Organisation of the General Meetings of the Shareholders, changes in the company's structure, resolutions of the General Meetings, as well as actions related to the guarantee of the rights of the shareholders - distribution of dividends for the financial year 2024. They were realised in compliance with the legal regulations;
- Collection of information, realisation and verification of current reports, their transmission to the competent authorities (BVB and ASF) and their publication on the Company's website in compliance with the deadlines imposed by the legislation in force;
- Participation in training courses and discussion sessions on corporate governance standards, investor communication platforms and other tools provided by capital market authorities;
- Constantly update the company's website in order to improve access to relevant information for shareholders and investors.

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

In order to ensure a high level of transparency and operability, all Antibiotice S.A. reports, as well as important announcements and information for shareholders, analysts and investors are promptly disseminated on the BVB website and are also uploaded on the company's website in the Investors section.

Antibiotice SA's work in communicating with shareholders, investors and analysts was also recognised in 2024. For the fifth year in a row, our company received a grade 10 in the VEKTOR evaluation conducted

by the Romanian Investor Relations Association. VEKTOR is the first investor communication indicator for listed companies and is calculated based on a methodology that includes international best practice criteria.

7.3. Management Internal Control and Financial Control

Within the company, the Management Control activity is carried out on the basis of the internal Decision no. 216/6992P/29.09.2023 and the Annual Activity Programme, drawn up on the basis of the legislative provisions of the Government Decision no. 1151/2012 for the approval of the Methodological Norms on the organisation and exercise of the financial management control and approved by the General Director.

According to the Internal Decision, the managerial control involves monitoring the fulfilment of the provisions, decisions, minutes of the Governing Board and reporting in this respect, carrying out missions at the request of the Director General and specific activities of management control on specific financial management control activities.

The financial management control is carried out based on the internal procedure SOP-CFG-001, rev.02/ 19.12.2024 "Organisation and performance of the financial management control" and the Government Decision no. 1151/2012 for the approval of the Methodological Norms on the organisation and performance of the financial management control. In the framework of this activity, verification missions are carried out, according to the legal regulations and the annual activity programme, on different subjects, as follows:

a) verifies the compliance with the legal provisions and internal regulations regarding the existence, integrity, preservation and utilisation of means and resources, held in any title, and the way they are reflected in the accounting records;

b) verifies the compliance with the legal provisions in the substantiation of the draft income and expenditure budget of the economic operator and the draft income and expenditure budgets of the sub-units of its structure;

c) verifies the compliance with the legal provisions in the execution of the income and expenditure budget of the economic operator and of the sub-units of its structure, following:

d) verify compliance with the legal provisions and internal regulations on how to carry out the annual inventory of assets, liabilities and equity;

e) verifies the observance of the legal provisions and internal regulations regarding collections and payments in RON and foreign currency, of any kind, in cash or by transfer;

f) verifies compliance with the legal provisions regarding the recording of economic and financial operations in the accounting records;

g) verifies the compliance with the legal provisions and internal regulations regarding the drawing up, circulation, keeping and archiving of primary, accounting and technical-operational documents;

h) elaborates economic-financial analyses for the management of the economic operator in order to base decisions and improve performance.

7.4. Risk management

Presentation of the risk management system in Antibiotice S.A.

Antibiotice S.A. implements and administers a risk management system at the level of all processes and organisational structures, in order to achieve the objectives of the Business Plan "The Future Together". Management adopts a proactive, forward-looking approach to control and limit risks, but also to capitalise on opportunities, ensuring sustainable development.

The Risk Management activity is a specialised internal structure that is responsible for organising, planning and monitoring the risk management process, including commercial (non-payment) risk, sustainability risks and cybersecurity risks.

As part of the risk management process, the Risk Management Activity together with the risk managers has carried out the following main actions:

- Identification and assessment of risks, at the level of each structure, by risk managers and specialists in the department. Risk management.
- Establish appropriate and available control measures to mitigate identified risks. The control measures with proposed responsible persons and deadlines for implementation have been centralised in the Risk Control Measures Implementation Plan.
- The risks identified at structure level have been centralised in the Risk Registers, documents signed by the risk manager of the structure, the manager and the director of the structure.
- Risk monitoring has been carried out during the last two quarters of 2024, with the status of measures and risks being reassessed through the Risk Tracking Sheets.
- Periodic review of major risks, assessing their likelihood and impact, to verify the level of exposure and evaluate the effectiveness of control strategies and measures.
- Support the decision-making process by providing reports and risk analyses, as well as due diligence activities.
- Following the risk management process carried out at company level in 2024, the relevant risks were summarised according to their magnitude using impact and likelihood, resulting in the General Risk Register.

Risks, Opportunities and Impacts were also identified and assessed in terms of environmental, social and governance aspects of sustainability. This process was finalised with the establishment of the Sustainability Risk Register.

The Internal Audit Office conducts an annual risk management assessment, making recommendations for improvement where necessary, and the findings are presented to the Audit Committee.

The main categories of risks identified were:

- business risks (economic, legislative, project-related, business partner relations);
- financial risks (currency, liquidity, interest rate, commercial);
- integrity risks and anti-competitive practices;
- operational risks (concerning human resources, information technology, information security, cybersecurity, occupational health and safety, image risk);
- sustainability risks.

I. Business risks

A business risk is the possibility that an event or action may adversely affect the company's ability to fulfil its stated objectives or strategies. This category includes: economic risks, project-related risks, legislative risks, risks arising from relations with business partners.

Legislative risks

The pharmaceutical market is a regulated market, with clear legislative provisions, designed to control the quality and therapeutic efficacy of medicines on the market, as well as to prevent counterfeiting.

The company's strategy for the management of these risks implies the permanent concern for obtaining international certifications of the manufacturing flows, updating the authorisation documentation for the products in the portfolio, constantly following the legislative changes at international level, continuously adapting policies, rules and procedures to the changes and training the staff on the legislative requirements in force or specific legislative requirements.

II. **Financial risks** reflect the impact on the company of financial sources and/or resources.

III. **Integrity risks** refer to the likelihood of the occurrence of an integrity incident targeting an employee, a professional group or a field of activity, being favoured by specific vulnerabilities, and which may negatively influence the achievement of a structure's objectives.

Control measures in place to control integrity risks: updating and communicating the Code of Ethics and the Integrity Plan on a transparent basis; elaboration and implementation of the Procedure for receiving,

examining and solving reports on breaches of the law, drawn up in accordance with the provisions of Law no. 361/2022 - on the protection of whistleblowers of public interest; implementation of the Policy in the field of harassment at the workplace and equal opportunities; training of employees on the Procedure on conflict of interest, Code of Ethics and Integrity Plan; external trainings on acquiring competences on knowledge and understanding of the legal and institutional framework in the field of promoting integrity and fighting corruption in organisations; monitoring the implementation of the measures carried out in the field of ethics and integrity, through the work of the Ethics and Integrity Council.

The company's Integrity Plan includes measures to prevent and combat acts of corruption and procedures to ensure ethics and integrity in its activities.

Anti-competitive behaviour risks

Violation of competition law represents a significant risk for the company, given the high fines that can be imposed by the Competition Council. In this context, by implementing an internal framework that includes internal policies, the Corporate Governance Code, the Antibiotice S.A. Code of Best Practices for the promotion of prescription-only medicines and interactions with healthcare professionals, the Sponsorship and Patronage Policy, as well as the Code of Best Practices in Sales, the company's management aims both to prevent breaches of legislation and to provide tools to identify and manage breaches that could not be avoided initially.

In order to reduce the likelihood of risks related to competitive practices and to minimise their impact, Antibiotice has implemented measures such as: identification and assessment of potential areas of competitive risk, review of main commercial contracts, updating the Integrity Plan, modification of the Code of Good Sales Practices, organisation of training sessions for employees, as well as implementation of specific procedures, monitoring and continuous control.

IV. Operational risks

Operational risk is the risk of incurring direct or indirect losses resulting from shortcomings or deficiencies in the company's procedures, personnel, internal systems or external events that may have an impact on its operations. The Company's objective is to manage operational risk in order to minimise its financial losses, avoid damaging its reputation and achieve its investment objective of generating returns for investors.

The main categories of operational risks are: human resources risks, technological risks, information technology risks, data protection and cybersecurity risks, occupational health and safety risks, and image risks.

Information technology, data protection and cyber security risks

Control measures put in place to control risks: implementation of a set of policies, procedures and rules on the use of IT resources, data protection and cybersecurity; regular employee training and assistance; investment in advanced security solutions.

V. Sustainability risks (environmental, social and governance) have a significant and growing impact on the entire ecosystem around the company, influencing potential investors as well as customers or collaborators.

Control measures in place to control sustainability risks:

The climate risk adaptation measures adopted by Antibiotice S.A. include strategic initiatives aimed at increasing resource efficiency, such as the implementation of advanced technologies and the optimisation of energy and water consumption. To this end, the company intends to purchase energy from low-carbon energy suppliers and invest in green solutions, including the development of a photovoltaic park to partially cover its electricity needs (measure implemented). At the same time, it will aim to reduce carbon emissions as part of the transition to net-zero.

The synthesis of data, information and decisions taken in this process is contained in the Risk Register for each structure and in the General Risk Register, a document which certifies that a risk management process exists within the company and that it is functioning.

7.4.1. Cyber risk management

The company Antibiotice S.A. is classified as an operator of essential services in the national economy and has the obligation to comply with the national strategy on network and information systems security, being applicable to it the provisions of Law no. 362/2018 on ensuring a high common level of network and information systems security.

An important component of corporate governance is the management of cyber threat risks, to which is added the set of rules for securing the information system to comply with legal requirements. Continuous monitoring of the internal IT infrastructure highlights any missing or inadequate safeguards and defences, enabling security teams to implement the necessary mitigating controls and prioritise risk remediation.

During 2024, 3 system procedures regulating the company's way of working and ensuring cybersecurity were updated in accordance with the requirements of the National Cyber Security Directorate, the national authority responsible for monitoring the implementation of Law no. 362 of 28 December 2018 on ensuring a high common level of network and information systems security ("NIS Law") and the verification of the implementation of Law no. 362 of 28 December 2018 and of good practices in cybersecurity was performed through the annual internal audit.

7.5. Ethics and compliance

Business ethics refers to the moral principles and values that guide behaviour and decisions in the business environment. For us, the fundamental ethical values assumed by the entire company team are integrity, professionalism, responsibility and transparency. These ethical principles are applied in all

aspects of the business, from relations with employees, customers and business partners, to the way the company conducts its business and fulfils its social responsibilities.

Within the company, Code of Ethics sets out the principles and rules designed to determine a professional, honest conduct and to create an organisational culture based on standards of integrity, in compliance with the legislation in force. Any breach of the Code is considered an ethical incident and failure to comply with the Code may result in disciplinary sanctions. Compliance with the provisions of the Code of Ethics is mandatory for all organisational structures of the company *(employees, executive management, directors, managers, members of the Board of Directors*).

Within Antibiotice S.A. operates the Ethics and Integrity Council, which monitors compliance with the Code of Ethics and implements the principles and deontological rules specific to the promotion of prescription-only medicines, supporting the company's management in making decisions on business conduct and ethical promotion of prescription-only medicines by the promotion and sales employees.

The Ethics and Integrity Council also analyses all ethical incidents about which it has been informed by a complaint or on which it has self-reported.

7.6. Reporting incidents / Public interest warnings

Public interest whistleblowers, also known as whistleblowers, play a crucial role in ensuring transparency and integrity within the company. By reporting suspicious or unethical activities, whistleblowers contribute to protecting organisational interests and values, promoting an ethical and responsible working environment. Whistleblowers can identify shortcomings in internal policies and procedures, thus facilitating continuous improvement of risk management practices and risk management within the organisation. Antibiotice S.A. recognises the importance of public interest whistleblowers in strengthening a healthy and sustainable corporate culture and provides the necessary legal and organisational framework for their protection.

Any interested natural or legal person may report an incident of violation of the Code of Ethics. The complaint, which must contain personal identification and contact details, should be addressed to the Director-General. It can be submitted, in writing, to the company's registrar or it can be completed and submitted online, using an ethics form directly from www.antibiotice.ro.

At the same time, any person who has obtained or is aware of information regarding possible cases of violation of laws within the company or by the company or its employees, has the right to address a report in this regard to the company's Ethics and Integrity Council. The Ethics and Integrity Council analyses the facts of which it has been informed, as well as the related evidence, if it has been submitted, and pronounces on them in a written report proposing the measures it deems necessary.

Antibiotice S.A. has ensured compliance with the requirements of Law no. 361/2022 on the protection of public interest warnings and has carried out the following measures at company level:

- Implemented the Procedure for receiving, examining and solving reports on violations of the law, drawn up in accordance with the provisions of Law no. 361/2022 on the protection of whistleblowers in the public interest, available online on the company's website "*Corporate Governance - Whistleblowers in the Public Interest*". The procedure ensures secure and confidential channels of communication for whistleblowers as well as mechanisms to protect people acting as whistleblowers.
- Management and employees were trained on the importance of reporting public interest warnings and the proper reporting procedure.

During the reporting period, there were no Public Interest Whistleblower referrals or referrals of incidents of breaches of the company's ethical principles.

7.7. Conflict of interest

The company has implemented a procedure to prevent, remedy and penalise conflicts of interest and incompatibilities identified in the company's current activities. Conflicts of interest are managed according to the provisions of Chapter 2 of the Code of Ethics, which details the types of conflicts of interest that may arise, their resolution and incompatibilities *(situations that may arise in the exercise of the duties of employees and administrators and which may present a personal interest of a financial nature, influencing the objective fulfilment of duties*).

As far as the members of the Board of Directors are concerned, potential conflict of interest situations arise in the situations described in the provisions of the Code of Ethics and the Corporate Governance Code. The latter specifies that Antibiotice's transactions with any of its affiliates will be approved in advance by the Board of Directors, based on a binding opinion received from the Audit Committee.

Members of the Board of Directors and/or persons who have been informed of a conflict of interest at Antibiotice have a duty to immediately inform the Ethics and Integrity Council in writing. The solutions for managing conflicts of interest are established by the Board of Directors, in the case of administrators, and by the Director General, in the case of employees.

In the year 2024, there were no reports of conflicts of interest.

8. Sustainability Statement Antibiotice S.A.

8.1. 8.1. General information

The Sustainability Statement for the financial year 2024 has been prepared in accordance with the requirements of Directive (EU) 2022/2464 on Corporate Sustainability Reporting (Corporate Sustainability Reporting Directive – CSRD), as well as the European Sustainability Reporting Standards (ESRS), as provided in the national transposition legislation, namely Order No. 85/2024 of the Ministry of Finance approving the Accounting Regulations on Sustainability Reporting.

Additionally, the information regarding taxonomy complies with the provisions of Regulation (EU) 852/2020 and all subsequent delegated acts.

Thus, the company reaffirms its commitment to an economic environment characterized by transparency, ethics, and responsibility, providing all stakeholders with an overview of its economic, social, and environmental impact, as well as how it manages the impacts, risks, and opportunities associated with sustainability.

Note 1.1: Basis for preparation of the sustainability statement

DR BP-1 - General basis for preparation of the sustainability statement

This Sustainability Statement for the year 2024 of Antibiotice S.A. (hereinafter referred to as Antibiotice or the company) covers information related to all the company's operations and has been prepared on an individual basis.

Information regarding the value chain

The company has mapped the impacts, risks, and opportunities associated with both its own operations and the upstream and downstream value chain. However, we currently do not have specific data collected directly from value chain partners, which limits the possibility of conducting a detailed assessment of impacts, risks, and opportunities.

During the reporting period, the company made efforts to gather information related to the upstream and downstream value chain by distributing our own assessment questionnaire to essential suppliers. The diversity of the responses received, both in terms of detail and consistency, made it challenging to conduct a comparative analysis aligned with our reporting standards. This has led us to continue seeking alternative methods for collecting the necessary data. Thus, starting in 2025, we aim to improve the quality of data collected from the value chain by developing more efficient mechanisms for gathering sustainability-related information from our partners.

Additionally, considering that this is the first sustainability statement prepared by the company in accordance with the ESRS, we have applied the transitional provisions outlined in Annex C of ESRS 1, which are applicable to the company.

BP-2 - Disclosures in relation to specific circumstances

Time horizons

The time horizons used for sustainability analysis in this statement are aligned with those defined under the ESRS, namely: short-term – up to one year, medium-term – between one and five years, and long-term – more than five years.

Assumptions, estimations and approximations

The determination of greenhouse gas (GHG) emissions is inherently uncertain due to the complexity of the calculation process. Measurement challenges are influenced by factors such as fluctuations in emission sources, the accuracy of available data, and the assumptions used in calculating emission factors. Thus, for certain categories of Scope 3 emissions, spend-based emission factors were used, as specific data from suppliers was not collected. These aspects are detailed in the *Environment* chapter, under the *Climate Change* subchapter, where the applied methodology, the accuracy level of the indicators, and the planned actions for their improvement are explained. In this regard, the company aims to implement measures in the future to enhance the quality of data used for calculating Scope 3 emissions.

Additionally, regarding the total quantity of raw materials and other materials, estimations were made concerning the amounts purchased, which are detailed in the *Circular Economy* subchapter.

Changes in preparation or presentation of sustainability information

The adoption of Directive (EU) 2022/2464 on Corporate Sustainability Reporting (CSRD) and the European Sustainability Reporting Standards (ESRS) has led to moderate changes in the presentation of sustainability information. In this context, the company has transitioned from reporting based on the Global Reporting Initiative (GRI) standards to the new legislative requirements.

Reporting errors in prior periods

As this is the first reporting year, there are no errors regarding the compliance of the presented information with CSRD and ESRS requirements. However, the need for corrections has been identified concerning the indicators reported under Regulation (EU) 2020/852 on the taxonomy of sustainable

activities. Additional details on these aspects are provided in the *Environment* chapter, under the *Taxonomy Information* subchapter.

Furthermore, internal reviews have identified modifications to the Scope 1 and Scope 2 emissions for the year 2019 (the reference year for setting emission reduction targets). These adjustments resulted from updating the source of emission factors to ensure a consistent approach in calculating the company's carbon footprint.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

In addition to the ESRS requirements, the company has used the SASB: Biotechnology & Pharmaceuticals, Industry Standard, Version 2023-12 to present indicators related to specific sustainability topics. For the greenhouse gas (GHG) emissions calculation methodology, the company has applied the GHG Protocol Corporate Accounting and Reporting Standard (2015 revised edition).

Incorporation by reference

The statement does not directly incorporate specific data points by referencing other documents. However, for certain indicators, references have been made to the financial statements and the remuneration policy to provide appropriate context and support the presented information.

Note 1.2: Governance and accountability

DR GOV-1 - The role of the administrative, management and supervisory bodies

Corporate governance at Antibiotice is based on the principles of transparency, responsibility, and ethics, ensuring a solid framework for strategic decision-making and risk management. The governance structure is designed to support the company's business objectives while protecting the interests of shareholders, employees, partners, and other stakeholders. As a company listed on the Bucharest Stock Exchange, with a majority state-owned capital (53%) held by the Ministry of Health, Antibiotice complies with corporate governance requirements specific to both national legislation and international best practices.

The company is managed under a unitary administration system by a Board of Directors composed of seven members, elected by the General Meeting of Shareholders for a four-year term. The Board includes one executive director, who also holds the position of Chief Executive Officer (CEO) as defined in Article 143 of Law No. 31/1990, alongside six non-executive directors.

Note: In 2024, the Board of Directors operated under provisional mandate contracts, in accordance with the provisions of Government Emergency Ordinance (G.E.O.) 109/2011 and Government Decision (G.D.) 639/2023.

The company's management team consists of ten directors, one of whom serves as the Chief Executive Officer (CEO) and executive director, mandated by the Board of Directors to lead the company in accordance with Law No. 31/1990.

The Board of Directors is composed of seven members, of which five are independent members (71.43%) and two are non-independent members (28.57%).

Representation of employees

Regarding employee representation, “Sindicatul Liber Antibiotice” (Antibiotice Free Trade Union) operates within the company, and any employee is free to join.

As the employees' representative, the union participates in negotiations with the company’s management regarding the terms of the Collective Labor Agreement at the company level, which is concluded between the parties.

Decisions of the Board of Directors related to matters requiring employee information and consultation are communicated in writing to “Sindicatul Liber Antibiotice”. Employee information and consultation regarding the recent and expected developments in the company's activities and economic situation take place after the financial statements for the previous year have been reported.

The composition and diversity of the administrative, management and supervisory bodies

Board of Directors		
Total no. of members	Of which, executive members	Of which, non-executive members
7	1	6

Management Team		
Total no. of members	Of which, executive members	Of which, non-executive members
10	1	9

Diversity of the Board of Directors					
Name	Function	Member Type	Nationality	Age, Gender	Experience relevant to the sectors, products and geographic locations of the company
Ioan NANI	Vice President of the Board of Directors - Provisional Executive Administrator	Not independent	Romanian	65, M	Mr. Ioan Nani has more than 33 years of experience in Antibiotice's field of activity (manufacture of basic pharmaceutical products), during which time he has held the following positions: a. economist Biosynthesis section from 03.01.1987 to 03.31.1987 b. Production Planning economist from 04.01.1987 to 01.31.1991

					c. Executive Economic Director from 09.01.1994 – 07.09.1998 d. General Manager/Executive Administrator from 07.10.1998 to 04.20.2008 e. Deputy Director General from 04.21.2008 to 11.01.2008 f. Director General/Executive Director from 05.21.2009 to present day. Link CV www.antibiotice.ro/wp-content/uploads/2015/07/CV_IOAN-NANI-sept-2024-1-1.pdf
Ionut-Sebastian IAVOR	President of the Board of Directors – Provisional Non-Executive Administrator	Not independent	Romanian	48, M	Mr. Ionut Iavor served as a non-executive administrator of Antibiotice from 2015 to 2019, during which time he also served as Chairman of the Board of Directors. Also, from 04.19.2016 to 04.29.2019, he served as a member of the Audit Committee constituted within the Board of Directors of the company. Link CV www.antibiotice.ro/wp-content/uploads/2015/07/Ionut-Sebastian-Iavor.pdf
Cătălin Codruț POPESCU	Member of the Board of Directors - Provisional Non-Executive Administrator	Independent	Romanian	49, M	Mr. Catalin Codrut Popescu has been active in the pharmaceutical market since 2000. Since 2015 he is the General Manager of Medimfarm SA. Link CV https://www.antibiotice.ro/wp-content/uploads/2021/06/CV-Catalin-POPESCU.pdf
Mihai TRIFU	Member of the Board of Directors - Provisional Non-Executive Administrator	Independent	Romanian	40, M	Mr. Mihai Trifu served as CFO of Biofarm S.A. from 2018 to 2020, then from 2020 to the present day as Deputy Managing Director of Infinity Capital Investments S.A. (former SIF Oltenia) Link CV www.antibiotice.ro/wp-content/uploads/2021/06/CV-Mihai-TRIFU.pdf
Cătălin LUNGU	Member of the Board of Directors - Provisional Non-Executive Administrator	Independent	Romanian	39, M	Mr. Cătălin Lungu was advisor to the Minister of Health from December 2021 to March 2024. Link CV www.antibiotice.ro/wp-content/uploads/2024/02/CV-Catalin-LUNGU-1.pdf
Viorela ZAHARIA	Member of the Board of Directors - Provisional Non-Executive Administrator	Independent	Romanian	63, F	Link CV www.antibiotice.ro/wp-content/uploads/2024/04/CV-Zaharia-Viorela.pdf
Aurelia TALPOȘ	Member of the Board of Directors - Provisional Non-Executive Administrator	Independent	Romanian	63, F	Ms. Aurelia Talpoș has been the vice president of Cosmo Pharm SRL since 1994, the company being active in the pharmaceutical industry. Link CV

					www.antibiotice.ro/wp-content/uploads/2024/04/Aurelia-TALPOS.pdf

Gender diversity of the Board of Directors			
Role	Men	Women	Total
President	1	0	1
Vice President	1	0	1
Member	3	2	5
Total	5	2	7
%	71,43%	28,57%	100%

Diversity of the Management Team				
Name	Function	Nationality	Age, Gender	Experience relevant to the sectors, products and geographic locations of the company
Ioan NANI	General Manager	Romanian	65, M	www.antibiotice.ro/wp-content/uploads/2015/07/CV_IOAN-NANI-sept-2024-1-1.pdf
Cornelia MORARU	Executive Technical and Production Director	Romanian	59, F	www.antibiotice.ro/wp-content/uploads/2015/07/CV-Cornelia-Moraru-1_GDPR.pdf
Ovidiu BĂȚAGA	Executive Director National Sales	Romanian	47, M	www.antibiotice.ro/wp-content/uploads/2020/11/CV-format-UE-Ovidiu-Bataga.pdf
Paula-Luminița COMAN	CFO	Romanian	57, F	www.antibiotice.ro/wp-content/uploads/2015/07/CV-format-EU-Paula-Coman-.pdf
Liviu VATAVU	Executive Director Legal and Corporate Governance	Romanian	53, M	www.antibiotice.ro/wp-content/uploads/2019/12/cv-liviu-vatavu.pdf
Darius Giorgiani AGAFIȚEI	Executive Director of Business Development and International Sales	Romanian	45, M	www.antibiotice.ro/wp-content/uploads/2020/10/CV-DARIUS-AGAFITEI-1_rom_GDPR.pdf
Daniela PASCARIU	Executive Director Quality Assurance	Romanian	50, F	www.antibiotice.ro/wp-content/uploads/2018/12/CV-Daniela-Pascariu-RO-22-12-2021.pdf
Mihaela MURARIU	Executive Director Human Resources	Romanian	46, F	www.antibiotice.ro/wp-content/uploads/2022/09/MIHAELA-MURARIU_CV_rom_GDPR.pdf
Ștefania ALEXANDRU	Executive Director Strategic Planning and Portfolio Management	Romanian	42, F	www.antibiotice.ro/wp-content/uploads/2023/06/CV-Stefania-Alexandru-.pdf

Gianina Gabriela MACOVEI	Executive Director - Research, Development and Innovation	Romanian	44, F	www.antibiotice.ro/wp-content/uploads/2023/06/CV-Ro-Gianina-Macovei.pdf

Gender diversity of the Management Team			
Role	Men	Women	Total
General Director (executive board)	1	0	1
Directors	3	6	9
Total	**4**	**6**	**10**
%	40%	60%	100%

The Board of Directors of Antibiotice ensures strong governance, bringing the necessary expertise to effectively manage the company in areas such as financial performance, product portfolio management, digitalization, talent acquisition and retention, investment planning, and risk management.

As a decision-making body, the Board defines the company's strategic development directions, oversees executive management activities, and approves accounting policies, financial control systems, and financial planning. Additionally, it has responsibilities in loan contracting, marketing strategy development, organizing General Meetings of Shareholders (GMS), and representing the company in relations with third parties. Within the Board, the supervision and implementation of sustainability objectives are considered highly important.

Governance of sustainability matters

Sustainability governance at Antibiotice is supported by dedicated structures and processes that ensure the integration of sustainability principles into all aspects of the company's activities.

Responsibilities related to sustainability impacts, risks, and opportunities are managed at the strategic level by the Board of Directors, the Executive Board, and the G4 Sustainability Working Group — a structure established in 2022 through the decision of the CEO and updated in 2024 to support the implementation of sustainability objectives.

Antibiotice ensures that its administrative and management bodies have the necessary expertise for the effective oversight of sustainability matters through a well-defined process of competency assessment, development, and continuous improvement.

1. Periodic Competency Assessment: The administrative bodies conduct an annual review of their members' skills to identify strengths and development needs.

2. Diverse Composition: The management team includes members with relevant experience in areas such as environmental protection, financial and social risk management, and corporate governance.
3. Access to External Expertise: To complement internal expertise, the company collaborates with external sustainability consultants for impact assessments and the development of emission reduction strategies.
4. Continuous Training Programs: In 2024, the company organized a workshop titled "ESRS – European Sustainability Reporting Standards", attended by 22 members of the leadership team. These sessions are essential for updating knowledge and developing the skills necessary for sustainability oversight.

Regarding the sustainability governance framework, in 2024, the Legal and Corporate Governance Director coordinated the update and completion of fundamental documents, including the Corporate Governance Code, Code of Ethics, Codes of Best Practices for the Promotion and Sale of Human-Use Medicines, and the Sustainable Corporate Governance Policy. Additionally, training sessions on these topics were organized.

Structure and roles in overseeing sustainability matters

The Board of Directors oversees the implementation of sustainability strategies through control and monitoring mechanisms.

In accordance with applicable legislation, financial and non-financial objectives are set by the General Meeting of Shareholders (GMS) and subsequently translated by the Board of Directors into directives for the Chief Executive Officer (CEO), who then assigns them to the respective directors based on their responsibilities and expertise.

As part of this process, the fulfilment of sustainability objectives is reviewed on a quarterly basis through reports prepared by the board members and the CEO.

The G4 Sustainability Working Group is tasked with integrating ESG principles into the company's operational processes, supporting the achievement of strategic objectives through three main directions:

1. Consistent Reporting – Preparing financial and sustainability reports in compliance with legislative requirements and international standards.
2. Monitoring – Overseeing sustainability objectives and periodically reporting on progress.
3. Identification and Communication – Defining ESG objectives and effectively communicating them to internal and external stakeholders.

The team is coordinated by the Sustainability, Investments, and Strategic Projects Manager, who reports to the Technical and Production Director, and includes representatives from the following departments: Legal and Corporate Governance, Human Resources, Environmental Protection, Quality, Finance, Risk

Management, Procurement, Medical, Research, and Strategic Planning. The team meets regularly to analyse progress and draft sustainability reports, which are subsequently presented to the Executive Board for information and submitted to the CEO for approval.

The reporting lines between the G4 Sustainability Working Group and the Board of Directors are clearly defined. The team provides annual reports that include performance indicators related to GHG emissions reduction, energy efficiency improvement, use of recycled materials, pharmaceutical waste management, as well as social and governance indicators. These reports allow the Board of Directors to evaluate progress and adjust strategies to achieve the set objectives.

Additionally, sustainability information is included in the Integrated Annual Report/Sustainability Statement, which is reviewed by the management team, revised, and approved by the Board of Directors before publication.

Integrating sustainability in governance mechanisms

The company has implemented an integrated process for managing sustainability impacts, risks, and opportunities, based on collaboration between key internal functions and a robust monitoring framework.

- Periodic Monitoring: Key departments such as Environmental Protection, Finance, Risk Management, and Legal monitor sustainability-related indicators. For instance, the Finance department oversees costs and the financial impact of ESG projects, while Environmental Protection ensures compliance with environmental regulations.
- Communication and Collaboration: Data collected from various departments is centralized by the Sustainability Team, analysed, and transformed into periodic reports, which are presented to the executive leadership for strategic decision-making.
- Role of Internal Audit: The Internal Audit Team verifies the effectiveness of controls and procedures, conducting regular assessments to ensure compliance and accuracy of reporting.
- Decision and Approval Flow: Consolidated reports are submitted to the Executive Board and the CEO for review, providing a clear overview of progress and potential emerging risks.

To maintain an effective governance system aligned with sustainability requirements, the company has integrated these responsibilities into the mandate contracts and individual employment contracts of directors and administrators.

The remuneration policy stipulates that non-executive directors receive a fixed monthly allowance, as per mandate contracts approved by the General Meeting of Shareholders (GMS), in accordance with G.E.O. 109/2011. Meanwhile, the executive director (CEO) receives both a fixed remuneration and a variable component, determined based on the achievement of financial and non-financial performance indicators, including sustainability-related metrics.

Management's commitment to sustainability

The Board of Directors considers the implementation of effective and verifiable sustainability measures a strategic priority.

Although in 2024, the Board operated under provisional mandate contracts, in accordance with the provisions of G.E.O. 109/2011 and G.D. 639/2023, which did not allow for the establishment of individual financial or non-financial objectives, the company continued to monitor the performance of sustainability indicators.

DR GOV-2 - Information provided to, and sustainability matters addressed by the company's administrative, management and supervisory bodies

The company has established a clear and structured process for the periodic reporting of significant impacts, risks, and opportunities to its governance, management, and supervisory bodies. This process ensures the implementation of due diligence and provides insights into the results and effectiveness of adopted policies, actions, indicators, and objectives.

1. Structure and responsibilities of the reports:

The reporting process is carried out through a collaborative approach, where each relevant department monitors and reports on the effectiveness of policies and measures within its area of responsibility:

- Environmental Protection: Monitors and reports on impacts and progress in achieving objectives related to emissions, waste management, and compliance with environmental regulations.
- Human Resources: Assesses and reports on the outcomes of initiatives related to diversity, inclusion, workplace health, and safety.
- Risk Management: Oversees significant non-financial risks and reports on emerging risks or deviations from established objectives.
- Finance: Monitors the financial impact of sustainability policies and actions, providing periodic analysis of costs and benefits.

2. The role of the sustainability department:

The Sustainability, Investments, and Strategic Projects Department centralizes the data provided by each department, ensuring consistency and clarity before submitting the information to the Board of Directors. This department verifies and correlates the data to provide a comprehensive and integrated overview of the company's overall performance.

3. Reporting frequency:

- Quarterly Reports: Each department reports on the results and effectiveness of its policies to the Sustainability, Investments, and Strategic Projects Department, which compiles a consolidated report presented to the Board of Directors and the CEO.

- Ad-hoc Reports: In the event of unforeseen events, such as emerging risks or major regulatory changes, reports are immediately submitted to the Board.

4. Monitoring and use of information:

The Board of Directors and relevant committees periodically review consolidated reports to assess progress, the effectiveness of adopted measures, and the need for corrective actions or strategic adjustments. These reports provide a basis for decision-making, ensuring the efficient management of sustainability impacts, risks, and opportunities.

To effectively manage sustainability-related obligations, the company established the G4 Sustainability Working Group, composed of specialists from all key sustainability areas (governance, environment, human resources, etc.).

Additionally, the company has identified and integrated sustainability-specific risks within its overall risk management framework. This approach ensures that strategic and investment decisions are aligned with the company's long-term impact on performance, while complying with legal requirements and corporate governance best practices.

Impacts, risks and opportunities addressed by the administrative, management and supervisory bodies during the reporting period

In the previous reporting period, the company's management actively addressed significant impacts, risks, and opportunities (IROs) specific to the pharmaceutical sector, along with the challenges posed by sustainability requirements. While a formal list of these elements had not been maintained until now, discussions and decisions were centered on managing operational risks and capitalizing on opportunities to enhance sustainability practices.

As part of the double materiality analysis, we have now developed a formalized list of high-priority IROs for our business. This list is currently being integrated into our strategy and will be periodically reviewed and updated by the governing bodies and relevant committees to ensure continuous alignment with best sustainability practices and stakeholder expectations.

DR GOV-3 - Integration of sustainability-related performance in incentive schemes

The remuneration system for the members of the Board of Directors at Antibiotice is strictly regulated by the provisions of G.E.O. No. 109/2011 on the corporate governance of state-owned enterprises and its implementation rules, as established by G.D. No. 639/2023.

According to these regulations, the general rule for director remuneration requires that mandate contracts between Board members and the General Meeting of Shareholders (GMS) include

comprehensive clauses specifying financial and non-financial objectives, including sustainability-related goals, which directors must achieve to qualify for remuneration.

However, 2024 was an exception to this general rule, as the Board of Directors operated under provisional mandate contracts, which, according to the legal framework, did not allow for the establishment of financial or non-financial objectives.

Regarding the hierarchical level at which remuneration and incentive systems are approved, the remuneration of Board members is approved by the General Meeting of Shareholders (GMS), while the remuneration of employees is determined in accordance with the Remuneration Policy approved by the Executive Board.

Since the Board members had provisional contracts in 2024, the company's shareholders did not establish specific sustainability-related performance indicators for them. It is estimated that by April 2025, the selection process for permanent board members will be completed, and their mandate contracts will include sustainability-related performance indicators, reflecting the company's commitment to aligning corporate governance with sustainability objectives.

At the management team level, the Human Resources Director, Quality Assurance Director, and Legal & Corporate Governance Director had as their primary objective in 2024 the update, development, and implementation of sustainability policies aligned with CSRD and ESRS requirements. These policies include the Sustainable Procurement Policy, Code of Conduct for Business Partners, Human Rights Policy, and Sustainable Corporate Governance Policy, among others.

In the reporting year, 20% of the variable remuneration for these three directors was linked to the achievement of these objectives.

DR GOV-4 - Statement on due diligence

Key elements of due diligence processes	Paragraph in the sustainability statement
a) Integration of due diligence processes into governance, strategy, and business model	72, 73
b) Engagement of affected stakeholders at all essential stages of due diligence processes	78-90
c) Identification and assessment of negative impacts	147-158
d) Implementation of actions to address these negative impacts	183, 200, 216-217, 225, 238, 253, 267, 276, 282, 289, 293, 303, 309
e) Monitoring the effectiveness of these efforts and communicating the results	184, 202-203, 216, 225, 238, 253, 264, 267, 270, 278, 285, 284

DR GOV-5 - Risk management and internal controls over sustainability reporting

To ensure rigorous and compliant sustainability reporting, Antibiotice has developed a detailed procedure that defines responsibilities for data collection, verification, and validation related to sustainability reporting. This procedure clearly defines data sources and required documentation, ensuring the traceability of information for each material topic identified through the double materiality assessment. It is designed to be periodically reviewed to accommodate changes in material impacts, risks, and opportunities.

The company has formally integrated the process of identifying, assessing, and managing sustainability-related impacts and risks into its general risk management framework. This update was made to align risk management processes with ESRS requirements and to ensure a holistic approach to all risk categories, including financial, operational, and sustainability-related risks.

Currently, the company incorporates material risks into its general risk register and develops specific action plans to eliminate or mitigate these risks, considering their unique characteristics and available resources.

The process includes a continuous review of procedures to ensure effective monitoring and a prompt response to the evolution of sustainability risks. Moving forward, Antibiotice aims to further strengthen the integration of these risks and enhance the overall effectiveness of its corporate risk management framework.

Establishing the risk prioritization methodology in relation to sustainability

The prioritization of risks, including sustainability-related risks, has been carried out in accordance with the risk management procedure, which has been updated to integrate sustainability aspects. This procedure is applied uniformly across all risk categories, regardless of their nature (financial, operational, or sustainability-related).

Risks are evaluated using objective criteria, such as likelihood of occurrence and financial impact magnitude, ensuring a consistent and comparable approach across the organization.

Further details on the sustainability risk management process and the prioritization methodology can be found in Subchapter 1.4. *Identified Impacts, Risks, and Opportunities*.

Methodologies and assumptions applied to potential risks

The process of identifying and assessing potential risks was conducted in accordance with the company's internal risk assessment procedure, which serves as a fundamental tool in ensuring a rigorous and context-specific methodological framework. This procedure integrates:

- Internal Expertise – The risk analysis was based on the knowledge and experience of the responsible teams, who are familiar with economic forecasts, regulatory developments, and industry dynamics.

- Contextual Evaluation – The applied methodology considered both the operational specifics of the company and emerging trends, identified through continuous monitoring of the external environment.
- Professional Judgment-Based Approach – Risk decisions and prioritization were conducted using a combination of qualitative analysis and expert judgment, considering potential economic, social, and environmental implications.
- Fundamental Assumptions – The process incorporated informed assumptions regarding economic development trends, regulatory changes, and industry conditions, ensuring a realistic and integrated risk evaluation.

The assessment of risks and opportunities was carried out following the internal Risk Management procedure by the company's Sustainability Working Group. This process took place after the identification of impact types, critical risk areas ("hotspots"), dependencies, and relevant external factors, analyzing how these elements may affect or contribute to the company's financial performance, cash flows, and access to capital.

Main risks identified and their mitigation strategies including related controls

To ensure a rigorous and compliant sustainability reporting process, Antibiotice has identified the key risks associated with the collection, verification, and validation of ESG data and has established specific mitigation measures.

One of the major challenges is the inaccuracy or inconsistency of data collected from various departments, which may arise from the use of different data sources, distinct methodologies, or recording errors. To prevent such issues, the company will implement an integrated digital system that enables automated data collection, validation, and centralization of ESG information. This system will include automated verification features and alerts for error detection. Additionally, the G4 Sustainability Working Group will conduct quarterly internal audits, and the departments responsible will undergo regular training to ensure consistency in reporting.

Another significant risk is the lack of or incomplete data from the value chain (both upstream and downstream), mainly due to low transparency among suppliers and the absence of standardized reporting processes. To address this issue, the company has established a clear data collection protocol for the value chain, requiring suppliers and partners to provide standardized information through specific reporting forms. Starting in 2025, this data collection process will be supported by a dedicated platform for assessing supplier sustainability performance.

Another factor that may affect reporting quality is delays in data collection and validation, caused by complex processes and inefficient communication flows between departments. To mitigate this risk, the company plans to automate certain data collection processes and implement a clear reporting schedule with strict deadlines for each stage of the process.

To integrate risk management into operational activities, the company has developed an internal ESG data management control system, which defines data collection workflows, verification mechanisms, and departmental responsibilities. This procedure aims to standardize data collection, ensure traceability, and prevent risks associated with incomplete or inaccurate reporting. Its main objectives include enhancing the accuracy and reliability of ESG data, reducing reporting errors, facilitating strategic decision-making, and optimizing the reporting process through digitalization and automation where possible. Additionally, the procedure ensures compliance with national and international regulations and supports transparency towards stakeholders.

To ensure continuous monitoring of risks and the effectiveness of internal controls, the company has implemented a periodic reporting process to the governance, management, and supervisory bodies. Reports are prepared quarterly in the form of detailed written documents, and in cases where major risks or significant deficiencies arise, ad-hoc notifications are issued, requiring immediate intervention. The Sustainability Department centralizes data and prepares reports on ESG indicators, gathering relevant information from each department responsible.

The reports include an overview of key identified risks, an evaluation of the effectiveness of internal controls, an update on the progress of corrective measures, and recommendations for improving the reporting process. These quarterly reports are submitted in written form to the Board of Directors and relevant committees. During quarterly meetings, findings are discussed through dedicated presentations, accompanied by Q&A sessions, allowing for the immediate adoption of corrective measures where necessary.

This system enables the company to monitor the effectiveness of internal controls, prioritize corrective actions, and adjust the data collection and reporting strategy, ensuring full compliance with regulatory requirements and stakeholder expectations.

Note 1.3: Strategy and business model

DR SBM-1 - Strategy, business model and value chain

Antibiotice bases its development strategy on the supply of essential and critical medicines, contributing to the improvement of public health and the optimization of healthcare systems at both national and international levels. The company’s business model is centered on the development, production, and distribution of generic medicines, with a diversified portfolio that includes anti-infective drugs, treatments for chronic diseases, and topical products.

The company has a strong commitment to sustainability, integrating environmental, social, and governance (ESG) standards into all operational stages. Through a strategy focused on innovation, value chain optimization, and international market expansion, Antibiotice aims to maintain its leadership position in the pharmaceutical industry and continue developing products that address critical healthcare needs.

Significant groups of products and services offered

The Antibiotice portfolio is focused on three main strategic directions:

- **Anti-infective medicines** – This segment includes oral, injectable, and topical antibacterial anti-infectives, essential in modern medical treatments. These products play a vital role in both hospital and outpatient care, contributing to the global fight against antimicrobial resistance.
- **Topical products** – The range includes dermatological, ophthalmic, and vascular and hemorrhoidal treatments. By providing products for the treatment of atopic dermatitis and psoriasis, Antibiotice helps improve the quality of life for patients with chronic conditions.
- **Chronic disease treatments** – A selection of medicines designed for managing cardiovascular conditions, addressing the rising prevalence of chronic diseases and the need for accessible and effective treatments.

The primary objective of these strategic development directions is to increase access to medicines for high-prevalence and high-incidence conditions. Additionally, the company focuses on expanding its portfolio of critical medicines, which are essential for patient survival or preventing severe health deterioration. At the same time, its portfolio includes essential medicines, fundamental treatments for common conditions, indispensable to any healthcare system.

As a strategic partner of the Romanian healthcare system, Antibiotice is the leading producer of first-line anti-tuberculosis medicines, being prequalified by the World Health Organization (WHO). Through this role, the company provides essential treatments for combating tuberculosis, a disease recognized by WHO as one of the most critical global public health challenges.

The company does not market prohibited products in any territory. All products sold on international markets are approved by local authorities through Marketing Authorizations (MAs) and/or Import Permits. Furthermore, Antibiotice does not engage in the production of chemical substances covered under Division 20.2 of Annex I to Regulation (EC) No. 1893/2006, which pertains to the manufacturing of pesticides and other agrochemical products, nor does it generate revenue from activities related to this sector.

Significant markets and customer groups served

National Market: Antibiotice plays a key role in the Romanian pharmaceutical industry, being a leader in the generic and anti-infective medicines market. The company has strategic partnerships with major distributors and an extensive pharmacy network, covering both open-circuit pharmacies (national pharmacy chains and regional mini-chains) and closed-circuit pharmacies (hospital pharmacies). These collaborations ensure nationwide availability of medicines, contributing to public health and the prevention of infectious disease outbreaks.

Beyond its commercial role, Antibiotice actively supports public health initiatives, participating in prevention campaigns and ensuring access to essential medicines. The company is also a key partner of the Ministry of Health in the national tuberculosis control program, securing treatment continuity by distributing specific medicines to hospitals and pharmacy networks.

International Market: Antibiotice continuously expands its global presence, adapting to the requirements of international markets and addressing global healthcare needs. In addition to its representative offices in Moldova, Ukraine (where activities are temporarily suspended due to the conflict), and Vietnam, the company has a significant presence in the United States, supplying injectable beta-lactam antibiotics and the active pharmaceutical ingredient (API) Nystatin. Its products comply with international regulations, including the FDA standards in the U.S.

This strategic expansion reflects Antibiotice's commitment to improving access to high-quality medicines and effectively responding to the diverse needs of patients worldwide. The company maintains constant dialogue with partners and international regulatory authorities to ensure that its products meet the highest pharmaceutical standards.

Headcount of employees

Antibiotice has a total of 1,357 employees registered in Romania, who actively contribute to the development, production, and distribution of medicines.

Breakdown of total revenue

In 2024, Antibiotice registered total revenues of 692,983,751 RON, consisting of:

- Operational revenues amounting to 685,368,808 RON, with the net turnover accounting for a significant share at 675,010,971 RON, which includes:
    - Sales of finished products: 619,179,955 RON (+)
    - Sales of products manufactured at other production sites: 169,286,796 RON (+)
    - Revenues from other activities: 888,981 RON (+)
    - Commercial discounts granted: 114,344,761 RON (+)
- Financial revenues totalling 7,614,943 RON (+)

Sustainability-related goals in terms of significant groups of products and services, customer categories and geographical areas

Antibiotice builds its sustainability strategy around a set of clear objectives, structured to enhance access to medicines, optimize distribution efficiency, create a positive impact on public health, and strengthen collaboration with strategic partners.

Regarding product and service groups, the company focuses on supplying critical pharmaceutical medicines for hospitals. This strategy ensures the continuous availability of essential medicines and supports national healthcare programs, including the National Tuberculosis Control Program.

In terms of customer categories, Antibiotice aims to effectively meet the needs of both public and private hospitals, ensuring a sufficient stock of medicines in every medical facility across Romania. Through strategic partnerships, the company maintains a continuous supply chain, reducing discontinuity risks and guaranteeing accessibility to essential treatments.

From a geographical perspective, Antibiotice's strategy aims for comprehensive national coverage by establishing strong partnerships with major distributors, ensuring the availability of its products in all regions of Romania. On international markets, the company seeks to expand deliveries and strengthen commercial relationships, while ensuring that its products comply with sustainability standards and local regulations.

Regarding stakeholder engagement, Antibiotice actively collaborates with the Ministry of Health and the National Health Insurance House (CNAS Romania) to support the implementation of national healthcare programs, maintaining a minimum three-month stock of essential medicines. Additionally, the company conducts patient education campaigns aimed at preventing self-medication and promoting the responsible use of medicines, contributing to greater awareness of the importance of proper treatment administration.

Another major strategic objective for Antibiotice is the reduction of its environmental impact. To achieve this, the company is implementing logistics optimization measures and carbon emission reduction strategies by enhancing its distribution chain and collaborating with regional logistics partners. Measures include the adoption of more efficient transport solutions and the use of technologies with a lower environmental footprint.

To assess the performance of its supply chain partners, Antibiotice will implement an internationally recognized supplier evaluation platform, enabling rigorous monitoring of sustainability aspects. This evaluation process will help the company assess supplier performance in environmental, social, and governance (ESG) standards and support its goal of collaborating only with partners who share its commitment to social responsibility and environmental protection.

In evaluating significant products and services, Antibiotice aligns its activities with its sustainability objectives through a proactive approach in both national and international markets. In Romania, the company actively participates in hospital procurement tenders through partner distributors, ensuring the availability of medicines across all geographical regions and in each of the 360+ public hospitals, as well as in most private hospitals. The company's tender win rate in the SEAP public procurement system exceeds 75%, demonstrating its strong capacity to efficiently meet healthcare system demands.

Additionally, the consumption of these medicines in hospitals is reimbursed by the National Health Insurance House (CNAS) through annually funded national health programs.

The company is actively involved in the national tuberculosis control program, ensuring a constant stock of essential medicines for patients enrolled in the program. These medicines are distributed through hospitals and partner distributors. Its long-term strategy also includes expanding access to essential and critical medicines in lower-income regions of Romania, thereby reducing inequalities in access to treatment.

On the international market, injectable beta-lactam antibiotics continue to dominate finished product sales. Piperacillin/Tazobactam and Amoxicillin/Clavulanate, two of the most widely used antibiotics globally for treating hospital-acquired infections, are distributed by Antibiotice in 13 countries across Europe, Asia, and the Middle East, contributing to the improvement of public health in these regions.

The company is also expanding its portfolio in disadvantaged areas of Asia and the Middle East, supplying essential treatments to vulnerable populations in Vietnam, Iraq, and Yemen. This initiative is part of Antibiotice's broader strategy to reduce inequalities in access to effective and affordable treatments while ensuring compliance with international quality standards.

A key aspect of Antibiotice's commitment to global health is its supply of medicines for the WHO tuberculosis control program. The company actively responds to requests from the World Health Organization, delivering specific tuberculosis treatments to Iraq, Yemen, Tunisia, Libya, and other territories in North Africa. Starting in 2024, Antibiotice expanded its presence in Africa by launching a range of four widely used cardiovascular medicines in Botswana, Namibia, Zambia, and Zimbabwe.

Sustainability is integrated into all operational processes, including supply chain sustainability, energy efficiency, and compliance with environmental regulations. The company collaborates with suppliers who adhere to strict quality standards, and their ESG performance will be assessed in 2025. Additionally, measures are being implemented to reduce resource consumption, such as investing in energy-efficient equipment, reducing water and electricity usage, and managing pharmaceutical waste responsibly.

Antibiotice acknowledges future challenges, including adapting to stricter emissions and waste management regulations, increasing operational costs related to the transition to green technologies, and improving the collection and reporting of ESG data. To address these challenges, the company is implementing solutions such as optimizing natural resource consumption, developing strategic partnerships for sustainable sourcing, and enhancing ESG performance monitoring through the integration of advanced digital systems.

Description of Antibiotice's business model and value chain

Antibiotice focuses on the development, production, and distribution of generic medicines, with a diversified portfolio that includes prescription drugs, over-the-counter (OTC) products, dietary

supplements, dermatocosmetics, and veterinary products. The company consistently invests in innovation and research to continuously expand its product portfolio.

Value chain:

Antibiotice maintains a diversified supply chain to support its production and operational activities. Depending on the type of procurement, the company selects suppliers based on strict industry standards, including GMP, ISO, FDA, and GLP compliance.

- The materials and raw materials category includes essential ingredients used in the manufacturing of medicines, sourced from the EU, China, India, and the United States. These suppliers ensure high-quality resources, allowing the company to meet international pharmaceutical industry standards. Raw material suppliers are key partners in production operations and are selected based on quality and strict regulatory compliance.
- For equipment, the company procures advanced technology primarily from the European Union, including large-scale production machinery and laboratory equipment that meet strict health, safety, and energy efficiency standards. Contracts with suppliers contain detailed clauses ensuring compliance with quality standards, delivery terms, equipment commissioning, and warranty and post-warranty services. Most equipment suppliers are EU-based manufacturers, adhering to European quality, environmental, and occupational safety standards.
- Logistics procurement covers a wide range of products and services, including personal protective equipment, IT equipment, and office furniture, essential for the company's daily operations.
- The licensing acquisitions represent investments in in-licensing projects, which are critical for expanding the company's product portfolio. These partnerships involve collaborations within the EU and internationally.
- Transportation services managed by the company ensure mobility for employees and the efficient distribution of medicines to various destinations, playing a vital role in company logistics.
- For utilities, Antibiotice focuses on securing essential services that support the continuous and efficient operation of its activities. These include electricity, water, gas, and other necessary utilities for maintaining production activities and company infrastructure. Utility providers are selected from Romania, ensuring compliance with local and European standards for energy consumption and sustainability.

Production, sales and marketing:

Antibiotice uses its production capacity, divided into four categories, to manufacture a diverse range of pharmaceutical forms. These products are distributed both on the domestic market and internationally.

Clinical Studies Center

The Clinical Studies Center of Antibiotice plays a crucial role in the development and testing of medicines, ensuring compliance with quality, safety, and efficacy standards. The activities carried out within this center strengthen the company's position as a leader in the pharmaceutical industry, supporting its sustainability and innovation objectives.

Through the Clinical Studies Center, the company conducts bioequivalence clinical studies for both internally developed products and external partners. With an integrated quality system certified under GMP and GLP, the center has conducted clinical studies for partners in Europe (Greece, Cyprus, France, the Netherlands) and Canada.

The clinical studies conducted at the center have helped partners register their products worldwide, with all activities adhering to European quality standards and strictly following ethical principles outlined in the Declaration of Helsinki – Ethical Principles for Medical Research Involving Human Subjects.

Distribution

The distribution process at Antibiotice is a crucial element in ensuring the availability of its products both domestically and internationally. The company operates through a diversified network of strategic partnerships with distributors and pharmacy chains, ensuring wide access to its medicines across various geographic regions.

- On the domestic market, Antibiotice manages distribution through extensive collaborations with local distributors, ensuring product availability in independent pharmacies, regional mini-chains, and hospital pharmacies. These partnerships are strategically designed to enable efficient and prompt product dispersion, catering to the specific needs of diverse communities.
- On the international market, the company is continuously expanding its presence, working with local distributors and regional manufacturers to facilitate market access in Europe, Asia-Pacific, North America, and other regions. International sales are conducted through two main models: direct distribution via local distributors for products registered directly by the company, and collaborations with local or regional manufacturers for products registered by partners.

To support the implementation of its sustainability strategy and ensure the continuity of operations, Antibiotice places strong emphasis on the efficient management of resources used in production and on responsible collaboration with suppliers. Access to high-quality raw materials, sustainable packaging, high-performance equipment, and optimized energy resources is essential for maintaining safety, efficiency, and compliance with international regulations.

Given its expansion into international markets and its sustainability commitments, the company is implementing a rigorous supplier selection and monitoring system to ensure the sustainable procurement of necessary resources. This process includes regular risk assessments, compliance audits, and the

integration of strategic partnerships that foster innovation and the development of effective solutions to reduce environmental impact.

Resources used

At Antibiotice, the resources necessary for business operations include:

- Raw Materials and Active Ingredients – Substances required for the formulation of pharmaceutical products, such as chemical compounds, botanical extracts, and synthetic ingredients.
- Packaging and Packaging Materials – Materials used for product packaging, which may be subject to sustainability criteria, including recyclability and responsible sourcing.
- Laboratory Equipment and Apparatus – All acquired equipment and laboratory instruments must meet high-quality pharmaceutical industry standards. The materials in contact with the product must be GMP-certified, ensuring they do not compromise therapeutic quality, generate harmful waste, or pose risks to environmental quality, health, and safety. Equipment must also comply with data integrity requirements, ensuring secure system access, audit trails in line with GMP standards, FDA CFR 21 Part 11 compliance, and validation documentation according to ISPE GAMP-5.
- Energy and Water – Essential resources for production processes, requiring efficiency measures and responsible water management.
- IT and Digital Resources – The technological infrastructure necessary for quality control, logistics, and traceability processes.
- Services and Know-how – Technological expertise, specialized consulting (e.g., research and development, regulatory compliance), and supplier-provided services that contribute to business efficiency and sustainability.

The entry of resources into the company is managed through work procedures adapted to both national and international regulations, ensuring that Antibiotice can operate effectively on the local market while also expanding its presence in international markets.

- Selection and evaluation of suppliers:
    - **Selection criteria** for suppliers involve an evaluation based on multiple factors, both general and specific to the company's needs, with the ultimate goal of creating value for both Antibiotice and its partners.
    - **Risk assessment, audits, and monitoring** are integral parts of Antibiotice's procurement strategy. The company regularly updates its risk analysis regarding potential supply chain disruptions and ensures strict compliance with quality standards. There are periodic supplier audits from a quality perspective, and new mechanisms will be introduced to

ensure that suppliers adhere to both contractual commitments and sustainability standards.

- **Managing Economic, Environmental, and Social Impact**: Antibiotice is in the process of implementing sustainable procurement practices aimed at reducing its carbon footprint, minimizing resource consumption (energy, water), and managing waste responsibly. Additionally, the company is initiating measures to ensure that resources are sourced ethically and sustainably, adhering to human rights and labor standards.
- Innovation and Strategic Partnerships:
    - **Investments in Technology -** Antibiotice integrates modern technologies to optimize production processes and enable real-time monitoring of resource consumption, ensuring greater efficiency and sustainability.
    - **Collaborations with Suppliers -** The company fosters long-term partnerships to develop innovative solutions for sustainable procurement, including the creation of greener products and processes that align with environmental and social responsibility goals.

To ensure an efficient and sustainable value chain, Antibiotice carefully manages both the input resources required for its production processes and the distribution and delivery of its products to clients and partners. Once raw materials and necessary resources are integrated into manufacturing, the company focuses on delivering finished products to both national and international markets, considering regional-specific requirements as well as accessibility and sustainability objectives.

In this context, the analysis of product "outputs" highlights Antibiotice's impact on public health through its extensive pharmaceutical portfolio, adapted distribution strategies, and measures implemented to ensure the accessibility of essential treatments across domestic and international markets.

External market

The portfolio marketed in international markets consists primarily of generic medicines, with a focus on anti-infective drugs, which play a crucial role in treating both acute and chronic infectious diseases. This includes oral anti-tuberculosis medications aimed at eradicating tuberculosis and treatments for syphilis.

To increase access to appropriate treatments, Antibiotice applies a set of portfolio policies in international markets, designed to optimize the availability and utilization of its products:

- Portfolio structure adapted to patient age – each product is developed in multiple dosages, in accordance with medical guidelines, to ensure proper administration for different patient categories.
- Various administration forms for the same molecule – the portfolio includes sterile injectable powders, essential for hospital use, as well as oral forms (capsules and tablets) that allow treatment continuation in outpatient settings, offering greater flexibility in administration.

- Dosage volumes adapted to different climate zones and consumption practices – to ensure product stability in humid and high-temperature conditions, packaging volumes have been adjusted: small-volume tubes (<15 g) for Asia-Pacific, the Middle East, and Africa, and larger volumes (>30 g) for Europe, North America, and Central Asia.
- Multiple packaging formats optimized for outpatient and hospital use – treatments are available in packaging adapted to standard treatment protocols, preventing unjustified or excessive antibiotic use. For instance, outpatient packaging includes 1-vial, 10-vial, or 30-capsule/tablet boxes, while hospital packaging consists of bulk formats (25, 50, or 1000 vials/capsules/tablets), significantly reducing cardboard waste and positively impacting the environment.

To facilitate access to treatment, Antibiotice applies flexible pricing policies adapted to the economic conditions of each region, maintaining a balance between the company's financial sustainability and patient needs.

Local market

In the Romanian market, Antibiotice is the leading producer of generic medicines, playing a crucial role in ensuring the continuity of essential and critical treatments.

The company is a market leader in the production and distribution of anti-infective medicines, holding a dominant position in national hospital and pharmacy tenders. Its development strategy through 2030 focuses on portfolio diversification, with an increased emphasis on anti-infective medicines, as well as treatments for chronic diseases, dermatological conditions, and ophthalmic disorders.

At the same time, Antibiotice is investing in digitalization, financial process optimization, and brand consolidation, while maintaining its commitment to sustainability and social responsibility.

The distribution of products at the national level is carried out through strategic partnerships with:

- National distributors – ensuring the delivery of medicines to hospitals, pharmacies, and clinics, guaranteeing optimal territorial coverage.
- Open-circuit pharmacies – including national pharmacy chains, regional mini-chains, and independent pharmacies, enabling quick and efficient patient access to treatments.
- Closed-circuit (hospital) pharmacies – supplying medicines for hospitalized patients, ensuring continuity of care within medical facilities.

These partnerships allow Antibiotice to maintain a steady flow of its products on the local market, contributing to the availability of essential treatments in hospitals and pharmacies.

Distributors play a strategic role in the company’s growth, facilitating the sale and delivery of medicines across both the retail and hospital segments.

Main features of the company's upstream and downstream value chain

The value chain encompasses all activities through which the company conducts its operations, from raw material procurement and production to distribution and product delivery to beneficiaries. From this perspective, the value chain analysis can be divided into two main components:

- Upstream value chain, which includes all processes and relationships in the supply stage, specifically supplier selection and the procurement of raw materials necessary for production.
- Downstream value chain, which covers the distribution and delivery of finished products to clients and end users, facilitated by strategic partners and a logistics infrastructure tailored to each market.

Upstream value chain

From the perspective of raw materials used in manufacturing processes, the upstream value chain includes the company's qualified suppliers, who are assessed according to internal procedures and international regulations. The evaluation and selection of suppliers follow specific criteria established in the company's operational procedures, with the objective of ensuring high-quality raw materials at competitive prices while maintaining continuous production to meet the needs of healthcare systems in the markets where Antibiotice operates.

Regarding quality control and traceability, the company implements strict monitoring and control processes. Advanced systems are in place to ensure quality control from the moment raw materials enter the production system and to maintain complete traceability of resources, from their origin to the final product. Antibiotice ensures that all suppliers are certified in accordance with international standards (ISO, GMP, etc.) and that procurement processes align with regulatory and sustainability requirements.

Category of supplier	Geographical location	Verification process
Materials and raw materials for production	EU & NON-EU (China, India, USA)	The due diligence process is designed to ensure that suppliers comply with strict quality, legal, and ethical standards. It involves documentation verification, on-site audits (conducted by internal teams or external firms), and performance evaluations. Key aspects monitored include material quality, delivery punctuality, and the supplier's ability to respond quickly to changes or urgent requests. The outcomes of this process have led to improved raw material quality and a reduction in non-compliance incidents.
Equipment (including spare parts, maintenance services, etc.)	EU member states and Romania, through local distributors	For equipment procurement, the due diligence process involves supplier investigation, product testing, and certification verification. This includes assessments of equipment compliance with Antibiotice's requirements, as well as monitoring contract implementation. This process ensures the use of high-performance equipment that meets international standards.

Logistics procurement	Romania	Financial evaluation and verification of suppliers by the Risk Management Department, based on their experience, recommendations, and capacity to provide high-quality logistics services.
Licenses	EU and non-EU states	The selection of partners for in-licensing projects is based on strict criteria, including reputation, technical expertise, certifications, delivery capacity, and financial conditions. The goal is to maximize project efficiency and minimize risks in the supply chain.
Transport	Romania	Financial evaluation and supplier verification by the Risk Management Department to ensure reliability and compliance with safety standards in the transportation of medicines and personnel.
Construction	Romania	Financial evaluation and assessment reports from the Risk Management Department. Supporting documents, such as certificates of qualification, authorizations, and proven experience in the field, are required for the selection of construction contractors.
Utilities	Romania	For water and sewage services, there is only one local supplier, and the due diligence process does not apply. For electricity and natural gas supply, supplier selection is based on an ANRE report (Romanian Energy Regulatory Authority), followed by a risk, price, and sustainability analysis.

The company's position in the upstream value chain

Antibiotice is a company with a long-standing history in pharmaceutical production, holding a strategic position in the value chain due to its technological expertise and rigorous quality control processes. The company invests in strategic partnerships, maintaining long-term relationships with reliable suppliers at both national and international levels, ensuring a continuous supply of high-quality raw materials.

Through close collaborations, Antibiotice successfully implements traceability systems and ensures compliance with regulatory requirements, thereby reducing supply chain risks. Continuous investments in research and development allow the company to optimize processes, including procurement operations, and integrate modern technologies, facilitating the adoption of innovative solutions to enhance the efficiency and sustainability of its value chain.

Impact on performance and sustainability

Thanks to its diversification strategies and strong supplier relationships, Antibiotice ensures supply chain security and a continuous flow of resources, which are essential for maintaining production and product quality.

The company adopts an integrated approach, positioning itself as a key player in the value chain — not only as a final consumer but also as an active partner in promoting responsible sourcing practices.

Downstream value chain (Local market)

For the national sales department, the downstream value chain is represented by external stakeholders. Effective management of relationships with these stakeholders ensures the sustainable and balanced development of the company's business.

The company's external stakeholders are:

- Distributor partners for human and/or veterinary products – These partners have national coverage and supply medicines and other pharmaceutical products (OTC, dietary supplements, dermocosmetics, cosmetics, and medical devices) to pharmacies and medical institutions across the country. Currently, Antibiotice collaborates with six distribution partners, ensuring the optimal distribution of its human and veterinary medicine portfolio. This contributes to healthcare support for patients, doctors, and pharmacists, as well as providing veterinary medicines for companion animals.
- Collaborating doctors and pharmacists – Acting as the link between the manufacturer and the patient, they help identify patient needs and contribute to the adjustment and development of the product portfolio. They are considered key opinion leaders (KOLs) in the industry.
- The patient – As the end consumer, the patient purchases the company's products and is regarded as a strategic stakeholder, as their demand directly influences the company's growth and success, particularly for over-the-counter (OTC) products.
- Regulatory authorities – These entities impose regulations and ensure legal compliance, playing a crucial role in maintaining industry standards and market authorization.

Downstream value chain (International market)

Our products are distributed in compliance with international standards, through a flexible model adapted to each region, ensuring safe, timely, and cost-effective delivery. Distribution is carried out through logistics partners specializing in transporting products with specific requirements.

Downstream value chain for human-use medicines – stakeholder categories in key international markets

Territories	Categories of Commercialized Products	Categories of Stakeholders
Vietnam Iraq	Sterile Antibiotics Oral Antibiotics Cardiovascular medicines	The medicines are delivered to an importer and then taken to the local distributors' warehouse. Through regional affiliates or sub-distributors, sterile antibiotics reach hospitalized patients. Oral antibiotics and cardiovascular medications follow the same distribution channel, but the final consumer can either be the patient in the hospital or the outpatient who purchases them from the pharmacy.
Republic of Moldova Serbia	Sterile Antibiotics Oral Antibiotics Cardiovascular medicines Dermatologicals Topical anti-inflammatory medicines	The medicines are delivered to local distributors, who are also importers. Sterile antibiotics reach hospitalized patients, while the other categories of medicines are intended for the end consumer, who can be the outpatient treated and purchasing the medicines from the pharmacy. Specific to these territories, the company engages in promotion activities targeting the specialized public (doctors and pharmacists), carried out on a daily basis (medical offices, pharmacies) or periodically (conferences, regional/national scientific events) by Antibiotice's local teams. The key topics communicated include: updating medical information (doctors and pharmacists are informed about new products in the portfolio, clinical study results, therapeutic advantages). The ultimate goals are: increasing public access to generic therapeutic options of European quality standards and affordable prices, ensuring patient safety, the therapeutic efficacy of the products, and addressing possible adverse reactions.
United Kingdom USA Denmark Italy Saudi Arabia	Sterile Antibiotics	The medicines are delivered to local importers and/or distributors. Sterile antibiotics reach hospitalized patients.
Underserved territories with WHO-subsidized requests	Sterile Antibiotics Oral Antibiotics	The medicines are delivered to distributors authorized by the WHO. Manufacturing is carried out based on the authorization from the country of origin (Romania), with packaging in Romanian/English (as applicable). The products are delivered to the distributor and subsequently to WHO branches in underserved territories and hospitals.

DR SBM-2 - Interests and views of stakeholders

Effective communication with our stakeholders is essential for us, as it is an ongoing process through which we align with their needs and expectations. We use various channels and strategies to ensure transparency, trust, and collaboration. Through effective communication, we ensure that our stakeholders are well-informed about our activities, performance, and commitment to sustainability. This commitment allows us to strengthen relationships and work collectively for a healthier future.

Affected stakeholders are those individuals or groups whose interests are influenced – either positively or negatively – by Antibiotice's activities and our direct or indirect commercial relationships within the value chain. This category includes:

- Patients and consumers of our products: They are directly affected by the quality, effectiveness, safety, and accessibility of the pharmaceutical products we develop and distribute. Their needs and health are a top priority for the company.
- Employees and employee representatives: Directly affected by working conditions, compensation policies, and job security.
- Internal suppliers: Directly affected by contracts, commercial conditions established with us, and sustainability requirements.
- External suppliers: Directly affected by contracts, commercial conditions established with us, and sustainability requirements.
- Distributors: Affected by our distribution strategy and the quality, safety, and efficiency of our products.
- Doctors: Professionals who prescribe our products and contribute to their correct use; they are influenced by the efficiency and safety of our products.
- Hospitals: Institutions that use our pharmaceutical products to treat patients, affected by the availability and quality of our products.
- Workers in the value chain: Individuals involved in the production of raw materials, equipment, and services necessary for the production and distribution of our products, whose working conditions are directly influenced by our requirements and commercial partners.
- Local communities: Individuals and organizations from the regions where we operate, affected by the economic, social, and environmental impact of our operations.

The users of sustainability reports are the primary users of the information reported annually and include shareholders, investors, creditors, and other entities interested in the company's sustainability performance. This category includes:

- Shareholders: Existing and potential investors interested in the company's financial performance and long-term sustainability.
- Capital providers (banks and other financial institutions): Current or potential financial partners.

- Industry associations or industry representatives: Organizations that represent the interests of the pharmaceutical industry and use the information in our sustainability reports to track best practices.
- Business associations: Business organizations that follow sustainability standards to evaluate compliance and ethical performance of companies.
- Patient associations: Representatives of patients who use sustainability reports to evaluate access to medicines and the quality of our products.
- NGOs (non-governmental organizations): Organizations that monitor sustainability and ethical practices in healthcare, the environment, and human rights.
- Regulatory and control authorities: Government entities that use the information in our sustainability reports to monitor compliance with legal regulations and ethical standards.
- Central and local authorities: The government and local authorities that use the information in our sustainability reports to understand the social and economic impact of our activities on communities.
- International organizations: Organizations that monitor compliance with international standards.
- Academia: Academics and researchers who analyse our reports to understand the impact of our activities and promote best practices in the industry.
- Media: Media organizations that use sustainability reports to communicate to the public about the company's performance and social responsibility.

Key stakeholders	Description of key stakeholders	Type of engagement with stakeholders and how it is organized	Purpose of engagement	How the engagement outcome is taken into account
Affected Stakeholders				
Patients and consumers of our products	Patients and consumers of our products are the end users of the medicines and pharmaceutical products developed and distributed by our company. They are directly affected by the quality, safety, and effectiveness of the treatments we provide. Their needs and expectations guide us in innovating and improving our products, and their feedback is crucial for assessing the impact on health and well-being. Additionally, accessibility and availability of our products are critical factors for patients and consumers, having a significant impact on their quality of life.	E-mail Phone Completion and submission of adverse reaction reporting forms by patients and consumers.	Collection of safety information regarding the products in the company's portfolio.	Depending on the relevance of the information received, it can be recorded in a log, included in documents, or registered in databases.
Employees and employees' representatives	Employees are the primary human resource of our company, playing a crucial role in ensuring the quality of our products and services. Employee representatives (such as unions and work committees) are responsible for defending their interests, facilitating dialogue between employer and employee, and ensuring transparency and fairness in the workplace.	Direct communication through meetings organized by management with employees Communication through union leaders Communication through internal publications Communication by sending official messages to employees (e-mail)	Employee awareness of internal regulations Awareness of the company's actions and future plans Bilateral communication on topics of common interest Collective bargaining negotiations (CCM)	Database completion Conducting climate studies Developing action plans to improve the work climate Collective bargaining negotiations (CCM)

		Communication through posting in designated internal areas Procedure for addressing individual employee requests or complaints - according to the Internal Regulations Communication through internal social media groups Collective bargaining negotiations (CCM) Conducting studies and opinion surveys on topics of interest for the employer	Collecting employees' opinions and suggestions regarding the work environment Resolution of individual requests and complaints Consultation on topics of mutual interest Gathering information for the database	Internal training to familiarize employees with internal regulations
Local suppliers	Local suppliers are companies or local partners in Romania that provide products and services necessary for our daily activities. They include suppliers of materials, equipment, logistics services, or other support services. Collaboration with internal suppliers is essential to support the local economy and maintain an efficient and responsible supply chain, thereby contributing to reducing reliance on imports and developing business relationships at the national level.	Continuous collaboration based on contractual relationships and strategic agreements.	Supporting the local economy and developing a sustainable business relationship.	Improving supply chain efficiency through periodic evaluation of supplier performance.

International suppliers	International suppliers are companies from outside Romania that provide us with raw materials, licenses, specialized equipment, and services that are either not available locally or are more competitive in terms of costs or quality. Collaboration with international suppliers allows us to access superior-quality resources, ensuring a wide range of options for the strategic supply of the company and enhancing competitiveness in the global market.	E-mail Phone Face-to-face meetings Videocall	Commercial interest: acquisition of equipment, spare parts, consumables, and services. Obtaining information/ presentations regarding new technologies and equipment in the pharmaceutical product manufacturing field.	Commercial information is translated into contracts, purchase orders, and feasibility studies for future investment projects.
Distributors	Distributors are intermediaries who ensure the delivery of our products to the end markets. They contribute to the company's expansion into diverse markets and to increasing access to pharmaceutical products in various regions, being essential to our commercial success.	Local market: Sales contracts establish the following: commercial terms (price, quantities, delivery and transport deadlines); payment terms and return policy; and other obligations regarding drug safety.	Ensuring access to medicines Increasing production capacity (the company invests in expanding its production capacity)	Based on the feedback received from distributors, the company can: Adjust/negotiate commercial terms; Implement advanced logistics systems to optimize the supply flow and Gain real-time visibility over stocks and production, facilitating the process of ordering and delivering medicines.
		International market: E-mail Phone Face-to-face meetings Videocall	International market: Involvement in various commercial projects for marketing and selling products in international territories.	International market: Commercial information is transposed into contracts, orders, and specific delivery documents.

		Customer Satisfaction Questionnaire	Annual evaluation of customer satisfaction regarding the activities provided by Antibiotice in the value chain (production-delivery), selecting customers who generate 80% of sales value and with a minimum annual contract value of 50,000 USD.	The results of the annual customer satisfaction evaluation reports are communicated to the Economic Department and the Quality Department. According to the SOP-EXP-003 work procedure, for results with a satisfaction rate >85%, no corrective and preventive actions are required. In 2023, the satisfaction rate was 97.68%. For 2024, the satisfaction rate will be measured until March 31, 2025.
Hospitals	Hospitals are among the primary users of our medicines, providing healthcare services to patients who require complex treatments. Collaboration with hospitals allows us to obtain relevant data on the effectiveness of our products and to adapt our strategy to better meet clinical needs.	Our company supplies medicines to public and private hospitals in Romania by participating in public tenders, thus ensuring access to treatment for patients in both the public and private healthcare systems.	Ensuring access to essential treatments and medicines.	Our company supplies medicines to public and private hospitals in Romania by participating in public tenders, thus ensuring access to treatment for patients in both the public and private healthcare systems.
Doctors & Pharmacies	Doctors are critical partners in the evaluation and prescription of our products to patients. Their opinions and experiences play a major role in ensuring the correct and effective use of our products, contributing to the improvement of patients' quality of life. Our collaboration with doctors helps us gather essential feedback on the effectiveness and safety of treatments, facilitating the development of medical solutions that are better suited to the real needs in clinical	Pharmacovigilance: E-mail Courier/Postal Office Phone Completing and submitting adverse reaction reporting forms. Sending direct communications to healthcare professionals.	Pharmacovigilance: Collecting safety information regarding the products in Antibiotice's portfolio. Communicating important safety information regarding human medicines in our portfolio. This type of communication informs about a new safety issue and provides	Pharmacovigilance: Depending on the relevance of the information received, it can be recorded in a log, included in documents, or registered in databases. Reports on the number of recipients of the communication, the number of

	practice. Additionally, through continuous education of doctors and the exchange of scientific information, we ensure that the latest pharmaceutical developments and innovations are quickly integrated into the treatments offered to patients.		recommendations regarding the measures to be taken to minimize the newly identified safety problem. Ensuring correct and informed use of the products. Increasing doctors' trust in the safety and efficacy of treatments. Optimizing therapeutic strategies based on feedback from practice. Adapting educational and promotional materials according to the needs of doctors.	those who received the envelope, and the number of those who opened the email (depending on the method of transmission). Integrating clinical feedback into the development and improvement of products. Updating medical promotion strategies based on the latest data and guidelines. Developing new educational materials to support clinical decision-making by doctors.
		Collaboration with Key Opinion Leaders (KOLs) to validate therapeutic strategies. Local market: Consultancy contracts; Medical events and congresses where new products and clinical studies are presented;	Local market: Informing healthcare professionals about the benefits, indications, and proper use of the medicines in the company’s portfolio; (doctors are the primary decision-makers in	Optimizing communication between the company and healthcare professionals for effective collaboration. Local market: Antibiotice collaborates with healthcare professionals to:

		Medical information and education programs; Distribution of products in pharmacy networks in partnership with contracted distributors (over 8,000 pharmacies nationwide).	prescribing medications, while pharmacists can guide patients in the correct use of medicines, preventing administration errors). Developing innovative solutions - investments in the research center.	-Identify unmet therapeutic needs and develop new medications; -Improve informational materials and develop medical education programs.
Workers in the value chain	Workers in the value chain are the individuals involved in the production of raw materials, equipment, and services we purchase, as well as in the production, supply, distribution, and commercialization of our products. These include employees of suppliers, distributors, and logistics partners. Ensuring fair working conditions, respect for human rights, and ethical standards at all stages of the value chain are priorities for us.	Currently, we do not have relevant data in this regard, but we aim to obtain it through the supplier evaluation process. This information will be collected and analyzed within dedicated monitoring platforms, which we will access to assess the sustainability practices of our supply chain partners. This approach will allow us to have a clear picture of the impact and performance of suppliers regarding their own workers.		
Local community	The local community consists of individuals and organizations in the regions where we operate. Our relationship with the local community is essential to ensure sustainable and balanced development. Our involvement in the community is demonstrated through corporate social responsibility initiatives, investments in education, health, and infrastructure, as well as through local partnerships. We aim to actively contribute to improving the quality of life in the areas where we operate and to be a reliable partner for the development of the communities.	Involvement through environmental education programs, partnerships for environmental projects, and volunteer work. Collaboration on recycling projects, emission reduction, and conservation of natural resources.	Creating a clean and sustainable environment, protecting local biodiversity, and reducing pollution.	Assessing the impact of the company's activities on the local community through direct feedback and adapting the environmental strategy based on this feedback.
Users of the sustainability statements				

Shareholders	Shareholders are individuals or organizations that own shares in our company and are interested in its financial performance and long-term sustainability. Through voting rights and other engagement mechanisms, shareholders have a significant impact on the company's strategic direction.	The main communication channels with shareholders are: phone, email, calls, and direct meetings at the company's headquarters.	Promoting transparency and accountability of the management team, establishing a strong image and reputation, increasing investor trust and satisfaction, and informing shareholders about the company's strategies and development plans.	Improving and adapting the company's strategy based on the feedback received.
Capital providers (such as banks and other financial institutions)	Capital providers, such as banks and other financial institutions, play a crucial role in providing financial support for the company's activities. They offer capital for investments in research, development, production, and expansion, and are directly interested in the company's financial performance and long-term sustainability.	The main communication channels with banks and financial institutions are phone, email, meetings at the company's headquarters or at the capital providers' headquarters, and participation in conferences organized by the capital providers.	The creditworthiness analysis conducted by capital providers impacts financing costs. Partnerships with capital providers contribute to achieving the company's strategic development objectives.	Implementing measures that contribute to maintaining economic and financial soundness to reduce financing costs.
Associations or industry bodies/ Industry representatives	These organizations represent the interests of the pharmaceutical industry and serve as platforms for the exchange of best practices. Collaboration with these associations helps us align with the latest standards and actively participate in dialogues with our counterparts in the pharmaceutical industry.	Antibiotice is a member of an industry organization in the pharmaceutical sector. Within the association, there are several working groups (6 specialized groups), and our company has a representative in each of these groups. The meetings take place online and/or in person, and the group's opinion is voted to validate communication (a majority vote is required for the public release of messages).	Periodically, the association sends stakeholders and/or publicly presents topics of interest related to healthcare, the pharmaceutical market, the medical system, etc., raising awareness about generics (pricing system, authorization process, impact on budget savings, inclusion in reimbursement lists).	Through these groups, it is possible to influence legislation and system rules in favor of increasing the contribution of generics to the national healthcare system.

Business associations	Business associations are organizations that group companies from various industries and promote common economic interests. Collaboration with these associations helps us gain support on economic and legislative issues that impact our operations and identify the best solutions to address them.	Email, workshops, seminars, meetings, conferences, and meetings with specific themes related to the company's activities. E-mail Phone Face-to-face meetings	Interacting with representatives from other companies in the national and international business environment to develop partnerships and collaborations on topics of interest. Updates on legislative projects in the field of international trade.	The information accessed as a result of participation or involvement in organized actions can contribute to the smooth operation of the business, to the extent that it is relevant to the company's business activity. The information is integrated into business plans, as risks/opportunities for medium- and long-term development.
Patient associations	Patient associations represent the voice of those who directly benefit from our products. These organizations provide us with essential feedback regarding patients' experiences, the efficacy and accessibility of treatments, allowing us to adapt our products to the real needs of end users.	Conferences E-mail Meetings	Projects with themes proposed by associations.	The information is integrated into the company's future plans.
NGOs	NGOs are essential partners for our company, collaborating with us in various fields, including healthcare, patients' rights, environmental protection, and community development. These organizations monitor and promote high standards regarding access to treatments, ethics in research, and sustainability in the pharmaceutical sector. In addition to these areas, we also collaborate with NGOs that help us implement our community investment strategy, thereby contributing to improving the quality of life in the communities where we operate. Through these partnerships, we manage to actively	E-mail Phone	Involvement in social responsibility projects.	Organizing events in which we involve them, based on identified themes and needs.

	engage in social, educational, and health projects, having a positive impact on people's lives and creating a more equitable and sustainable environment for all.			
Regulatory and control authorities	collaboration with these authorities helps us ensure that our products comply with the applicable legislation and maintain high standards of quality, safety, and efficacy, as well as reduce the environmental impact.	Labor regulatory authorities: Collaboration through communication -Direct: participation in training sessions, professional development courses, inspections conducted by the authority -Indirect: phone, email, through specific documents (reports, research files, maternal risk files, etc.) Public health regulatory authorities: -Direct: meetings upon request, inspections, thematic controls -Indirect: phone, email Environmental Protection regulatory authorities: Direct: meetings upon request, inspections. Collaboration through periodic reports, participation in consultations, and compliance with regulations regarding emissions,	Compliance with legal requirements for the conducted activity Increasing training levels, reducing workplace risks Ensuring compliance with environmental legal requirements and improving environmental performance Ensuring compliance of manufacturing sites and products.	Verification of compliance with legal requirements, taking the information and translating it into workplace practices for employee safety Implementation of measures to reduce emissions, manage resources efficiently, and minimize waste Verification of compliance with legal requirements, taking the information and applying it to ensure the quality, efficacy, and safety of products.

		waste management, and natural resource usage. Indirect: phone, email Environmental regulatory authorities: Direct: meetings upon request, inspections. Collaboration through periodic reports, participation in consultations, and compliance with regulations regarding emissions, waste management, and natural resource usage. Indirect: phone, email Environmental Fund Regulatory Authorities: Direct: meetings upon request, inspections. Collaboration through periodic reports, participation in consultations, and compliance with regulations regarding emissions, waste management, and natural resource usage. Indirect: phone, email Environmental and Water regulatory authorities:		

		Direct: meetings upon request, inspections. Indirect: phone, email Regulatory authorities for medicines and medical devices: Direct: meetings upon request, inspections. Indirect: phone, email Regulatory authorities in EU member states: Direct: meetings upon request, inspections. Indirect: phone, email		
Central and Local Authorities (Embassies, Consulates)	Central and local authorities, through their regulations and policies, directly influence our company's operations. By collaborating with these institutions, we ensure compliance with legislative norms and contribute to the development of the communities where we operate. Through collaboration with them, we ensure compliance with environmental protection laws and develop sustainable projects at the local level.	Collaboration through local environmental protection initiatives, public consultations, and compliance with local legislative requirements regarding the management of natural resources and waste.	Reducing environmental impact and aligning with local regulations.	Adopting environmental protection measures, reducing resource consumption, and optimizing waste management.
International organizations	International health organizations and global health agencies play a crucial role in setting health standards and promoting global access	Active participation in international initiatives and commitments for	Increasing transparency and commitment to sustainability	Implementing best practices and green technologies to

	to medicines. Our collaboration with these entities helps us contribute to global health goals and align with the best international practices. International organizations such as SBTi, EcoVadis, and UNEP play an important role in setting environmental standards. Collaborating with them helps us align with global sustainability goals and contribute to reducing environmental impact.	reducing carbon emissions and the sustainable use of resources. Alliances for critical medicines Authorities for preparedness and response to public health emergencies	Increasing transparency and commitment to ensuring access to medicines	minimize environmental impact. Delivering medicines to patients and healthcare systems.
Academia	The academic environment, consisting of universities, research institutes, and other educational institutions, is a key partner in innovation and research for our company. In addition to collaboration in scientific and development projects, the academic environment serves as an important recruitment source, providing us with access to well-trained future employees, with updated competencies in the pharmaceutical field and related sciences. In this way, we contribute to the professional development of the next generation of specialists and support education tailored to the needs of the industry. Collaboration with universities and research institutes for the development of innovative solutions.	Partnerships in environmental protection research and the implementation of sustainable solutions to reduce environmental impact.	Supporting scientific research for the development of sustainable practices.	Using research results to integrate innovative ecological solutions into production processes and operations.
Media	The media plays a crucial role in informing the public and stakeholders about our activities, investments, innovations, and sustainability initiatives. A transparent and open relationship with the media contributes to building trust in our company and effectively communicating our values.	Email Phone Direct contact Press conferences Events (e.g., ZF Pharma)	Informing the public about the company's environmental protection measures, promoting environmental responsibility, and creating a positive image of the company.	Evaluating the impact of media communication on the company's reputation and adjusting the communication strategy to better reflect ecological commitments.

	The communication channels that inform the public about our environmental protection initiatives and performance.	Press releases Media trips Interviews Statements Collaboration through press releases, interviews, press conferences, articles in specialized publications. Involvement in awareness campaigns regarding environmental protection and sustainability.		

Understanding the interests and views of our key stakeholders

Antibiotice recognizes the importance of continuous consultation with stakeholders and integrates their perspectives into its business strategy and operational model. The company maintains an active dialogue with employees, local communities, the academic environment, authorities, and investors to ensure the sustainable development of its operations.

This subsection presents the general approach to our consultation processes. Additional and comprehensive details about the consultations specifically conducted for the Double Materiality Analysis (DMA) are provided in the dedicated chapter, where we describe in detail both the methodology applied and how the feedback was used to inform and refine our list of impacts, risks, and opportunities.

Employees

Employees are directly affected by working conditions, compensation policies, and job security. The company understands their interests and responds through:

- Improving working conditions – Implementing the Organizational Climate Improvement Plan, which included optimizing workspaces and social areas (canteens, changing rooms, offices).
- Work-life balance – The Collective Labor Agreement and applicable legislation establish alternatives for remote work and flexible schedules.
- Job stability – The "The Future Together" strategy supports job stability.
- Social dialogue – Regular meetings with the Union are included in the company's communication strategy.
- Freedom of association and consultation – The company has implemented the Human Rights Policy, committing to guarantee these rights.
- Negotiating the collective labor agreement – The latest update took place in 2024, following active social dialogue with the Union.
- Gender equality and fair compensation – Compensation and human resources policies establish the principles of the remuneration system.
- Inclusion of persons with disabilities – The Human Rights Policy guarantees the company's commitment to inclusion.
- Prevention of workplace violence and harassment – The Human Rights Policy includes specific measures to combat these phenomena.
- Skills development – The Human Resources Policy and the Collective Labor Agreement provide for professional training and employee development programs.

Local community

Antibiotice takes an active role in the development of local communities, contributing to their well-being by creating jobs, supporting social initiatives, and backing projects that enhance the quality of life for local residents. The company collaborates closely with local authorities and community organizations to implement programs that address the social and economic needs of the region.

- Job creation – The business plan "The Future Together" supports local economic development.
- Social investments – The Friendship Park, inaugurated in 2020, offers the community a green space of 25,000 square meters.

Academic Representatives

Although they were not directly consulted for the purpose of the Double Materiality Analysis, Antibiotice recognizes the importance of education and partnerships with the academic environment for the future development of the pharmaceutical industry and for training tomorrow's specialists. The company collaborates with higher education and technical institutions to improve study programs, facilitating the transition from education to the labor market.

- Dual education – Collaboration with three technical high schools (2024-2027), adapting the school curriculum for 48 students.
- Master programs – Partnership with the University of Medicine and Pharmacy in Iași for the development of two master's programs.
- Academic partnerships – Participation in the Center of Excellence in Business Administration at "Al.I. Cuza" University.
- Community education – Organization of the "Școala Altfel" program for 1,030 students in 2024.
- European education projects – Implementation of the projects "Education in Action" and "AntibioticeSkills" to improve accessibility and relevance of vocational and technical education (2025-2027).

As a result of consultations with stakeholders, Antibiotice has adjusted its activities to address the concerns of investors, authorities, customers, suppliers, employees, and local communities. Among the most significant changes are improvements in working conditions and operational safety. Protection standards have been updated, exposure to hazardous substances is now more closely monitored, and the accident prevention training program has been expanded.

In addition to these measures, employees now benefit from additional health insurance and expanded opportunities for professional development. Another important change is the launch of a program for distributing essential medicines at affordable prices, targeted at vulnerable communities. This project is carried out in partnership with hospitals and pharmacies and aims to improve patient access to critical treatments.

Additionally, the company has established a set of measures for the upcoming period, which will be implemented gradually:

- Modernization of production facilities to reduce energy and water consumption, with the replacement of equipment for better energy efficiency. The first phase, focused on optimizing the cooling system and wastewater treatment, will be completed by 2026.
- Expansion of renewable energy use in factories, including the installation of photovoltaic panels and partnerships with green energy suppliers.
- Supplier sustainability evaluation – Starting in 2025, we will begin evaluating suppliers, assessing them based on sustainability criteria. Those who do not meet the standards will be required to implement corrective actions.
- Expired medicine recycling program – In collaboration with pharmacies and environmental authorities, a pilot project will be launched for collecting expired medicines from patients, initially in 2025.
- Strengthening dialogue with employees – Starting in 2024, quarterly meetings have been held with the union to discuss working conditions, with one of the first outcomes being the update of the protocol for protection against exposure to hazardous pharmaceutical substances.

The implementation of the planned measures will bring significant benefits to the various stakeholders of the company.

For employees, the improvement of working conditions and the increase in benefits will create a more stable environment and reduce turnover, while stricter safety standards will address the concerns of the unions. For suppliers, the new sustainability criteria will set higher standards, contributing in the long term to a more ecologically and socially responsible value chain.

Energy efficiency measures and waste management will strengthen the relationship with regulatory authorities and environmental organizations, demonstrating the company's commitment to best practices.

Regarding patients and communities, a program for recycling expired medicines will raise environmental awareness and improve access to medications through partnerships with NGOs and hospitals, strengthening trust in the company.

The governing and supervisory bodies are periodically informed about stakeholder feedback and its impact on strategic decisions. This information is centralized through various internal mechanisms and channels.

One of the most important tools is the sustainability report, which provides a detailed analysis of the operations' impact on the environment and society. It includes identified risks, corrective actions, and strategic opportunities, and is reviewed annually by the Board of Directors and the executive management.

Additionally, dedicated meetings within the Board of Directors address relevant sustainability issues, ESG risks, supplier performance, and necessary measures for compliance with applicable regulations.

To ensure a swift response to external changes, the G4 Sustainability Working Group provides periodic updates to the executive management. These updates include information on stakeholder expectations, environmental and social initiatives, and progress made in achieving strategic objectives.

DR SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

To ensure a clear and comprehensive understanding of the relevant material impacts for Antibiotice, the materiality analysis identified the key aspects that influence both the company's operations and the environment and society. The assessment includes significant impacts, both positive and negative, generated by the company’s strategy and business model, as well as the influences arising from the business relationships in the value chain.

This section details the main material IROs (Impact, Risk, and Opportunity), explaining how these affect people and the environment, their sources, the timeframe in which they are expected to manifest, and the direct or indirect connections between Antibiotice’s activities, business model, and strategy with these impacts. Assessing these aspects is essential for adapting future strategies and aligning sustainability goals with stakeholder requirements and current regulations.

Topic/ Sub-topic/ Sub-subtopic	Description of material impact	Nature of impact	Location in the value chain	Time horizon	How it affects/ could affect the people and the environment	Derives from strategy and business model
ENVIRONMENT						
Climate change/ Climate change adaptation & Climate change mitigation	The pharmaceutical production and international transportation of raw materials and equipment significantly contribute to greenhouse gas emissions. These activities generate a considerable carbon footprint, having a negative impact on the environment.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Greenhouse gas emissions contribute to climate change, affecting biodiversity and increasing the risk of extreme phenomena, while air pollution can cause respiratory and cardiovascular issues among the population.	Yes, as a result of production processes. Reduction targets are part of the company's strategy.
	The manufacturing process of medicines and the raw materials used in production requires large amounts of energy. Excessive consumption of non-renewable resources can amplify the effects of climate change and lead to the depletion of local natural resources.	Negative, Actual	Upstream, Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	High consumption of non-renewable energy increases CO_2 emissions, contributing to global warming. The depletion of local natural resources can affect ecosystems and the access of communities to energy.	Yes, as a result of production processes. Reduction and efficiency objectives for energy consumption are part of the company's strategy.
	The import of raw materials from countries such as India and China involves risks related to labor conditions and human rights. In the context of climate change, the vulnerability of workers in these regions may increase, and the company must ensure that suppliers adhere to ethical standards, avoiding indirect contribution to human rights violations.	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the magnitude or timeframe.	Poor working conditions and exposure to climate risks can affect the health and safety of workers in the supply chain. Failure to comply with ethical standards may amplify social inequalities and increase the vulnerability of local communities.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
Climate change/ Energy	The manufacturing process of medicines within Antibiotice requires significant amounts of energy. If this energy comes from non-renewable sources (coal,	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has	Greenhouse gas emissions resulting from the use of non-renewable energy contribute to	Yes, from the production process. The company has objectives in its

	natural gas), the company contributes to greenhouse gas emissions, amplifying the effects of climate change.			occurred multiple times in the last year.	climate change, affecting air quality and public health.	strategy to increase the share of renewable energy.
	In addition to electricity and thermal energy consumption, the company's transport fleet, which uses diesel and gasoline, significantly contributes to greenhouse gas emissions. The company's own fleet and the international transport of raw materials are a major source of CO_2 emissions and other polluting gases.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	CO_2 emissions and other polluting gases from transportation contribute to global warming and air quality degradation. This can affect public health by increasing the incidence of respiratory diseases and impact ecosystems through atmospheric pollution.	Yes, from daily operations. The company has objectives in its strategy to increase the number of electric vehicles.
	The use of fossil fuels in the transport fleet generates, in addition to CO_2, emissions of fine particles and nitrogen oxides (NOx), contributing to air pollution, especially in urban and industrial areas.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Emissions of fine particles and NOx from transportation pollute the air, affecting respiratory health and contributing to climate change.	Yes, from daily operations. The company has objectives in its strategy to increase the number of electric vehicles.
Pollution/ Pollution of air	The process of manufacturing medicines, both internal and international transportation of raw materials, and the use of the company’s own fleet of vehicles operating on fossil fuels contribute to CO_2 emissions and other pollutants, which amplify climate change.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	CO_2 emissions and pollutants from production and transport exacerbate climate change and affect air quality, impacting human health and ecosystems.	Yes, from daily activities. The company has objectives in its strategy to increase the number of electric vehicles.
	The fleet of transport contributes to air pollution through emissions of fine particles (PM10, PM2.5) and nitrogen oxides (NOx), with a negative impact on air quality.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	CO_2 emissions and pollutants from production and transportation exacerbate climate change and affect air quality, impacting human health and ecosystems.	Yes, from daily activities. The company has objectives in its strategy to increase the number of electric vehicles.
	The factories of raw material and equipment suppliers may generate high	Negative, Potential	Upstream	Impact derived from supplier relationships.	Industrial emissions from suppliers can degrade air	Yes, from business relationships. The

	emissions from industrial processes, contributing to both local and global pollution.			Currently, the company does not have data to assess the scale or time horizon.	quality, affecting the health of local communities and contributing to global pollution and climate change.	objective regarding the evaluation of suppliers is part of the company's strategy.
	Pharmaceutical production requires large quantities of water for various industrial operations, including equipment washing and cooling systems. If the water is not properly treated before being discharged into the environment, it can lead to water pollution with hazardous chemicals and pharmaceutical residues.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	The intensive use of water can lead to the depletion of local resources, and improper discharge of wastewater can contaminate aquatic ecosystems, affecting biodiversity and human health.	Yes, from the production activity. The company has objectives in its strategy to reduce the intensity of water consumption and to comply with the wastewater quality standards.
Pollution/ Pollution of water	Upstream, raw material suppliers can contribute to water pollution through the uncontrolled discharge of pharmaceutical and chemical waste into rivers and other water sources, due to less stringent environmental regulations or improper practices.	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	The uncontrolled discharge of pharmaceutical waste can contaminate drinking water sources, affecting the health of local communities and the balance of aquatic ecosystems.	Yes, it derives from business relationships. The objective regarding the evaluation of suppliers is part of the company's strategy.
	Although the direct impact of transportation on water pollution is limited, maritime transport can contribute to ocean pollution through potential fuel leaks, maritime accidents, or illegal discharges of pollutants into international waters.	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Fuel spills and illegal discharges from maritime transport can contaminate marine ecosystems, affecting biodiversity and water quality, with a negative impact on human health and local economies dependent on marine resources.	Yes, it derives from business relationships. The objective regarding the evaluation of suppliers is part of the company's strategy.
Pollution/ Pollution of living organisms and food resources	In Romania, weak legislation regarding the collection and management of expired or unused medications can lead to indirect exposure of the population to	Negative, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has	Poor management of expired medications can contaminate water sources and soil, affecting public health through exposure	Yes, due to the nature of the activity. The company aims to

	pharmaceutical substances through the contamination of water and food sources.			occurred multiple times in the last year.	to pharmaceutical substances. This can increase the risk of toxicity and the emergence of antimicrobial resistance.	promote the responsible disposal of medications to reduce risks to the environment and public health.
Pollution/ Substances of concern & Substances of very high concern	Antibiotice uses substances that fall into categories defined as hazardous, including categories 1 and 2, toxic for reproduction or dangerous for aquatic environments. Accidental spills or improper handling of these substances can contaminate water, soil, and air, affecting ecosystems and public health.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Hazardous substances used in production can severely affect the environment and human health if not properly managed. Accidental spills or improper disposal can contaminate water, soil, and air, endangering ecosystems and local communities.	Yes, due to the nature of the activity. The company aims to strictly comply with legislative requirements.
	Some pharmaceutical substances used in production can be persistent, bioaccumulative, and toxic (PBT), meaning they can accumulate in the environment over the long term, affecting food chains and biodiversity.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Persistent, bioaccumulative, and toxic (PBT) substances can contaminate ecosystems over the long term, affecting food chains and biodiversity. Their accumulation in soil and water can lead to indirect exposure of humans and animals, with negative effects on health and the environment.	Yes, due to the nature of the activity. The company aims to strictly comply with legislative requirements.
	Accidental exposure to hazardous substances or those toxic to reproduction can severely impact the health of local communities, especially in the case of uncontrolled spills or water contamination, leading to long-term health issues.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Accidental exposure to hazardous substances can contaminate water and soil, affecting the health of local communities. Over the long term, this can lead to chronic diseases and other negative effects on both the population and ecosystems.	Yes, due to the nature of the activity. The company aims to strictly comply with legislative requirements.

	In the supply chain, workers in raw material factories may be exposed to hazardous substances in the absence of adequate protective measures. They may suffer from chronic diseases caused by repeated exposure to toxic and harmful substances.	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Exposure of workers to toxic substances without proper protection can lead to chronic diseases, and the resulting pollution can harm local ecosystems.	Yes, it derives from business relationships. The objective regarding the evaluation of suppliers is part of the company's strategy.
	In upstream factories, suppliers that produce hazardous substances may violate workers' rights to a safe working environment if they do not implement adequate protection measures against exposure to hazardous substances. This is particularly relevant in countries with weaker regulations (such as India and China).	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Exposure of workers to toxic substances without proper protection can lead to chronic diseases, and the resulting pollution can harm local ecosystems.	Yes, it derives from business relationships. The objective regarding the evaluation of suppliers is part of the company's strategy.
Pollution/ Microplastics	Microplastics are generated either directly, through the use of polymers in pharmaceutical production or in product packaging, or indirectly, through the breakdown of plastic fragments from packaging and pharmaceutical waste. These small particles can contaminate bodies of water and soil, disrupting ecosystems and biodiversity. They are difficult to eliminate and persist in the environment, amplifying long-term pollution.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Microplastics can contaminate water and soil, affecting biodiversity and ecosystems, and their persistence in the environment exacerbates long-term pollution.	The impact derived from supplier relationships is currently unknown, as the company lacks data to assess the scale or time horizon of the effects.
Water and marine resources/ Water/ Water consumption	Poor management of water resources or contamination with hazardous substances along the supply chain can violate the communities' right to clean and healthy water. Populations in affected areas may	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to	Water contamination or poor management of resources can limit communities' access to drinking water and increase the	Yes, it derives from business relationships. The objective regarding the evaluation of

	experience limited access to drinking water and an increased risk of waterborne diseases.			assess the scale or time horizon.	risk of pollution-related diseases.	suppliers is part of the company's strategy.
Water and marine resources/ Water/ Water withdrawals	If water resources are exploited intensively or contaminated, local communities' access to clean drinking water may be reduced. This is particularly problematic in areas where water is a limited resource. Uncontrolled spills or insufficient treatment of wastewater can negatively impact public health and the quality of life in surrounding areas.	Negative, Actual	Upstream, Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Intensive exploitation or contamination of water can reduce communities' access to drinking water, affecting public health and quality of life, especially in areas with limited resources.	Yes, from production processes. The company has the objective of strictly adhering to legislative requirements.
Water and marine resources/ Marine resources/ Water discharges in the oceans	Suppliers of raw materials from emerging markets may have practices that include the uncontrolled discharge of wastewater, leading to water pollution, affecting marine biodiversity, and degrading the quality of aquatic ecosystems.	Negative, Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	The uncontrolled discharge of wastewater by suppliers can pollute aquatic ecosystems, affecting biodiversity and water quality, with negative impacts on the environment and local communities.	Yes, it derives from production processes. The company aims to strictly adhere to legislative requirements.
Water and marine resources/ Marine resources/ Extraction and use of marine resources	Antibiotics and other pharmaceutical substances produced by the company, once released into the marine environment through untreated wastewater discharges or improper disposal of medications, can affect aquatic ecosystems. Active substances, especially antibiotics, can disrupt the microbiological balance of waters, impacting the health of marine organisms such as fish, crustaceans, and aquatic plants.	Negative, Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Improper disposal of antibiotics and other pharmaceutical substances can disrupt aquatic ecosystems, affecting biodiversity and the health of marine organisms.	Yes, it derives from business relationships. The objective regarding the evaluation of suppliers is part of the company's strategy.
	Pharmaceutical plastic packaging that is not properly collected and managed can end up in seas and oceans, where it contributes to microplastic pollution.	Negative, Actual	Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has	Improperly collected pharmaceutical packaging contributes to water pollution with microplastics, affecting	Yes, from production processes.

	Microplastics are ingested by marine organisms, causing irreparable harm to their health and affecting the marine food chain.			occurred multiple times in the last year.	marine organisms and disrupting the food chain.	
	Pharmaceutical substances and microplastics from packaging, once in the marine environment, can contaminate aquatic organisms, which are consumed by humans. This can expose the population to toxic substances or pharmaceutical compounds that affect long-term health, generating risks of chronic diseases and hormonal disorders.	Negative, Actual	Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	The contamination of marine organisms with pharmaceuticals and microplastics can expose the population to toxins, increasing the risk of chronic diseases and hormonal disorders.	Yes, from production processes.
	Marine water contamination with pharmaceutical substances and microplastics can affect the health and productivity of marine organisms, which may have a negative economic impact on fishing and aquaculture industries, upon which many coastal communities rely for their livelihoods.	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Pollution of marine waters with pharmaceuticals and microplastics can reduce marine organism populations, affecting fishing and aquaculture, with a negative impact on the economy and livelihoods of coastal communities.	Yes, it derives from business relationships. The objective regarding the evaluation of suppliers is part of the company's strategy.
Biodiversity and ecosystems/ Impacts on the extent and condition of ecosystems/ Land degradation	The extraction of raw materials from natural sources can directly impact ecosystems through the excessive exploitation of natural resources. For example, if plants or materials are obtained from uncontrolled crops, deforestation and over-exploitation can contribute to desertification and the degradation of local ecosystems.	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Excessive exploitation of natural resources for raw materials can lead to deforestation, soil degradation, and loss of biodiversity, impacting the balance of ecosystems and local communities that depend on these resources.	Yes, it derives from business relationships. Supplier evaluation objective is part of the company's strategy.
Biodiversity and ecosystems/ Impacts and dependencies on ecosystem services	Antibiotics and its suppliers rely on ecosystem resources for the production of raw materials (APIs, excipients, etc.). The extraction of natural resources from ecosystems, such as plants used for	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to	Dependence on natural resources for raw material production can lead to overexploitation, affecting biodiversity and ecosystem	Yes, it derives from business relationships. Supplier evaluation objective is part of

	standardized extracts, can impact biodiversity and ecosystem stability, especially in regions with vulnerable resources. This can contribute to the loss of biodiversity and the reduction of essential ecosystem functions.			assess the scale or time horizon.	balance, with an impact on the stability of habitats and essential ecosystem services.	the company's strategy.
	Ecosystems play a crucial role in providing the resources for the production of medicines and excipients. The destruction or degradation of ecosystems that provide these resources can directly affect Antibiotice's ability to secure the necessary raw materials. This could reduce access to essential production resources, impacting both local communities and the company's ability to maintain optimal production levels.	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Ecosystem degradation can limit access to essential raw materials, affecting drug production and putting pressure on local communities dependent on these resources, with negative economic and social impact.	Yes, it derives from business relationships. Supplier evaluation objective is part of the company's strategy.
Circular economy/ Resources inflows, including resource use	The production of medicines relies on a wide range of natural and chemical raw materials, such as APIs (Active Pharmaceutical Ingredients), excipients (binders, diluents, coating agents, preservatives), which are essential for drug manufacturing. The extraction and production of these materials depend on healthy ecosystems and natural resources, such as plants, water, and fertile soils. For example, the use of natural resources to obtain standardized extracts can impact ecosystems if these resources are exploited unsustainably.	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Unsustainable exploitation of natural resources for pharmaceutical production can lead to ecosystem degradation, affecting biodiversity and the availability of essential resources, which can compromise the long-term sustainability of the pharmaceutical industry.	Yes, it derives from business relationships. Supplier evaluation objective is part of the company's strategy.
	If the company's suppliers in regions such as India and China obtain raw materials from unsustainable sources or harm local ecosystems through inadequate industrial practices, this can exacerbate	Negative, Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to	Unsustainable industrial practices of suppliers can lead to deforestation, water pollution, and soil degradation, affecting biodiversity and	Yes, it derives from business relationships. Supplier evaluation objective is part of

	environmental degradation and jeopardize long-term supply.			assess the scale or time horizon.	jeopardizing the continuity of supply of essential raw materials for production.	the company's strategy.
	Antibiotice is dependent on water resources in the production process, for equipment cooling, cleaning, and as a component of medications. Excessive water usage can contribute to the depletion of local water resources and affect ecosystems that rely on water for their functioning.	Negative, Potential	Upstream, Own operations	It is likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.	High water consumption can reduce its availability for local communities and ecosystems in the region, affecting both biodiversity and the population's access to essential drinking water resources	Yes, from production activities. The company has objectives in its strategy to reduce water consumption intensity and ensure compliance with wastewater quality standards.
	Pharmaceutical production is an energy-intensive process, and the use of non-renewable energy sources, such as fossil fuels, contributes to carbon emissions and climate change. Antibiotice uses large amounts of energy to operate production lines and infrastructure, and the lack of a transition to renewable energy may exacerbate the negative environmental impact.	Negative, Actual	Upstream, Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	The high consumption of energy from non-renewable sources contributes to greenhouse gas emissions, exacerbating climate change and affecting air quality. A delayed transition to green energy may increase the long-term negative environmental impact.	Yes, as a result of production processes. The company has objectives to reduce and optimize energy consumption as part of its strategy.
Circular economy/ Waste	Pharmaceutical or chemical waste improperly disposed of can contaminate soil and groundwater, affecting the health of ecosystems and reducing their ability to support life. Toxic substances can persist in the environment and affect biodiversity through accumulation in food chains.	Negative, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	The improper disposal of pharmaceutical and chemical waste can pollute the soil and groundwater, affecting the health of ecosystems and biodiversity.	Yes, as a result of production processes. Objectives to reduce the amount of waste stored are part of the company's strategy.
	Improper disposal or discharge of antibiotics and other antimicrobial agents can lead to the development of antimicrobial resistance in the natural	Negative, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has	Improper disposal of antibiotics promotes the development of antimicrobial resistance, reducing the effectiveness of	Yes, due to the sector of activity. The company implements

	environment. This phenomenon affects human and animal health, as resistant bacteria can spread, making medical treatments less effective.			occurred multiple times in the last year.	medical treatments for humans and animals. Resistant bacteria can spread in the environment, increasing the risk of infections that are difficult to treat.	consumer education campaigns.
	If pharmaceutical product packaging made of plastic is not properly recycled, it can contribute to land and marine pollution. Plastic can persist in marine ecosystems, being ingested by organisms and disrupting marine food chains.	Negative, Actual	Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Improperly managed plastic packaging waste can pollute soil and water, affecting biodiversity. In marine ecosystems, plastic can be ingested by organisms, disrupting food chains and accumulating in the environment in the long term.	Yes, as a result of production processes. Objectives for reducing the amount of waste stored are part of the company's strategy.
SOCIAL						
Own workforce/ Working conditions/ Secure employment	The company plays an important role in creating jobs and supporting the local economy. Good working conditions contribute to the social and economic stability of the community, while poor working conditions can exacerbate inequalities and social issues in the region.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Stable jobs and good working conditions contribute to economic stability and reduce social inequalities.	Yes, through human resources policies.
	By providing stable jobs with competitive salaries and attractive social benefits, Antibiotice contributes to the economic growth of local communities. These jobs support families and develop local economies, helping to reduce economic inequalities.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Stable jobs, competitive salaries, and social benefits support local economic development and reduce economic inequalities.	Yes, through human resources policies.
Own workforce/ Working conditions/ Adequate wages	Inadequate or unfair wages can generate dissatisfaction among employees and affect the company's ability to attract and retain talent. Salary discrimination based on gender, age, or other factors	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Fair and competitive salaries contribute to employee satisfaction, workforce stability, and the reduction of social inequalities.	Yes, through human resources policies.

	can affect social equity and employee rights.					
Own workforce/ Working conditions/ Social dialogue	Antibiotice can have a positive impact on labor relations by encouraging social dialogue and collective bargaining. Involving employees in decision-making processes through works councils or trade unions can improve communication and prevent labor conflicts, strengthening stability within the company and in the communities where it operates.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	An effective social dialogue and collective bargaining contributes to a stable work environment, reduce conflicts, and improve relationships between employees and the company.	Yes, through human resources policies.
Own workforce/ Working conditions/ Working time & Work-life balance	By adopting policies that support work-life balance (flexible schedules, remote work, paid leave), Antibiotice improves the quality of life for its employees and has a positive impact on their mental and physical health. This, in turn, creates a healthy organizational culture that is respected externally.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	The balance between professional and personal life contributes to employee well-being, stress reduction, and increased productivity, fostering a healthy work environment.	Yes, through human resources policies.
Own workforce/ Working conditions/ Health and safety	Implementing strict health and safety standards at the workplace can have a positive impact on the local community and the pharmaceutical industry as a whole. Employees who benefit from safe working conditions will be healthier, more productive, and more loyal to the company, contributing to the creation of a positive corporate culture.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Safe working conditions reduce health risks for employees, increase their productivity and loyalty, and have a positive impact on the community and the industry	Yes, through human resources policies.
	Unsafe working conditions in pharmaceutical factories, such as exposure to hazardous substances or the use of inadequate equipment, can jeopardize the health and safety of employees. Work accidents or occupational diseases can have a severe	Negative, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Unsafe working conditions increase the risk of accidents and occupational diseases, affecting employees' health.	Yes, through human resources policies.

	impact on workers' lives and affect their families.					
	By implementing responsible working practices, the company can become a role model in the pharmaceutical industry and other sectors. The company can contribute to raising standards regarding health, safety, wages, and labor rights, inspiring other companies to adopt similar practices.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	By promoting responsible working practices, the company can improve industry standards, positively influencing the health, safety, and rights of employees.	Yes, through human resources policies.
Own workforce/ Equal treatment and opportunities for all/ Gender equality and equal pay for work of equal value	By offering fair salary policies and promoting gender equality in the workplace, Antibiotice contributes to reducing income inequality and improving gender balance in leadership positions. This creates a positive influence on the community and inspires other organizations to adopt the same standards.	Negative, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	The implementation of fair salary policies and the promotion of gender equality contribute to reducing economic inequalities and increasing diversity in leadership positions. This supports an inclusive work environment.	Yes, through human resources policies.
Own workforce/ Equal treatment and opportunities for all/ Training and skills development	By providing equal opportunities for professional development and continuous training, the company improves the employability and professional mobility of its employees. Employees with new skills become valuable assets and can contribute more effectively to the development of the local economy and the pharmaceutical industry.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Offering equal opportunities for training and professional development enhances employees' employability and professional mobility, supporting both local economic growth and the progress of the industry.	Yes, through human resources policies.
Own workforce/ Equal treatment and opportunities for all/ Measures against violence and harassment in the workplace	Creating a safe, violence-free, and harassment-free work environment contributes to employees' well-being and fosters a pleasant and productive work atmosphere. By promoting ethical behavior and respect in the workplace,	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	A safe work environment, free from violence and harassment, enhances employee well-being and boosts productivity.	Yes, through human resources policies.

	Antibiotice strengthens its role as a responsible employer.					
Own workforce/ Equal treatment and opportunities for all/ Diversity	Diversity brought by employees from different social, cultural, and ethnic backgrounds contributes to a more creative work environment. Diversity is a driver for economic growth and sustainable development, and Antibiotice can play an important role in strengthening this aspect within the local community.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	A diverse environment stimulates innovation and collaboration, improving organizational performance and social cohesion. Equal access to opportunities supports inclusion and community development.	Yes, through human resources policies.
Own workforce/ Other work-related rights/ Privacy	Antibiotice can contribute to protecting the fundamental rights of its employees by implementing strict privacy policies regarding personal data (health information, salary data, work history, etc.). This creates a safer and more equitable work environment, fostering trust and respect between employees and the company.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Protecting employee data ensures a safe and equitable work environment, preventing abuse and strengthening trust in the company.	Yes, through human resources policies.
Workers in the value chain	Promoting the best practices and international labor standards in the supply chain: Antibiotice can positively influence the working conditions of workers in its value chain by setting strict requirements for respecting the rights of supplier employees.	Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	It contributes to improving workplace safety, salary conditions, and equality of treatment.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
	Creating safe and stable jobs: By working with suppliers who adhere to international standards regarding health and safety at the workplace, Antibiotice can contribute to creating safer jobs in countries with more permissive legislation or limited resources for employee protection.	Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Ensuring safe jobs in the supply chain protects workers' health and contributes to improving working conditions in regions with weaker regulations.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.

	Promoting gender equality and equal pay: By working with suppliers who adopt gender equality policies and respect equal pay for equal work, Antibiotice can contribute to reducing economic and social inequalities in supplier regions. This can stimulate positive changes in communities.	Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Promoting gender equality and equal pay reduces economic discrimination and improves the living conditions of workers in the supply chain.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
	Supporting the training and development of workers' skills: In cases where the company's policies encourage suppliers to invest in the training and development of their employees, this can contribute to improving skills and long-term employment opportunities for workers, creating a positive social impact on local communities.	Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Investing in the training of suppliers' employees increases the workforce's qualifications and improves long-term employment opportunities.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
	Promoting health and safety at work: By imposing strict health and safety requirements in contracts with suppliers, Antibiotice can help reduce the number of accidents and occupational diseases among workers in supplying countries, which will have a positive impact on their quality of life.	Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Promoting health and safety at the workplace reduces the risk of accidents and improves the living conditions of workers in the supply chain.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
	Exposure of workers to hazardous working conditions: If suppliers do not adhere to minimum safety standards at the workplace, workers may be exposed to the risk of accidents or occupational diseases, such as exposure to toxic chemicals or the use of non-compliant equipment.	Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	The lack of safety standards exposes workers to accidents and occupational diseases, impacting their health and economic stability.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
	Inadequate wages and economic inequality: In the absence of strict	Potential	Upstream, Downstream	Impact derived from supplier relationships.	Inadequate wages and economic inequalities can perpetuate	Yes, it derives from business

	controls, workers of partners may be paid below the appropriate level for their work, perpetuating poverty and economic inequalities. Wage disparities based on gender or other forms of discrimination can exacerbate these inequalities.			Currently, the company does not have data to assess the scale or time horizon.	poverty and discrimination, limiting workers' access to a decent standard of living.	relationships. The objective regarding supplier evaluation is part of the company's strategy.
	Forced labor and the exploitation of vulnerable workers: In some regions of India and China, forced labor or the exploitation of migrant workers and vulnerable groups can be a serious issue. Antibiotice could be indirectly involved in perpetuating these practices if it does not implement strict supply chain verification measures.	Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Forced labor and the exploitation of vulnerable workers can lead to serious human rights abuses and inhumane working conditions.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
	The lack of social dialogue and freedom of association: In countries like India and China, workers often face restrictions on freedom of association and collective bargaining. The absence of workplace committees and other social dialogue mechanisms can lead to unfair working conditions and the exploitation of labor.	Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	The lack of social dialogue and freedom of association can maintain unfair working conditions and hinder the improvement of workers' rights.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
	Child labor exploitation: In the absence of strict controls, suppliers in the value chain could employ child labor, especially in rural or impoverished regions. This would have a severe impact on the social and economic development of the children involved in such practices.	Potential	Upstream, Downstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Child labor exploitation affects their educational development and health, perpetuating cycles of poverty and economic inequality.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
Affected communities/ Communities' economic, social and	The company's activities can contribute to improving the standard of living for its employees, enabling them to access better housing. Local economic growth can lead to infrastructure development	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Access to stable and well-paid jobs can improve employees' living conditions and support the development of local infrastructure.	Yes, it aligns with the company's sustainability and expansion objectives.

cultural rights/ Adequate housing	and improved living conditions for communities.					
Affected communities/ Communities' economic, social and cultural rights/ Adequate food	By creating stable jobs and supporting local communities, Antibiotice contributes to the economic security of the region, reducing the risks of poverty and social insecurity.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	The stability of jobs and the economic support provided to communities reduce the risk of poverty and contribute to the social and economic security of the region.	Yes, it aligns with the company's sustainability and expansion objectives.
Affected communities/ Communities' civil and political rights/ Freedom of expression	Indirectly, by collaborating with suppliers from non-EU countries, the company can promote this right in countries with more restrictive regimes, improving social conditions. On the other hand, ignoring these rights in its own activities or within the supply chain could lead to the restriction of the freedom of expression of the affected communities.	Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Respecting human rights in the supply chain can improve social conditions, while the lack of adequate measures may contribute to the restriction of freedom of expression in the affected communities.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
Affected communities/ Communities' civil and political rights/ Freedom of assembly	Respecting the right to assembly and association is essential for healthy social dialogue. However, failure to uphold this right can lead to conflicts with local communities both at the local level and within the supply chain.	Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Respecting the right to assembly and association supports a fair working environment, while failure to uphold this right can lead to social tensions and conflicts within the supplier communities in the supply chain.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
Affected communities/ Communities' civil and political rights/ Impacts on human rights defenders	Antibiotice can have a positive impact by collaborating with human rights organizations, asking them to monitor the company's activities and business relationships. Indirectly, requesting strict adherence to this principle by suppliers can prevent abuses against activists.	Potential	Upstream	Impact derived from supplier relationships. Currently, the company does not have data to assess the scale or time horizon.	Monitoring the activities and business relationships by human rights organizations can help prevent abuses, protect activists, and promote ethical practices in the supply chain.	Yes, it derives from business relationships. The objective regarding supplier evaluation is part of the company's strategy.
Consumers and end-users/ Information-related impacts for	Antibiotice, by providing precise and detailed information about its products (including detailed leaflets and clear	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has	Clear and detailed information about medications ensures correct usage and reduces	Yes, by the nature of the activity.

consumers and/or end-users/ Access to (quality) information	labeling), can help improve access to accurate information for consumers and patients. A well-written leaflet, accompanied by clear instructions, helps end users understand the correct usage, side effects, and contraindications of the products. The lack of clear information or the provision of misleading information can lead to improper use of medicines, which may affect the health of consumers.			occurred multiple times in the last year.	health risks for consumers, preventing adverse effects and dangerous self-medication.	
	Antibiotice can play an important role in informing and educating consumers and healthcare professionals through awareness campaigns, explaining the benefits and risks of the medications it produces. This positive impact is reflected in the responsible use of pharmaceutical products, reducing the risk of self-medication or incorrect usage. Indirectly, insufficient access to correct information regarding products can lead to distrust among consumers and misuse of medications, affecting both public health and the company's reputation.	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Correct information and education for consumers and healthcare professionals contribute to the responsible use of medications, preventing self-medication and reducing risks to public health.	Yes, by the nature of the activity.
	Antibiotice can contribute to increasing consumer trust by providing transparent information about active ingredients, excipients, and the origin of the raw materials used. This transparency can help avoid issues related to allergic reactions and increase user confidence in the company’s products. On the other hand, a lack of transparency regarding the exact composition of products or unclear information about the origin of	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Transparency regarding ingredients and the origin of raw materials reduces the risks of adverse reactions and increases consumer trust in the company's products.	Yes, by the nature of the activity.

	raw materials can create risks to users' health.					
	Antibiotice can help consumers properly manage unused or expired medications, thereby reducing the risks of environmental pollution. The lack of clear information regarding the proper disposal of medications can lead to improper handling, contributing to environmental pollution and affecting public health.	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Clear information about the disposal of expired medications helps protect the environment and prevent the contamination of water resources.	Yes, by the nature of the activity.
Consumers and end-users/ Personal safety of consumers and/or end-users/ Health and safety	Antibiotice has an implicit positive impact on public health by producing high-quality medicines that meet international standards, helping to maintain public health and increasing access to essential treatments. This positive impact is evident through the company's contribution to healthcare systems in Romania and other countries where it exports, providing accessible solutions for various medical conditions.	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	The production of high-quality and affordable medicines supports public health by facilitating access to essential treatments.	Yes, by the nature of the activity.
Consumers and end-users/ Personal safety of consumers and/or end-users/ Protection of children	The development of safe medicines for children, adapted to appropriate doses and pharmaceutical forms, contributes to the protection of the most vulnerable users. A positive impact is reflected in reducing the risks of overdose and improving the safety of pediatric treatments. However, the lack of clear information or secure packaging can have negative effects, increasing the risk of accidents.	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Adapting medicines for children reduces the risk of overdose and improves the safety of administering pediatric treatments.	Yes, by the nature of the activity.
Consumers and end-users/ Social inclusion of consumers and/or	Antibiotice can contribute to social inclusion by developing products tailored to the specific needs of vulnerable	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has	Adapting pharmaceutical products to the needs of	Yes, by the nature of the activity.

end-users/ Non-discrimination	groups, such as people with disabilities, the elderly, or children. Easy-to-use packaging, accessible leaflets, and products that are easy to administer can facilitate access for these groups to medical treatments. A negative impact could arise if the products are not adapted to these needs, thereby limiting their access to appropriate treatments.			occurred multiple times in the last year.	vulnerable groups improves their access to essential treatments.	
	Providing clear and accessible information, including for people with visual disabilities or those with low education levels, contributes to true social inclusion. Antibiotice can have a positive impact by using simple language, easy-to-read leaflets, or technology that facilitates access to information (e.g., audio labels). A negative impact could occur if information is presented in a technical or inadequate way for groups with special needs, limiting access to essential information.	Positive, Actual	Downstream	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.	The accessibility of medical information allows all patients to understand treatments correctly and use them safely.	Yes, by the nature of the activity.
Consumers and end-users/ Social inclusion of consumers and/or end-users/ Access to products and services	Antibiotice can facilitate access even for consumers in rural or hard-to-reach areas by ensuring an efficient distribution of medicines both nationally and internationally. A negative impact may occur if distribution is uneven, and certain regions or social categories remain without access to the company's products.	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Equitable access to medicines ensures essential treatments for all patients.	Yes, by the nature of the activity.
	Antibiotice can contribute to social inclusion by developing and promoting products that improve the quality of life for individuals in marginalized social categories, such as refugees,	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Equitable distribution of medicines helps marginalized individuals access essential treatments, improving their	Yes, by the nature of the activity.

	impoverished communities, or people affected by chronic illnesses. The lack of such initiatives can lead to the exclusion of these groups from quality healthcare, exacerbating social inequalities.				quality of life and reducing health inequalities.	
Consumers and end-users/ Social inclusion of consumers and/or end-users/ Responsible marketing practices	Antibiotice can have a major positive impact by contributing to equitable access for all categories of consumers to essential medicines. Through the production of generic drugs and affordable prices, the company can ensure that vulnerable or low-income groups also have access to basic medical treatments. A negative impact could arise if prices are high or unevenly distributed, thus excluding certain population groups from essential treatments.	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	The accessibility of essential medicines improves public health and reduces inequalities in healthcare.	Yes, by the nature of the activity.
G0VERNANCE						
Business conduct/ Corporate culture	A well-defined corporate culture that clearly expresses the company's values and translates them into daily practices can have a major positive impact. It can encourage employees to adhere to these values, collaborate effectively, and act in accordance with the company's mission. However, if values and codes of conduct are not clearly defined or respected, it can have a negative impact on employees, leading to confusion, lack of direction, and ultimately the loss of internal coherence.	Positive, Actual	Own operations	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	A well-structured work environment based on values can increase employee engagement and motivation, thereby improving productivity and retention.	Yes, through internal ethics and business responsibility policies.
	A well-applied and integrated ethical code of conduct at all levels of the organization can create a positive impact by establishing a transparent, respectful,	Positive, Potential	Upstream, Own operations, Downstream	It is likely to happen over a medium period (1-3 years) or has	Adherence to clear principles of ethics and transparency contributes to a safe and fair work environment,	Yes, through internal ethics and business responsibility policies.

	and responsible work environment. This contributes to increasing trust among employees and business partners in the company. A negative impact can occur if the code of conduct is merely formal, with no practical application, which can lead to distrust and compliance issues.			occurred at least once in the last 3 years.	strengthening trust between employees and management.	
	Antibiotice can have a positive impact by promoting corporate values that align with social and environmental expectations, integrating sustainability and social responsibility into its activities. Discrepancies between the expressed values and the actual actions of the company can have a negative impact, undermining the trust of the public and employees.	Positive, Potential	Upstream, Own operations, Downstream	It is likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.	Aligning the company's activities with sustainability principles can reduce the environmental impact and increase the community's trust in the company's social responsibility.	Yes, through internal ethics and business responsibility policies.
Business conduct/ Protection of whistle-blowers	The implementation of strong whistleblower protection policies helps identify and promptly address unethical or illegal practices, having a significant positive impact on the community. By encouraging the reporting of irregularities related to production, safety, or the environment, the company ensures that potential impacts are managed effectively, protecting public health and the surrounding environment. As a result, communities around the factories benefit from a safer and cleaner environment, contributing to a better quality of life.	Positive, Potential	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Protecting whistleblowers ensures a safer environment for communities by preventing health risks and reducing pollution through the prompt reporting and correction of non-compliant practices.	Yes, through internal ethics and business responsibility policies.
Business conduct/ Animal welfare	Antibiotice, within its veterinary medicine segment, can have a positive impact by promoting the health and well-being of farm and companion animals, providing treatments that improve health	Positive, Actual	Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	Improved animal health contributes to food safety, reduces the risks of disease transmission, and supports the	Yes, through internal ethics and business responsibility policies.

	and prevent suffering. High-quality veterinary products ensure the enhancement of the animals' quality of life.				well-being of communities that rely on animal farming.	
Business conduct/ Corruption and bribery/ Prevention and detection including training	Antibiotics can have a significant positive impact on the business environment and society by implementing strict anti-corruption and anti-bribery policies. By promoting transparency and integrity in all its activities, the company can help strengthen a cleaner business climate and reduce corruption in the sectors it operates in. This will generate trust from business partners, authorities, and consumers.	Positive, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	The absence of corruption can improve equitable access to essential services, ensuring that public and private resources are used efficiently for the benefit of the community.	Yes, through internal ethics and business responsibility policies.
	By adopting practices that discourage corruption and bribery, Antibiotice can contribute to creating a climate of integrity in the pharmaceutical industry. This includes relationships with regulatory authorities, healthcare professionals, and suppliers, thereby ensuring a positive impact on market transparency and competitiveness.	Positive, Actual	Upstream, Own operations, Downstream	It is highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.	A transparent and corruption-free business environment can improve equitable access to healthcare services and safe medications, protecting public health and patient rights.	Yes, through internal ethics and business responsibility policies.
SPECIFIC						
Clinical studies/ Safety of clinical trial participants	Well-managed clinical trials, conducted with respect to ethical standards and safety, can have a significant positive impact on public health. Antibiotice can contribute to the development of new treatments and medications that improve patients' quality of life and treat diseases for which effective solutions do not yet exist. This brings tangible benefits to	Positive, Actual	Downstream	Ongoing	Well-managed clinical trials provide patients with access to new treatments, improving recovery chances for serious or otherwise untreatable conditions. Participants benefit from close monitoring and medical support, ensuring their safety and protection	Yes, by the nature of the activity.

	society and advances global medical knowledge.				throughout the trials. Strict adherence to ethical standards strengthens public trust in the medical system and the research process, encouraging volunteer participation and accelerating the discovery of new therapies. Thus, progress in clinical trials contributes to the development of safer and more effective treatments, with a positive impact on public health.	
	Participants in clinical trials may benefit from access to medical treatment and careful monitoring, which has a positive impact on their health. In some cases, they may receive treatments that are not yet available on the market, which can significantly improve their health condition.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
	By strictly adhering to international regulations and ethical standards regarding clinical trials, Antibiotice can have a positive impact on the rights and well-being of participants. The company can protect participants by obtaining informed consent, providing adequate support, and ensuring continuous monitoring of their health status throughout the trials.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
	If clinical trials are not conducted according to safety and ethical standards, there can be a significant negative impact on the health of participants. Improper administration of experimental treatments or lack of adequate monitoring can lead to severe adverse effects or even irreversible harm, affecting public trust in clinical trials and the healthcare system.	Negative, Potential	Downstream	Ongoing		Yes, by the nature of the activity.
	Unethical practices or safety incidents related to clinical trials can have a negative impact on public trust in the entire drug testing process. This can lead to a decrease in volunteer participation in	Negative, Potential	Downstream	Ongoing		Yes, by the nature of the activity.

	future clinical trials and a negative perception of the pharmaceutical industry as a whole.					
Research & Development	Research and development of new medications and treatments by Antibiotice can have a significant positive impact on public health. Developing innovative solutions for treating serious or chronic diseases contributes to improving patients' quality of life and saving lives. This has a beneficial impact on society, particularly in the healthcare sector.	Positive, Actual	Downstream	Ongoing	Research and development of new medications contribute to improving public health by providing more effective and accessible treatments for serious or chronic diseases, thus increasing patients' life expectancy and quality of life. Investments in this field stimulate job creation and the development of a highly skilled workforce, supporting both the local economy and global scientific progress. New technologies and discoveries in the pharmaceutical field bring benefits to the entire healthcare system, facilitating access to innovative treatments and contributing to the prevention and control of critical conditions. Furthermore, scientific progress generated through research accelerates the development of personalized and safer therapies, having a positive impact on society as a whole.	Yes, by the nature of the activity.
	Investments in research and development can stimulate job creation and support economic growth both locally and nationally. The development of new technologies, pharmaceutical products, and innovative solutions can attract top talent and contribute to the formation of a skilled workforce in the pharmaceutical and scientific fields.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
	The research and development activities carried out by Antibiotice contribute to global scientific progress. By developing new knowledge, processes, and technologies, the company can benefit the entire scientific community and accelerate the discovery of innovative solutions in the fields of health and medicine.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
	Research and development of new pharmaceutical products may involve chemical processes that generate toxic waste or other pollutants. If not properly managed, these processes can have a	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.

	negative impact on the surrounding environment, affecting the quality of water, air, and soil in local communities.					
	The development of new medications may involve animal testing, which can have a negative ethical impact and affect the welfare of the animals involved.	Negative, Potential	Downstream	Ongoing		Yes, by the nature of the activity.
Access to medicine/ Pricing policy	Antibiotice can have a positive impact on public health by ensuring access to essential medicines at affordable prices. Generic pharmaceutical products, which are more financially accessible, can reduce inequalities in access to treatments, especially for vulnerable populations and patients in low- or middle-income countries.	Positive, Actual	Downstream	Ongoing	Providing essential medicines at affordable prices helps reduce health inequalities and improves access to treatments for vulnerable patients. This enables communities with limited financial resources to benefit from adequate medical care, preventing the worsening of conditions and reducing the burden on healthcare systems. Additionally, the availability of generic medicines contributes to the health of patients and healthcare systems by allowing resources to be allocated to other critical medical needs.	Yes, by the nature of the activity.
	If Antibiotice focuses excessively on protecting patents and extending their duration, it could have a negative impact by limiting access to cheaper generic medicines. This could affect patients who need affordable treatments and exacerbate health inequalities.	Negative, Potential	Downstream	Ongoing		Yes, by the nature of the activity.
	Practices of setting excessively high prices for certain medications can negatively impact access to treatments, especially for patients with low incomes. High medication costs can hinder access to necessary care and exacerbate health issues in certain communities.	Negative, Potential	Downstream	Ongoing		Yes, by the nature of the activity.
Access to medicine/ Availability of medicine	Supply and distribution issues can have a negative impact on access to essential medicines. If Antibiotice faces difficulties in ensuring a continuous supply of medications, this can affect patients who	Negative, Potential	Downstream	Ongoing	The development and distribution of innovative medicines contribute to the improvement of public health by providing effective solutions for	Yes, by the nature of the activity.

	depend on these treatments, jeopardizing public health.				serious and chronic conditions. Ensuring a constant supply of essential medications helps patients follow proper treatments without interruptions, preventing medical complications. Expanding access to pharmaceutical products in various regions supports the fight against infectious diseases and reduces health inequalities, having a positive impact on vulnerable communities and healthcare systems worldwide.	
	The development and provision of new innovative medicines that address unmet medical needs can have a significant positive impact on public health. Antibiotice can contribute to improving available treatments for serious or chronic conditions, supporting long-term health and reducing the burden of diseases.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
	By exporting medicines to numerous countries and expanding access to essential pharmaceutical products, Antibiotice can have a positive global impact. The company can help combat infectious diseases and other conditions by providing treatments that would otherwise be unavailable or inaccessible in certain markets.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
Combating counterfeit medicines and parallel trade	Through active measures to combat counterfeit medicines, Antibiotice can have a major positive impact on public health. Counterfeit medicines pose a significant risk to patients as they may contain inactive substances, incorrect doses, or even toxins. Through prevention and counteraction efforts, the company helps reduce the risk of patients receiving inadequate or dangerous treatments, thus protecting their health.	Positive, Actual	Downstream	Ongoing	Measures to prevent counterfeit medicines directly contribute to patient safety, ensuring that they have access to effective and safe treatments without the risk of adverse effects caused by falsified products. Traceability and verification systems strengthen trust in pharmaceutical products, both for consumers and healthcare professionals, guaranteeing the use of high-quality medicines. Additionally, maintaining a secure supply chain reduces	Yes, by the nature of the activity.
	Actions to combat counterfeiting and parallel trade can generate a positive impact on the trust of consumers and healthcare professionals in	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.

	pharmaceutical products. By collaborating with regulatory authorities and developing effective traceability systems, Antibiotice helps maintain a secure supply chain and ensures the quality of distributed products.				public health risks and supports the fight against diseases through proper treatments, contributing to the protection of communities worldwide.	
	By implementing rigorous verification and traceability systems for medicines, Antibiotice can have a positive impact on the security of the supply chain. Preventing counterfeit drugs from entering the distribution chain protects the entire pharmaceutical system and ensures that patients have access to safe and high-quality products.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
	Strict measures against parallel trade can have a negative impact on access to medicines in certain countries or regions. For example, in markets where the prices of medications are high, patients may struggle to access necessary treatments if alternative supply sources, even those from parallel trade, are eliminated.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
	Efforts to combat counterfeit medicines can increase the costs associated with the production and distribution of medicines, which may lead to higher prices for consumers. This negative impact can affect access to treatments for patients with lower incomes or those from vulnerable regions.	Negative, Potential	Downstream	Ongoing		Yes, by the nature of the activity.
Preventing drug abuse	Antibiotice can have a significant positive impact through campaigns educating patients and healthcare professionals about the responsible use of medications,	Positive, Actual	Downstream	Ongoing	Educating patients and healthcare professionals about the responsible use of medications contributes to	Yes, by the nature of the activity.

	especially those with a risk of abuse, such as antibiotics, opioids, or benzodiazepines. These initiatives can help reduce abuse and protect public health.				preventing abuse and protecting public health. Promoting the correct prescription of antibiotics helps combat antimicrobial resistance, reducing the risk of hard-to-treat infections. Developing safer alternatives for medications with addiction risks supports the protection of vulnerable patients, while continuous training for doctors and pharmacists ensures better management of treatments. These measures contribute to a safer healthcare system and reduce the negative impact of improper medication use.	
	By promoting appropriate antibiotic prescribing and collaborating with public health authorities, Antibiotice can help reduce the risk of antibiotic resistance development. This is a major positive impact on global health, as antibiotic resistance is one of the biggest threats to public health.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
	By developing and promoting safer alternatives for treatments with a risk of abuse, such as opioids, Antibiotice can have a positive impact on preventing substance addiction. This can help reduce cases of abuse and dependence, as well as protect vulnerable patients.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
	By providing continuous training for doctors and pharmacists regarding the risks associated with medication abuse, Antibiotice can have a positive impact on the quality of healthcare services. This helps prevent medication abuse through responsible prescribing and distribution.	Positive, Actual	Downstream	Ongoing		Yes, by the nature of the activity.
	If Antibiotice does not properly manage the promotion and distribution of certain medications with abuse potential, this could have a significant negative impact on public health. Excessive promotion of potent medications can lead to their misuse and an increase in cases of abuse and addiction.	Negative, Potential	Downstream	Ongoing		Yes, by the nature of the activity.

	In the absence of strict control measures, Antibiotice could unintentionally contribute to the improper distribution of medications with abuse potential, such as opioids or benzodiazepines. This negative impact could exacerbate issues related to medication abuse among the population, especially in vulnerable communities.	Negative, Potential	Downstream	Ongoing		Yes, by the nature of the activity.
	If Antibiotice does not provide adequate information about the risks of abuse and dependency associated with certain medications, it could have a negative impact on patient safety. The lack of proper education could lead to improper use and serious health complications.	Negative, Potential	Downstream	Ongoing		Yes, by the nature of the activity.

Topic / Sub-topic/ Sub-subtopic	Description of material risk	The magnitude of financial effects	Time horizon
ENVIRONMENT			
Climate change/ Climate change adaptation & Climate change mitigation	Increased supply costs: Weather phenomena and extreme events, such as droughts, floods, or other climate-related occurrences, could lead to rising raw material prices, especially from sensitive regions like India and China.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Stricter regulations on emissions and resources: As Romania and the EU enforce stricter regulations on carbon emissions and resource use, the company may need to adopt newer technologies or modify its production processes to comply, leading to increased costs for equipment procurement.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Reputational risk: If the company fails to develop a clear plan for adaptation measures and climate impact reduction, it may be perceived negatively by customers, partners, and investors, especially in well-regulated international markets such as the US and the EU.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

Climate change/ Energy	Strict regulations on transport emissions and energy efficiency: EU and national regulations impose stringent requirements on reducing CO_2 emissions and improving energy efficiency. Non-compliance may result in financial penalties or operational restrictions for the transport fleet and production processes. Stricter standards (EURO 6 and beyond) could ban older vehicles from certain areas, impacting the company's logistics or logistics service providers, potentially leading to increased transportation costs.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Operational vulnerability: The intensive use of non-renewable energy makes the company vulnerable to energy market fluctuations, including the fuel needed for its own fleet. Price increases or limited availability of fossil fuels can disrupt operations by driving up costs.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Pollution/ Pollution of air	Increased transportation and production costs: Stricter regulations on transport and production emissions, along with rising fuel prices, may drive up the company's operational costs.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Fines and sanctions: Non-compliance with air pollution and greenhouse gas emission standards may result in financial penalties from national and European regulatory authorities.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Supply disruptions: Stricter international regulations on polluting production in India and China could impact suppliers and raw material availability, leading to price increases or delivery delays.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Negative public perception: If Antibiotice is associated with unsustainable practices in the supply chain or fails to implement measures to reduce air pollution, the company's reputation could be negatively impacted in international markets.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Association with polluting suppliers: The supply chain in countries such as India and China may expose the company to reputational risks if these suppliers do not comply with strict environmental standards.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Pollution/ Pollution of water	Fines and sanctions: Antibiotice risks financial penalties and other sanctions from local and European authorities if it fails to comply with strict regulations on wastewater treatment and the prevention of water source pollution.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Stricter international regulations: If the supply chain (especially suppliers in India and China) fails to comply with international standards on wastewater treatment and pollution prevention, Antibiotice may be impacted by stricter regulations that could increase supply chain costs.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.

	Negative impact on public image: Any incident related to water pollution can severely damage Antibiotice’s reputation, both nationally and internationally. The public, partners, and investors are increasingly sensitive to companies' environmental impact, and negative perception can undermine trust in the company's products and services.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Unsustainable supplier practices: Suppliers, especially those providing raw materials, may be impacted by stricter water pollution regulations, potentially leading to higher supply costs or delays in the delivery of essential raw materials for production.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Pollution/ Pollution of soil	High costs for remediating contaminated soils: If Antibiotice is involved in soil contamination incidents, the company may be required to bear significant costs for remediation and restoration. These costs may include chemical treatments, removal of contaminated soil, and ecological rehabilitation of affected lands.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Risk of fines and legal sanctions: Non-compliance with waste management and soil protection regulations may result in penalties from environmental authorities. Fines for soil pollution can be significant, impacting the company's financial performance.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Risk of lawsuits and litigation from affected communities: Local communities impacted by soil contamination may file lawsuits against the company, seeking compensation for economic or health damages caused by pollution. Soil pollution-related litigation can result in high defense costs and potential compensation payments.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Loss of access to international markets: International markets, particularly in the European Union, enforce strict environmental standards. Non-compliance with these standards regarding soil pollution could lead to the company being excluded from certain markets or facing trade restrictions that may impact exports.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Reputational risk: Soil pollution can severely damage the company's reputation, especially if it is perceived as being irresponsible regarding environmental protection. This may lead to a loss of trust from consumers, investors, and business partners.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Reputational risk: Soil pollution can severely damage the company's reputation, especially if it is perceived as being irresponsible regarding environmental protection. This may lead to a loss of trust from consumers, investors, and business partners.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Pollution/ Substances of concern (SHC)/ Substances of very high concern (SVHC)	Violation of REACH regulations: If Antibiotice uses substances classified as substances of very high concern (SVHC) and fails to comply with the requirements set by the REACH regulation (EC Regulation 1907/2006), the company risks severe sanctions and restrictions, including the withdrawal of products from the market.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.

	Export bans and restrictions: Substances classified as PBT (persistent, bioaccumulative, and toxic), vPvB (very persistent and very bioaccumulative), or those toxic to the environment (classified as a chronic hazard to the aquatic environment) may be banned or restricted for export in certain countries or regions, negatively impacting the company's access to international markets.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Public and partner perception: If Antibiotice uses hazardous substances without adequate control and disposal measures, the company may be perceived negatively by customers and partners. Any incident related to environmental pollution or public health could damage the company's image and lead to contract losses.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Association with suppliers that do not implement adequate management measures for SHC and SVHC substances: The supply chain may pose reputational risks if upstream suppliers engage in unsafe or unsustainable practices in handling hazardous substances. This can negatively impact the company's image, even if it is not directly responsible for implementing these practices.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Litigation and sanctions: In the event of a major incident affecting public health or the environment, the company could face lawsuits from affected communities, potentially resulting in significant financial penalties and reputational damage.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Stricter regulations for suppliers: Suppliers of such substances who do not comply with European environmental and health standards may be impacted by stricter international regulations, potentially disrupting the supply of critical raw materials for the company, affecting production and product distribution.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Pollution/ Pollution of living organisms and food resources	Violation of environmental regulations: If the company fails to properly manage waste and discharges of pharmaceutical and chemical substances, it may face sanctions under national and European environmental protection laws. Regulations protecting ecosystems and food resources are becoming increasingly stringent, and non-compliance can result in significant penalties.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Development of antimicrobial resistance: Constant exposure to antibiotics through contaminated organisms (e.g., fish or meat) can contribute to the development of antimicrobial resistance, one of the greatest threats to global health. This can severely impact the ability to effectively treat infections.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Negative public and partner perception: Any incident of contamination affecting food resources or living organisms, which could impact human health or the environment, may severely damage Antibiotice's reputation. The contamination of essential resources such as	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.

	water and food can attract public scrutiny, as well as the attention of environmental organizations and regulatory authorities.		
	Litigation and sanctions: If confirmed incidents of food resource contamination occur, the company may face penalties from authorities, lawsuits from affected communities, financial sanctions, and trade restrictions.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Supply risk: The contamination of natural resources (water, soil) may impact the company's ability to source safe raw materials for pharmaceutical production. Additionally, upstream partners and suppliers who fail to comply with environmental regulations can cause supply chain disruptions, leading to increased production costs.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Pollution/ Microplastics	Strict regulations: In the global context of increasing efforts to reduce plastic and microplastic pollution, the company may face stricter regulations on pharmaceutical packaging and plastic waste management. The European Union, among others, enforces rigorous policies to reduce plastic pollution, and non-compliance may result in financial penalties and bans on selling certain products in international markets.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Increasing compliance costs: Adapting to new regulations on microplastic management and the elimination of plastic packaging will generate additional costs for implementing more sustainable solutions. The company will need to invest in eco-friendly packaging alternatives and technologies for pharmaceutical waste management.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Litigation and sanctions: If proactive measures are not adopted, the company may face lawsuits from authorities or environmental organizations if its negative impact on the environment and public health becomes a major concern. Additionally, it may be sanctioned for non-compliance with future international regulations.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Water and marine resources/ Water/ Water consumption & Water discharges	Strict regulations on water consumption and discharge: The company faces the risk of non-compliance with stringent regulations on water use and wastewater disposal imposed by European and international authorities. As water protection standards become stricter, the company may need to invest in more advanced treatment technologies and adopt more efficient water resource management practices to avoid sanctions and operational restrictions.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Water and marine resources/ Water/ Water consumption	Obligation to reduce water consumption: Increasing global regulations aimed at conserving water resources may require the company to implement strict measures to reduce water usage in its production processes. These measures could lead to higher operational costs, especially if upgrading facilities with more water-efficient technologies becomes necessary.	Average	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

	Increasing water resource costs: Amid growing competition for access to water resources, especially in areas affected by drought or water stress, Antibiotice may face rising costs for securing clean water necessary for its production processes.	Average	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Water and marine resources/ Water/ Water discharges	Increased wastewater treatment costs: Implementing advanced technologies for treating wastewater containing hazardous pharmaceutical substances may raise the company's operational costs. As regulatory requirements become stricter, the company will need to make significant investments to ensure the proper disposal of wastewater.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Lawsuits and legal actions from the community: If the company is involved in a water pollution incident, affected communities or environmental protection organizations may initiate legal proceedings against the company. This could result in financial penalties, costs for damage remediation, and a negative impact on relationships with authorities and local communities.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Biodiversity and ecosystems/ Direct impact drivers of biodiversity loss/ Land degradation	Supply chain: In the global context, companies are increasingly pressured to demonstrate transparency and sustainability in their supply chains. If the company's suppliers engage in unsustainable practices that lead to soil degradation, the company may face reputational and legal risks, requiring it to implement supplier monitoring and verification measures.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Strict regulations on international suppliers: Antibiotice relies on raw material and equipment suppliers from various regions where environmental and soil protection regulations may be less stringent. However, European and international regulations are becoming increasingly strict, requiring companies to monitor and take responsibility for their suppliers' environmental impact. Non-compliance with these standards may lead to legal sanctions and restrictions in international markets.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Biodiversity and ecosystems/ Direct impact drivers of biodiversity loss/ Land degradation & Desertification	Reputational risk from association with suppliers contributing to ecosystem degradation: If Antibiotice's raw material suppliers engage in practices that contribute to soil degradation, deforestation, or desertification, the company may face public criticism and scrutiny from environmental organizations. The negative impact on ecosystems could harm the company’s image.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Costs associated with supplier certification and auditing: To mitigate compliance and reputational risks, the company will need to implement strict supplier monitoring systems, including environmental certifications and sustainability audits. These oversight and verification costs may increase in the long term.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

Biodiversity and ecosystems/ Impacts on the extent and condition of ecosystems	Loss of resources associated with degraded ecosystems: Antibiotice's dependence on natural resources from vulnerable ecosystems may lead to supply disruptions for raw materials. Degraded ecosystems may no longer provide the same quantities of resources (e.g., plant extracts or clean water), potentially increasing production costs or even halting certain processes.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Decreased water availability: As pollution and climate change impact water resources, Antibiotice may face difficulties in accessing clean water for production, leading to increased costs for water treatment or the need to find alternative sources.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Strict regulations on ecosystem protection: With growing global concerns about biodiversity conservation and ecosystem services, regulations on ecosystem protection are becoming increasingly stringent. Antibiotice will need to comply with these regulations and implement measures to reduce its environmental impact, which may result in additional costs and the need to reassess its supply chain.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Extended responsibility for supplier impact: The company could be held accountable for the environmental impact of its suppliers, especially when sourcing raw materials from natural sources that are not sustainably managed. This could expose the company to financial and reputational risks.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Circular economy/ Resources inflows, including resource use	Dependence on suppliers from vulnerable markets: The company relies on international suppliers from markets such as India and China, which may be affected by political instability, trade conflicts, strict regulations, or natural disasters. This can lead to disruptions in the supply of raw materials, impacting production and the timely delivery of medicines.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Fragility of global supply chains: Global supply issues, such as disruptions in maritime or air transport, can interfere with the flow of raw materials and lead to production delays. Additionally, restrictions related to pandemics or other global crises can severely impact the company's ability to obtain necessary resources in a timely manner.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Fluctuations in raw material costs: The prices of raw materials (APIs, excipients) can fluctuate significantly due to global demand, limited resources, or market instability. A sudden increase in raw material prices can impact the company's profit margins, leading to higher production costs and higher prices for final products.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	High costs for transitioning to renewable sources or green technologies: Although transitioning to renewable energy sources and sustainable raw materials is an opportunity, it also involves financial risks. Initial investments in green technologies, renewable	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

	energies, or sustainable raw material alternatives can be substantial and may impact short-term profitability.		
	Compliance with international environmental regulations: International regulations regarding resource usage, carbon emissions, and waste management are becoming increasingly stringent. The company may be required to implement significant changes in its operations to meet new legal requirements, which could lead to additional operational costs.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Competition for resources: In a global context where natural resources, such as water and raw materials, are becoming increasingly limited, Antibiotice may compete with industry peers or even other industries for access to these resources. Particularly in regions affected by drought or climate change, competition for water and other resources could lead to price increases and supply shortages.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Circular economy/ Waste	Increased compliance costs with environmental regulations: Legislation in Romania and international markets (e.g., the EU) imposes strict standards for the disposal of pharmaceutical and chemical waste. Antibiotice must invest in advanced waste treatment and disposal technologies to comply with these standards, which could lead to higher operational costs.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Risk of fines and sanctions: Non-compliance with environmental and waste management regulations may result in substantial fines and other sanctions from regulatory authorities. Fines for failing to meet international standards can be significant, impacting the company's financial performance.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Litigation and legal costs: If improper management of pharmaceutical or industrial waste affects public health or the environment, the company may be exposed to lawsuits from affected communities or environmental organizations. These litigations can result in significant costs for the company and may impact its long-term reputation.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Reputational risk: Environmental pollution from pharmaceutical waste, especially in Romania, where regulations regarding the disposal of expired medications are weaker, can severely damage the company's reputation. Accusations from civil society in the field of environmental protection, the public, or the media may lead to a loss of trust from consumers and business partners.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	High costs for treating and disposing of hazardous waste: The company will need to invest in advanced technological solutions to safely treat and dispose of hazardous pharmaceutical	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

	waste. These costs may increase depending on the volume of waste generated, and in the long term, they could impact the company's profit margins.		
	Risk of increased raw material prices: If pharmaceutical and chemical waste is not properly managed, it can lead to significant losses of valuable resources. The company may be forced to incur higher costs to obtain new resources if it does not implement effective waste recycling and reuse practices.	High	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
	Loss of access to international markets: Non-compliance with international waste management standards could affect Antibiotice's ability to access or maintain business partnerships in markets such as the European Union or the United States, where environmental regulations are very strict. This may lead to financial losses and a reduction in market share.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Increased extended producer responsibility requirements: In many countries, pharmaceutical companies are required to implement programs for collecting expired medications. The company may be obligated to invest in the creation and operation of pharmaceutical waste management systems, thereby increasing operational complexity and compliance costs.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Costs related to adopting circular economy principles: Implementing a circular economy model, where waste is transformed into reusable resources, may require significant investments in production and waste management infrastructure. Although this model can generate long-term savings, the initial costs can be high and may impact short-term financial results.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
SOCIAL			
Workers in the value chain	Supply chain disruption risk: Social issues within the supply chain, such as strikes or protests by supplier workers, can lead to supply disruptions. These disruptions may affect Antibiotice's ability to produce medicines on time and could have consequences on operations and revenue.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Consumers and end-users / Information-related impacts for consumers and/or end-users/ Access to (quality) information	Pollution and environmental issues related to improper disposal of medications: The lack of clear guidelines regarding the disposal of expired medications can contribute to water and soil pollution, potentially leading to sanctions from environmental authorities and criticism from the public and environmental organizations.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
GOVERNANCE			

Business conduct/ Corporate culture	Risk of discrepancy between stated values and actual actions: If the values expressed by the company are not reflected in its actions, this could lead to a loss of trust from employees, the community, and the public. The company risks being perceived as inconsistent, which could damage its reputation.	Very high	Unlikely to happen over a long period (3-5 years) or has occurred at least once in the last 3 years.
	Risk of legal and reputational sanctions related to employee rights: Failure to comply with employee rights or the code of conduct can bring major legal and reputational risks. In the case of serious violations, the company may face lawsuits or sanctions from authorities, as well as criticism from human rights organizations.	Very high	Unlikely to happen over a long period (3-5 years) or has occurred at least once in the last 3 years.
Business conduct/ Protection of whistle-blowers	Significant reputational risk: In the absence of a clear and effective whistleblower protection policy, there is a major risk that Antibiotice's reputation could be severely affected. If unethical or illegal practices are concealed and later exposed, the company may be perceived by the public, business partners, and clients as lacking transparency and integrity, which could lead to a loss of trust and damage to business relationships.	Very high	Unlikely to happen over a long period (3-5 years) or has occurred at least once in the last 3 years.
Business conduct/ Corruption and bribery	Severe reputational risk: Involvement in corruption or bribery practices can create significant reputational risk for Antibiotice. Such involvement could attract harsh criticism from the media, authorities, and civil society organizations, severely damaging the company's image. Once associated with corruption, the company may lose the trust of consumers and business partners, facing difficulties in maintaining and expanding business relationships.	Very high	Unlikely to happen over a long period (3-5 years) or has occurred at least once in the last 3 years.
	Legal risk and financial sanctions: Corruption and bribery are illegal in most jurisdictions, and Antibiotice could face severe legal sanctions, including significant fines, if it is proven to have been involved in such practices. Additionally, managers and other involved employees may be subject to criminal liability, and the company could face restrictions on its business activities.	Very high	Unlikely to happen over a long period (3-5 years) or has occurred at least once in the last 3 years.
	Risk of losing contracts and partnerships: Corrupt practices can lead to the cancellation of existing business contracts and the loss of public or private tenders, especially in international collaborations that impose strict integrity standards. This financial risk can severely impact the company's revenue and expansion plans.	Very high	Unlikely to happen over a long period (3-5 years) or has occurred at least once in the last 3 years.
	Risk of exclusion from international markets: Pharmaceutical companies involved in corruption cases risk being excluded from international markets or becoming ineligible to participate in global health programs or public tenders. This can limit Antibiotice's access to significant business opportunities, affecting its global competitiveness.	Very high	Unlikely to happen over a long period (3-5 years) or has occurred at least once in the last 3 years.

Topic/ Sub-topic/ Sub-subtopic	Description of a material opportunity	The magnitude of financial effects	Time horizon
ENVIRONMENT			
Climate change/ Climate change adaptation & Climate change mitigation	Investments in renewable energy sources: Developing its own energy production projects, such as investing in solar energy or other renewable energy sources, could reduce long-term energy costs and carbon emissions, which may improve operational efficiency and the company's reputation.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Investments in greener production processes: The need to adapt to climate change can drive investments in green technologies, which can reduce long-term costs and risks, enhancing the company's competitiveness in the international market.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Diversification of supply sources: Creating local supply networks or sourcing from regions less exposed to climate risks can reduce the company's vulnerability to price fluctuations or the availability of raw materials.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Access to green financing: The company can attract investments from sustainability funds or benefit from grants and financing schemes for green projects, allowing it to modernize production technologies and become more competitive.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Gaining competitive advantages: In international markets, an active carbon emission reduction policy can transform the company into a preferred supplier for partners who prioritize sustainability, especially in countries with strict regulations.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Increased demand for certain medications: Climate change and its impact on public health (increased infectious and cardiovascular diseases) may lead to higher demand for certain medications in the company's portfolio.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Climate change/ Energy	Transition to green energy: Implementing renewable energy solutions (solar panels, wind, biomass) can reduce long-term energy costs and protect the company from the volatility of fossil fuel prices.	Very high	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
	Access to subsidies and incentives for green energy and eco-friendly fleet: The company can benefit from European or national subsidies to transition to an electric or hybrid vehicle fleet and invest in green infrastructure, such as using renewable energy in production processes.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

	Energy efficiency and emissions reduction: Optimizing production processes and implementing modern technologies for monitoring and reducing energy consumption can lead to significant long-term savings. Additionally, an upgraded fleet can reduce CO_2 emissions and improve the company's sustainability.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Fleet modernization: Acquiring fuel-efficient or electric vehicles can reduce maintenance expenses and logistical costs, minimize the environmental impact of emissions, and enhance the company's reputation.	Average	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Improving reputation and attractiveness to investors: Adopting measures to use green energy sources and reduce fossil fuel consumption can attract investors and partners who place a strong emphasis on environmental and sustainability criteria.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Investments in transportation and logistics: Implementing efficient logistical solutions, such as optimizing transport routes to reduce fuel consumption or collaborating with partners for green logistics solutions, can generate competitive advantages and long-term savings.	Average	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Pollution/ Pollution of air	Reducing emissions through fleet modernization: Antibiotice can adopt electric or hybrid vehicles to reduce CO_2 emissions and fine particulate matter from transportation.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Technologies for pollution reduction: Investments in more efficient and low-emission production technologies can reduce air pollution, ensuring compliance with regulations and enhancing the company's image.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Green financing: Antibiotice can access European or national funds to implement technologies and practices that reduce air pollution, both in production and transportation.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Sustainability audits: Implementing procedures that require environmental audits for the supply chain can increase the company's attractiveness in international markets and attract new partners who prioritize sustainability.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Pollution/ Pollution of water	Investments in wastewater treatment systems: Antibiotice can invest in modern wastewater treatment technologies to reduce the environmental impact of pollution. Implementing advanced purification solutions can minimize harmful discharges and improve compliance with regulations.	Very high	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
	Innovations in production processes: Modernizing production processes to reduce water consumption and prevent pollution can bring long-term benefits by improving resource efficiency.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

	Collaboration with sustainable suppliers: Antibiotice can identify and collaborate with suppliers who have implemented sustainable measures to prevent water pollution, thus reducing the risk of association with unsustainable practices. Choosing suppliers with environmental certifications can enhance the company's reputation and reduce supply chain risks.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Supplier diversification: Diversifying suppliers from regions with stricter environmental protection regulations and who use modern wastewater treatment technologies can reduce the risk of water pollution and supply chain vulnerability.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Access to financing: Antibiotice can access national or European funds and subsidies for implementing environmental projects, such as installing wastewater treatment equipment or technologies that reduce water consumption. These projects can lower operational costs and improve the company's environmental performance.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Environmental certifications: Obtaining certifications for sustainable water management practices can enhance the company's reputation in international markets and attract customers and partners who prioritize sustainability.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Pollution/ Pollution of soil	Investments in eco-friendly technologies for pollution prevention: The company can invest in advanced production technologies that reduce the risk of soil contamination. These technologies, such as filters for liquid and solid waste, can prevent the release of toxic substances into the environment and ensure compliance with environmental regulations.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Diversifying supply sources to avoid risks related to soil pollution: The company can assess its raw material suppliers to ensure they comply with environmental standards. By diversifying supply sources and collaborating with sustainable suppliers, the company can reduce risks related to raw material contamination and ensure a continuous supply chain.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Pollution/ Substances of concern (SHC)/ Substances of very high concern (SVHC)	Developing safer alternatives: The company can invest in research and development to identify and adopt safer alternatives to SHC and SVHC. This can reduce regulatory risks and enhance the sustainability of the company's products, attracting new customers and partners.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Advanced technologies for managing SHC and SVHC: Adopting advanced technologies for the disposal and treatment of hazardous substances can reduce environmental impact and bring benefits by ensuring compliance with strict environmental regulations.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.

	Diversifying the supplier base: Collaborating with suppliers from regions with stricter regulations and more sustainable production practices can reduce the company's vulnerabilities to the risks of sourcing hazardous substances.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Research and development funding: The company can access European or international funds for projects aimed at replacing hazardous substances with safer and more sustainable alternatives. These funds can reduce transition costs and improve the company's competitiveness.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Funding for technologies to reduce environmental impact: The implementation of technologies for managing and treating hazardous substances can be supported by grants and funds intended for companies promoting innovation in the fields of environmental protection and safety.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Positioning as a sustainability leader: By adopting strict policies for the disposal of hazardous substances and complying with REACH requirements, Antibiotice can become a leader in sustainability within the pharmaceutical industry. This can attract partners and customers who prioritize safety and environmental protection, strengthening the company's position in the market.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Pollution/ Pollution of living organisms and food resources	Monitoring and reducing bioaccumulative substances: Investments in processes and technologies that monitor and reduce emissions of bioaccumulative and persistent substances (PBT) can prevent long-term contamination of food chains and resources.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Selecting responsible suppliers: The company can collaborate with suppliers who comply with environmental regulations and implement effective pollution prevention measures. This can reduce the risk of contamination in the supply chain and improve the company's environmental performance.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Diversifying supply sources: Choosing suppliers from better-regulated regions or implementing strict sustainability criteria in the supply chain can reduce the risks of contamination of natural and food resources.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Initiating a collection program: The company can implement a broader program for collecting expired or unused medications, in collaboration with pharmacies and local authorities. This would reduce environmental pollution and enhance the company's image, demonstrating a commitment to environmental responsibility.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.

	Consumer education campaigns: The opportunity to launch campaigns informing consumers about the risks of improper medication disposal and the benefits of returning them to pharmacies for safe disposal.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Pollution/ Microplastics	Developing alternatives to plastic packaging: By investing in research and development of biodegradable or recyclable packaging, the company can drastically reduce its contribution to microplastic pollution and become a leader in pharmaceutical sustainability. This would attract new customers and enhance the company's reputation in international markets.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Water and marine resources/ Water/ Water consumption & Water withdrawals	Investments in water consumption reduction technologies: Antibiotice can invest in innovative technologies to optimize water usage in production processes. Water recycling systems or the use of alternative water sources, such as rainwater harvesting, can reduce dependence on conventional resources and improve water efficiency.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Water and marine resources / Water/ Water discharges	Advanced wastewater treatment: Implementing advanced wastewater treatment and recycling solutions, such as biological filtration technologies or specialized chemical treatments, can prevent environmental contamination and improve the company's environmental performance. These solutions can also reduce the risk of sanctions and penalties related to improper water management.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Water and marine resources / Water/ Water consumption & Water discharges	Access to funding for water conservation projects: The company can benefit from funding (grants or more favorable terms) dedicated to projects aimed at reducing water consumption and efficiently treating wastewater. These funds can cover infrastructure modernization costs and facilitate the transition to a more sustainable business model.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Biodiversity and ecosystems Impacts on the extent and condition of ecosystems/ Land degradation & Desertification	Updating procurement policies: Selecting partners who demonstrate adherence to high standards of soil and environmental protection can reduce compliance risks and enhance the company's image as a leader in sustainability.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Supplier diversification: To minimize risks related to the impact of suppliers on soils and ecosystems, Antibiotice can diversify its supply sources by choosing to work with suppliers from regions with strict environmental protection regulations. This would reduce the supply chain's vulnerability.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Biodiversity and ecosystems/ Impacts and dependencies on ecosystem services	Implementing responsible sourcing practices: Antibiotice has the opportunity to collaborate with suppliers who adopt sustainable practices, thus reducing the risk of ecosystem degradation. Choosing suppliers who adhere to the principles of biodiversity conservation and the responsible use of natural resources can ensure long-term supply stability.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

Circular economy/ Resources inflows, including resource use	Identifying alternative and renewable raw material sources: Antibiotice can explore partnerships with suppliers who provide raw materials from renewable or sustainable sources. For example, using botanical extracts or eco-friendly synthetic components instead of substances derived from limited natural sources. This could reduce pressure on ecosystems and ensure continuous supply in the context of climate change and the depletion of natural resources.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Investing in industrial waste reuse and recycling programs: Implementing circularity initiatives that allow for the reuse of residual resources from production processes. For example, treated wastewater or recyclable materials from packaging can be reintegrated into production processes. This circular economy model would not only reduce the consumption of natural resources but could also generate significant long-term savings.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Recovery of materials from expired medications: Antibiotice can explore technological solutions for recovering valuable components from expired or unused medications. Through a well-structured collection and recycling program, certain active ingredients or excipients could be reused in production, reducing waste and contributing to more sustainable resource management.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Development of low-impact pharmaceutical formulations: The company can explore opportunities to develop new types of pharmaceutical formulations that use fewer natural resources or are more biodegradable, thus reducing long-term environmental impact. Innovation in pharmaceutical product design, especially regarding packaging and excipients, could reduce waste generation and the use of materials with a high environmental impact.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Circular economy/ Waste	Reducing costs through recycling and waste recovery: Antibiotice can implement pharmaceutical and industrial waste recycling solutions, transforming waste into reusable resources. For example, certain chemicals can be extracted from waste and reintegrated into production processes, thereby reducing the need to purchase new raw materials.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Creating a partnership network for pharmaceutical waste disposal: Antibiotice can collaborate with local authorities and public health institutions to develop an efficient network for collecting and recycling unused medications. These partnerships would create an integrated system for responsible resource management and reduce the risks associated with improper medication disposal.	Very high	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
SOCIAL			
Own workforce/ Working conditions &	Improving reputation as a top employer: By creating a safe and inclusive work environment, Antibiotice can be recognized with awards or certifications such as "Top Employer" (e.g.,	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

Equal treatment and opportunities for all/ Health and safety	certifications like Great Place to Work). This would increase the company's attractiveness to potential employees and investors.		
	Reducing costs associated with absenteeism and occupational diseases: By making proactive investments in the physical and mental health of employees, Antibiotice can reduce costs related to absenteeism and decreased productivity. This can lead to improved operational efficiency and long-term savings.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Achieving lower insurance premiums: By creating a safe work environment and reducing workplace accidents, Antibiotice can benefit from lower premiums for insurance policies (health, workplace accidents, etc.), thus saving considerable amounts in the long term.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Own workforce/ Working conditions & Equal treatment and opportunities for all/ Secure employment & Working time & Adequate wages & Social dialogue & Freedom of association, the existence of works councils and the information, consultation and participation rights of workers & Collective bargaining Work-life balance & Health and safety & Gender equality and equal pay for work of equal value & Training and skills development & Employment and inclusion of persons with disabilities & Measures against	Access to new markets and partnerships: International companies and global markets prefer partners who respect labor rights and maintain high standards regarding working conditions. By aligning with these standards, Antibiotice can access new markets or commercial partnerships in sectors that prioritize social responsibility.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Increasing employee loyalty and retention, and reducing staff turnover: By offering competitive salaries, safe working conditions, and work-life balance programs, Antibiotice can significantly reduce staff turnover, retain valuable employees, and save resources on recruitment and training.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Attracting talent through innovative benefit packages: Companies with excellent working conditions become attractive destinations for market talent. Antibiotice can attract skilled professionals and talented employees through innovative benefit packages (e.g., continuous training programs, performance bonuses), thus contributing to the improvement of human capital quality.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Access to funding for social projects or improving working conditions: Antibiotice can access national or European funds aimed at companies investing in employee well-being and developing social initiatives. These funds can support the development of workplace health and safety programs.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Creating a positive brand on the job market: Antibiotice can position itself as a brand that promotes values of social responsibility and care for employees. This can attract a new generation of employees (especially Millennials and Gen Z) who prefer to work for companies with a strong social and ethical commitment.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

violence and harassment in the workplace & Diversity			
Own workforce/ Working conditions & Gender equality and equal pay for work of equal value/ Freedom of association & Collective bargaining	Improving performance and productivity while maintaining motivated employees: Social dialogue and offering programs that encourage employee participation in decision-making can contribute to increased employee motivation. Engaged and heard employees tend to be more productive and dedicated, which can improve the operational performance of Antibiotice.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Own workforce/ Working conditions/ Equal treatment and opportunities for all/ Training and skills development	Increasing internal expertise: The company can develop mentorship and training programs to support the continuous professional development of employees. These programs can not only increase employee satisfaction but also enhance internal expertise and innovation, leading to improvements in the company’s products and services.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Own workforce/ Other work-related rights/ Privacy	Attracting and retaining talent: By offering strong guarantees regarding personal data protection, Antibiotice can attract and retain valuable employees who will appreciate the company’s commitment to privacy. This will reduce staff turnover and contribute to the stability of work teams.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Improving transparency and communication with employees: Antibiotice can turn data privacy management into an opportunity to enhance transparency and communication with employees. By providing regular and clear information to employees about how their data is managed, the company can strengthen trust and foster better collaboration between employees and management.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Positioning as a trusted and responsible employer: By providing a secure framework for data privacy, Antibiotice can become a top employer, recognized for its care for employees and respect for their rights. This positioning can attract high-quality talent and contribute to strengthening the company's long-term reputation.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Workers in the value chain	Developing an ethical and transparent supply chain: Antibiotice can invest in developing a supply chain that meets the highest ethical and social standards. This will enhance the company's reputation in international markets and attract business partners focused on social responsibility and sustainability.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

	Obtaining international social responsibility certifications: Collaborating with suppliers who respect workers' rights can help Antibiotice obtain certifications such as SA8000 (Social Accountability) or improve scores in international evaluations and ratings (e.g., EcoVadis, Sustainalytics, etc.). These certifications can enhance the company's competitiveness in global markets and attract ESG (Environmental, Social, and Governance) customers and investors.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Improving long-term business relationships: By working with suppliers who offer adequate and stable working conditions, Antibiotice can develop stronger, long-term business relationships. Ethical and sustainable suppliers will have higher productivity and reduce the risk of supply disruptions.	Very high	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
	Increasing consumer and partner loyalty: Consumers and business partners who value ethics and human rights will be more loyal to a company that actively supports decent working conditions in its supply chain. This will help position Antibiotice as a socially responsible company.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Affected communities/ Communities' economic, social and cultural rights/ Adequate housing & Adequate food & Water and sanitation & Land-related impacts & Security-related impacts	Increasing loyalty and trust within local communities: Antibiotice can initiate support programs for the communities surrounding its factory or encourage its suppliers to implement such measures, improving access to essential resources such as water, food, and sanitation services. These initiatives will contribute to increasing community loyalty and preventing social conflicts.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Affected communities/ Communities' civil and political rights/ Freedom of expression & Freedom of assembly & Impacts on human rights defenders	Positioning as a leader in human rights: Promoting freedom of expression and assembly, both within the company and across the supply chain, can strengthen Antibiotice's reputation in international markets.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Access to markets and partnerships: Upholding and promoting civil and political rights can attract strategic partnerships with companies and investors who prioritize social responsibility.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Improving relationships with local communities: Actively supporting the civil rights of communities can improve the company's relationships with them, helping prevent social conflicts and fostering a positive long-term image.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

Consumers and end-users / Information-related impacts for consumers and/or end-users/ Access to (quality) information	Increasing consumer loyalty through clear information and education: By providing transparent and easily understandable information about its products, Antibiotice can gain the trust of consumers and healthcare professionals. Educational campaigns on the proper use of medications can contribute to customer loyalty and position the company as a leader in consumer responsibility.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Raising awareness about environmental impact: By educating consumers on the proper disposal of unused medications, Antibiotice can help reduce environmental impact and position the company as a leader in sustainability. This can attract environmentally responsible consumers and open new collaboration opportunities.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Consumers and end-users/ Personal safety of consumers and/or end-users/ Protection of children	Developing and promoting safe pediatric products: Antibiotice can develop and promote safe pediatric medications, addressing the specific needs of children, gaining the trust of parents and healthcare professionals. This could represent an important market niche, strengthening the company's reputation as a responsible leader.	Very high	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
	Innovations in child-safe packaging: Investments in innovative packaging that is difficult for children to open can prevent accidents and become a competitive advantage in the market. Safe packaging will enhance consumer loyalty and provide direct benefits in risk prevention.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Consumers and end-users/ Personal safety of consumers and/or end-users/ Health and safety & Protection of children	Increasing consumer loyalty through educational campaigns: Informational and educational campaigns on the safe use of medications and child protection will build long-term loyalty and trust, helping to prevent accidents and fostering a better relationship between the company and consumers.	High	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Consumers and end-users/ Social inclusion of consumers and/or end-users/ Non-discrimination & Access to products and services	Expanding access to medicines for vulnerable groups: Antibiotice has the opportunity to expand its social impact and create a competitive advantage by ensuring access to medicines for vulnerable groups, such as individuals from disadvantaged backgrounds, rural areas, or low-income populations. This can attract international funding or partnerships with civil society and public authorities.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Investments in research and development (R&D) for innovative products targeting vulnerable groups: Antibiotice can invest in research and development to create innovative pharmaceutical products tailored to the needs of vulnerable groups, such as medications for	High	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.

	people with disabilities, the elderly, or children. These products could include more easily administered pharmaceutical forms, such as oral solutions or transdermal patches, as well as intuitive and accessible packaging. This focus on innovation will not only address the needs of underserved market segments but also stimulate growth and expansion into new markets, while attracting funding or grants for healthcare research.		
GOVERNANCE			
Business conduct/ Corporate culture	Building public trust through transparency and integrity: The company can leverage the opportunity to build a trusting relationship with society, business partners, and customers by promoting transparency and adhering to ethical standards. This can strengthen the company's reputation and attract long-term partners and collaborators.	Average	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Expanding collaborations and partnerships through shared social values: A corporate culture that promotes common social values can open new collaboration opportunities with non-governmental organizations, authorities, and other partners interested in social responsibility. This can generate joint projects and financial support for sustainability initiatives.	Average	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Research, development, innovation: A corporate culture that encourages values such as innovation can stimulate research and development activities, leading to new solutions for pharmaceutical products and more efficient processes. This can create a competitive advantage in the market and attract resources for innovation.	High	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
Business conduct/ Protection of whistle-blowers	Improving compliance with regulations and preventing legal issues: By providing whistleblower protection and encouraging the reporting of irregularities, Antibiotice can identify and address issues early, preventing major crises and legal problems. This can lead to better compliance with regulations, reducing legal risks and associated costs.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Business conduct/ Animal welfare	Improving relationships with consumers by promoting high-quality veterinary products: Antibiotice can leverage the opportunity to offer veterinary products that support the health of farm and companion animals, thus promoting their well-being. Such a strategy can attract customers concerned about animal health and improve their loyalty to the brand.	Very high	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
	Developing new veterinary products: Antibiotice has the opportunity to invest in research and development to create innovative veterinary products that improve the health and well-being of animals. These products can include medications for treating common diseases in farm or companion animals, as well as products that support improving the quality of life for animals. Developing new, safer, and more effective products can open new market segments and attract new customers.	Very high	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.

	Investing in treatments that reduce animal suffering: Antibiotice can develop veterinary treatments and pharmaceutical products that reduce animal suffering by innovating more effective medical solutions with fewer side effects. This may include developing pain relievers, more efficient antibiotics, or products that treat specific conditions affecting animal welfare. In this way, the company can expand its portfolio and become a leader in modern veterinary solutions.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Business conduct/ Corruption and bribery/ Prevention and detection including training & Incidents	Access to new international markets through integrity: Adopting and promoting strict anti-corruption and anti-bribery policies can open new opportunities for Antibiotice in international markets. Companies that demonstrate a clear commitment to ethics and integrity are viewed more favorably by authorities and international organizations, thus facilitating access to public tenders and global health projects, particularly in countries with strict compliance and anti-corruption regulations.	High	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
	Attracting investors and partners focused on responsible corporate governance: By implementing strict integrity policies, Antibiotice can attract responsible investors and business partners who prioritize ethics and compliance in their investments. Investors who focus on ESG (environmental, social, governance) criteria will see the company as a trusted partner, which can generate additional financial capital and sustainable strategic partnerships.	High	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
	Improving reputation and customer loyalty: A firm commitment to transparency and integrity can enhance Antibiotice's public reputation, creating an image of a responsible and trustworthy company. This can increase customer and consumer loyalty, especially in the context of growing sensitivity to ethics and social responsibility, providing a significant advantage over competitors who do not prioritize these values.	High	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
	Strengthening public-private partnerships: Antibiotice can develop strong public-private partnerships by aligning with international anti-corruption and corporate governance standards. Participating in joint projects with government authorities, international health organizations, or economic development agencies becomes more accessible when the company is seen as an ethical and trustworthy leader in its field.	High	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
	Increasing attractiveness for top talent: Companies that promote integrity and ethics are more attractive to top professionals seeking a responsible and safe work environment. Antibiotice can attract and retain valuable talent by fostering a corporate culture based on respect, ethics, and transparency, which can contribute to innovation and improved operational efficiency.	High	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.

SPECIFIC			
Research and development	Positioning as a leader in pharmaceutical innovation: By developing new and innovative medicines and treatments, Antibiotice has the opportunity to position itself as a leader in research within the pharmaceutical industry. This can open new markets and attract strategic partnerships with universities and other research organizations worldwide.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Access to international funding and grants: The opportunity to attract research funding and grants is significant. Innovative and sustainable projects can receive support from authorities and international organizations, providing additional resources to accelerate the development of new treatments and technologies.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Increasing competitiveness through international partnerships: Antibiotice can create strategic partnerships with research centers and international pharmaceutical companies, allowing access to cutting-edge technologies and expertise. These collaborations can lead to the development of state-of-the-art pharmaceutical products and expansion into new global markets.	Very high	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Access to medicine/ Availability of medicine	International collaborations to increase access to medicines: Antibiotice can develop partnerships with international organizations such as the World Health Organization (WHO) or the Global Fund to support the distribution of essential medicines in low- and middle-income countries. This represents an opportunity to expand its presence in emerging markets and contribute to global health.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
Access to medicine/ Pricing policy & Availability of medicine	Developing social responsibility programs for accessibility: Antibiotice can launch social responsibility initiatives to support access to essential medicines in vulnerable or disadvantaged communities. These programs can improve the company's reputation and attract support from governments and responsible investors.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Access to international funds for improving access to medicines: Antibiotice can access international funds and grants aimed at improving access to medicines, supporting its research and development initiatives for affordable and sustainable pharmaceutical solutions. These funds can provide the company with additional resources to expand its range of available medications and improve global distribution.	Very high	Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.
Combating counterfeit medicines and parallel trade	Partnerships with authorities and international organizations: Antibiotice has the opportunity to collaborate with regulatory authorities, government agencies, and international organizations to support global initiatives in combating counterfeit medicines. Such partnerships can enhance the company's reputation and expand its influence in addressing major global issues in the healthcare sector.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

	Innovation in medicine security technologies: Antibiotice can invest in innovative technologies such as QR codes, security holograms, or smart labels to ensure the authenticity of medicines. These innovations will not only combat counterfeiting but also contribute to modernizing the supply chain and protecting the market from counterfeit products.	High	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
Preventing drug abuse	Positioning as a leader in preventing medication abuse: Antibiotice has the opportunity to become a leader in preventing medication abuse by developing educational programs, collaborating with authorities, and promoting responsible prescribing and usage practices. This can enhance the company's reputation and attract support from governments and health organizations.	Average	Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
	Creating partnerships with health authorities: Antibiotice can collaborate with governmental and non-governmental organizations to develop educational programs on the risks of medication abuse and support national, European, and global initiatives to reduce abuse. These partnerships can bring benefits for both public health and the company's image.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
	Increasing loyalty and trust in the company's products: Through proactive education and abuse prevention measures, Antibiotice can enhance consumer loyalty and public trust. Such a responsible approach can differentiate the company from competitors and attract patients, doctors, and organizations that value safety and ethics.	Average	Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.

Note 1.4: Impacts, risks and opportunities management

DR IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities

Methodologies and assumptions applied to identify its impacts, risks and opportunities

The sources of information used to determine impacts, risks, and opportunities included both internal and external data, integrated into a detailed evaluation process, supplemented with assumptions and estimates from the internal team where concrete data was unavailable.

Internal sources

Information regarding the organization's performance was used to identify and assess significant impacts and risks:

- Relevant financial and operational data, such as financial performance, employee turnover, and consumption of natural resources.
- Sustainability reports from previous years, including monitoring environmental, social, and governance indicators, used as a starting point for the current evaluation.
- Results from consultations with internal stakeholders, such as surveys addressed to employees and feedback collected through internal workshops organized for this process.
- Complaints, grievances, and feedback recorded throughout the year through the company's open communication channels with stakeholders.
- Performance indicators and analysis of operational incidents, such as safety-related events, regulatory compliance, or internal process performance.

External sources

External sources were consulted as needed, based on their relevance to the topics analyzed:

- Applicable regulations and standards, including national and international legal requirements relevant to the pharmaceutical sector.
- Market studies and sector reports, providing insights into industry trends and emerging risks.
- Demographic data and official statistics provided by institutions such as the National Institute of Statistics (INS) and the National Environmental Protection Agency (ANPM).
- International reports, such as those published by OECD or WHO, used to understand global risks associated with sustainability.

- Benchmarking with other companies in the industry, based on their published reports, to identify the best practices and relevant trends.
- Results from continuous studies and surveys conducted with relevant stakeholders, to capture their perceptions and concerns.

Where we did not have access to concrete data (for example, for the impacts associated with the value chain, where we do not have a complete and coherent view of the suppliers' performance regarding sustainability policies), we applied a precautionary approach and used worst-case scenarios to consider the impacts as material. This allowed us to implement prompt measures and prepare action plans to reduce the impacts and mitigate the identified risks.

Being the first process carried out in accordance with the ESRS requirements, our methodology is continuously developing. We relied on the knowledge and experience of internal specialists to assess the impacts and risks, and in the future, we plan to expand the databases used, standardize the information sources, and refine the analysis process.

Steps of the process:

a) Mapping the areas in the value chain associated with "hotspots" that expose the company to the likelihood of current and potential impacts and that may represent sources of risks and/or opportunities.

   During the mapping process, raw material suppliers were identified as key elements on which the company significantly depends. Given that there is currently no formal supplier evaluation process from an environmental, social, and governance (ESG) perspective, the first step was to conduct an analysis of publicly available information regarding the main impact areas associated with raw material suppliers for pharmaceutical production.

   Special attention was given to regions such as India and China, which provide a significant proportion of raw material expenses, as these regions may present risks and opportunities related to social and environmental impacts.

b) Mapping the elements on which the company's business model has key dependencies.

   In the analysis process of Antibiotice's business model dependencies, the following critical elements were identified, which directly influence the company's operations and sustainability:

   Environmental dependencies

   - Water: Pharmaceutical production requires significant amounts of clean water for manufacturing processes, sterilization, and cooling. Potential risks include lack of access to water or rising costs in the future.
   - Energy: Production processes are energy-intensive, and a slow transition to renewable energy sources could expose the company to financial and regulatory risks.

- Raw materials and natural resources: The company heavily depends on raw material suppliers for active pharmaceutical ingredients (APIs).
- Biodiversity and biological resources: The use of biotechnology creates an indirect dependency on natural ecosystems.

Social dependencies

- Skilled workforce: The company depends on access to qualified employees, particularly in research and development, pharmaceutical production, and regulation. A competitive labor market or talent migration could negatively impact the company.
- Suppliers: Dependency on raw material and packaging suppliers can create vulnerabilities, considering sustainability risks and the complexity of global supply chains. Ongoing evaluation of supplier compliance with ESG criteria is necessary to prevent reputational and financial risks.
- Local communities: The operation of production units and the implementation of social projects rely on the support and acceptance of surrounding communities.
- Customers and international markets: The company is influenced by strict regulations and demand from external markets, such as the USA, UK, Australia, etc.

c) The identification of impact forms started from the themes, sub-themes, and sub-sub-themes presented in AR16 (ESRS 1) and industry-specific themes through:

- analysis of the results of internal processes (results from studies, surveys, or ongoing stakeholder engagement processes, existing policies at the company level and in relation to entities within the value chain, complaints, claims, and grievances registered through the channels made available to stakeholders, rating agency evaluation reports, sustainability assessments of partners, results of internal audits, audit results conducted by the company/third parties at the business partner level, etc.), and
- in the absence of internal mechanisms for collecting information, by analyzing the specific context of each partner category (if identified as "hot spots" and/or dependencies), considering the geographical area in which they operate and noting the specific issues of the industry, as identified in reports and analyses from recognized organizations.
- industry-specific themes were extracted based on previous reports, complemented by an analysis of material themes in the pharmaceutical industry.

d) Stakeholder consultation (employees and local communities).

In this process, the consultation of affected stakeholders was focused, involving two main categories: employees and local communities. The selection of these groups was justified by their accessibility and the specific relevance of their feedback for the current themes of interest.

Employees

- The consultation with employees focused on the sustainability themes included in ESRS S1 – Own Workforce, due to easy access to this category and their importance for the implementation of sustainability strategies.
- An online, thematically adapted questionnaire was used, distributed through the already existing internal communication channels.

Local communities

The consultation of the local communities had two components:

- Feedback collected in advance (from previous years) through questionnaires applied during events organized by the company (e.g., Open Doors Day).
- A specific questionnaire addressed to the extended local community, to collect relevant perspectives regarding the company's impact on them.

Other stakeholders' categories

The other categories of stakeholders have been continuously consulted in previous materiality analyses. Additionally, the feedback received through the channels made available to them on an ongoing basis was analyzed during the *Understanding the Context* stage.

e) The results of the analyses conducted contributed to the development of an extended list of potential impacts, risks, and opportunities, which was then subject to evaluation by the internal team.

Impact assessment

The impact assessment was carried out by including both the results of the consultations (analysis of questionnaire responses) and:

- In-depth knowledge of the company's policies, practices, and operations by internal experts.
- Historical feedback obtained through other mechanisms made available to stakeholders (e.g., complaints, internal evaluations, previous dialogues).
- Compliance with applicable regulations and the specific context of the pharmaceutical industry (e.g., fines, penalties, incidents during the reporting period).

Thus, the specialists completed and expanded the analysis, integrating stakeholder consultation as an important, but not the only, element in the process of identifying and assessing impact.

The impact assessment took place during meetings with representatives of the sustainability working group and, where necessary, with other experts and specialists within the company, responsible for the relationship with the affected stakeholders and the identified impacts.

Starting from the internal information available, the results of consultations with affected stakeholders, and based on publicly available evidence, impacts have been assessed according to the established criteria as follows:

- For current negative impacts, severity (seriousness, extent, and whether it is remediable or irreparable) and probability (which was assigned a score of 5 – it has occurred multiple times in the last year).
- For potential negative impacts, severity and probability of occurrence.
- For current positive impacts, severity (seriousness and extent) and probability (which was assigned a score of 5 – it has occurred multiple times in the last year).
- For potential positive impacts, severity (seriousness and extent) along with the probability of occurrence.

Note: Although the standard does not require the evaluation of probability for current impacts, within our methodology, we deemed it necessary to include it to ensure consistency with the overall evaluation process and to facilitate the comparison of current impacts with potential ones.

Thus, for current impacts, we assigned a score of 5 for probability, which, according to our scale, reflects an impact that has occurred in the last year. This approach allowed us to use a unified methodology, ensuring consistency and comparability between current and potential impacts.

The scales used for impact assessment

The impact assessment in the analysis process was carried out using two main dimensions: probability and severity. These were quantified on detailed scales to provide a clear and objective understanding.

1. Likelihood

The probability reflects the frequency and likelihood of a potential impact occurring, evaluated on a scale from 0 to 5:

- **0**: 0% probability of happening.
- **1**: Highly unlikely to happen over a long period (3-5 years) or has not occurred so far.
- **2**: Unlikely to happen over a long period (3-5 years) or has occurred at least once in the last 3 years.
- **3**: Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
- **4**: Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.

- **5**: Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.

2. Severity

Severity analyzes the gravity, extent, and irremediability of an impact, being assessed based on three dimensions: gravity, extent, and irremediable nature.

Scale:

- **0**: No impact (e.g., no emissions, no workplace accidents, no employee turnover, no wastewater discharges, etc.).
- **1**: My impact is over 50% lower than the industry average/legal limit/national average (depending on the form of impact).
- **2**: My impact is up to 50% lower than the industry average/legal limit/national average (depending on the form of impact).
- **3**: My impact is the same as the industry average/legal limit/national average (depending on the form of impact).
- **4**: My impact is up to 50% higher than the industry average/legal limit/national average (depending on the form of impact).
- **5**: My impact is over 50% higher than the industry average/legal limit/national average (depending on the form of impact).

Scope:

- **0**: No detectable effect (0% of the relevant population or ecosystem is affected).
- **1**: Up to 10% of the relevant population, community, or ecosystem is affected.
- **2**: Between 10-25% of the relevant population, community, or ecosystem is affected.
- **3**: Between 25-50% of the relevant population, community, or ecosystem is affected.
- **4**: Between 50-75% of the relevant population, community, or ecosystem is affected.
- **5**: Over 75% of the relevant population, community, or ecosystem is affected.

Note: The determination of the number of people in the relevant population, community, or ecosystem for calculating the affected percentage was done separately, depending on the specific theme. For example, for employees, we analyzed the percentage of the total company employees who are or might be affected by the impact associated with a particular theme, such as health and safety at the workplace; for the local community, we referred to the population of Iași County, considering the percentage of this population who is or might be affected by the company's activities.

As this was the first year, we implemented this process, we relied on the experience and knowledge of the specialists involved to best identify the relevant categories. In cases where we did not have access to concrete data (e.g., for impacts related to the value chain), we applied an approach based on the

worst-case scenario, considering the impact form as material, in order to implement appropriate measures and improve the data collection process for the future.

Irremediable nature:

- **0**: No impact, no remedial measures needed, the situation remains unaffected.
- 1: Slightly remediable impact, reduced and can be fully remediated with minimal actions from the company; the situation can return completely to its original state.
- **2**: Remediable impact, requiring considerable intervention from the company to restore the situation to its original state; full remediation is possible through internal efforts.
- **3**: Significantly remediable impact, requiring coordinated efforts between the company and other external parties (e.g., government, NGOs) to mitigate the effects; full restoration is possible but difficult.
- **4**: Hard to remediate impact, even with significant efforts from the company and other external parties, the impact is only partially reversible; complete restoration to the previous state is unlikely.
- **5**: Irreversible impact, cannot be restored, with no realistic possibility of returning the affected environment or population to its original state; any action can only slightly mitigate the effects.

Data sources used to determine industry averages/legal limits/national limits

The determination of industry averages, legal limits, or national averages was carried out through a preliminary analysis of available sources, tailored to each assessed theme. The process relied on a combination of internal information and consultation of relevant external resources, where accessible. Examples of sources used include:

- Internal information: Historical data on reported incidents, fines or penalties applied, and internal reports on compliance with legal regulations.
- Legal regulations: Consultation of applicable national legislation, official guidelines issued by relevant regulatory authorities (e.g., Ministry of Environment, Labor Inspectorate).
- Industry perspective: Using information obtained from participation in conferences, seminars, or meetings with other industry players, as well as reports or case studies published by professional associations.
- National and regional context: Reference to statistical data published by official institutions such as the National Institute of Statistics, Eurostat, or other trusted sources.

These sources were analyzed and interpreted within the process, with the direct involvement of relevant specialists within the organization. The formulated assumptions reflected the specific context of the

company and were validated through the experience and expertise accumulated, ensuring a solid foundation in the assessment of impacts, risks, and opportunities.

Risks and opportunities assessment

The process began with a detailed mapping of the company's activities, business relationships, and value chain. This approach allowed the involved colleagues to identify risks and opportunities from multiple perspectives:

- The company's dependencies on natural, human, and economic resources (e.g., raw materials, workforce).
- Forms of positive or negative impacts generated on the environment and society.
- External conditions not directly associated with impacts or dependencies, such as legislative requirements, market trends, or emerging risks.

The measure and how the process of risk identification, assessment, and management is integrated into the overall risk management process

Starting this year, the company has formally integrated the process of identifying, assessing, and managing sustainability-related impacts and risks into the overall risk management procedure. This update aligns the risk management process with the requirements of the ESRS standards and ensures a unified approach to all types of risks – financial, operational, and sustainability-related.

Currently, the company is in the process of integrating material risks into a dedicated sustainability risk register, which will be managed and monitored according to the risk management system procedure. Additionally, these risks are included at the macro level in the company’s general risk register. For each material risk, we are developing specific action plans tailored to the unique aspects of each, to prevent (eliminate) or reduce the likelihood of their occurrence, taking into account the resources needed for optimization.

This stage also includes continuous reviews of processes and procedures to ensure effective monitoring and a prompt response to the evolution of sustainability-related risks. As the process advances, we aim to strengthen the integration of these risks and improve the overall risk management efficiency at the company level.

Prioritization of sustainability-related risks

The prioritization of risks, including sustainability-related risks, is carried out in accordance with the risk management procedure, which has been updated to integrate sustainability aspects. The same procedure is applied uniformly for all types of risks, regardless of their nature (financial, operational, or

sustainability-related). Risks are evaluated using objective criteria, such as the probability of occurrence and the size of the financial impact (the magnitude of financial effects), ensuring a coherent and comparable approach at the organizational level.

Methodologies and assumptions applied for potential risks

The process of identifying and assessing potential risks was carried out in accordance with the internal risk assessment procedure, which represents a fundamental tool in ensuring a rigorous methodological framework tailored to the organization's specific context. This procedure integrates:

- Internal expertise: The risk analysis was based on the knowledge and experience accumulated by the responsible teams, who are familiar with relevant economic forecasts, legislative developments, and the general dynamics of the industry.
- Contextual evaluation: The methodology applied took into account both the operational specifics of the organization and emerging trends identified through continuous monitoring of the external environment.
- A judgment-based approach: Decisions and risk prioritization were made by applying a combination of qualitative analysis and professional judgment, considering the potential economic, social, and environmental implications.
- Fundamental assumptions: The process involved using informed assumptions regarding economic development directions, the impact of regulatory changes, and the current context of the industry, ensuring an integrated and realistic assessment of risks.

The risks and opportunities assessment was conducted in accordance with the internal Risk Management procedure, led by the company's Sustainability Working Group. This took place after identifying impact forms, "hot spots," dependencies, and relevant external factors, focusing on how they can affect/contribute to the company's performance and financial position, cash flows, and access to capital.

The scales used for risks and opportunities assessment

1. Likelihood

Probability reflects the frequency and likelihood of a risk or opportunity occurring, being evaluated on a scale from 0 to 5:

- **0**: 0% probability of happening.
- **1**: Highly unlikely to happen over a long period (3-5 years) or has not occurred so far.
- **2**: Unlikely to happen over a long period (3-5 years) or has occurred at least once in the last 3 years.

- **3**: Likely to happen over a medium period (1-3 years) or has occurred at least once in the last 3 years.
- **4**: Likely to happen over a short period (<2 years) or has occurred a few times in the last 2 years.
- **5**: Highly likely to happen over a short period (<1 year) or has occurred multiple times in the last year.

2. Magnitude

The impact of the risk/opportunity reflects the negative/positive financial, operational, and reputational effects on the company as follows:

- 1: Very Low
  - Financial: Decrease in net profit by up to 3%. Decrease in net turnover by up to 5%.
  - Operational: Company activities/work processes are not conditioned/suspended. Objectives are not affected. Loss of employees from the Specialist and Standard staff categories. No fluctuation of staff. Minor work accidents that do not cause work incapacity.
  - Reputational: Company's image is not affected.
- 2: Low
  - Financial: Decrease in net profit between 3% - 6%. Decrease in net turnover between 5% - 10%.
  - Operational: Company activities/work processes continue with conditions to maintain operating permits. Partial achievement/difficulties in achieving an objective at the organizational structure level. Loss of employees from the Specialist and Standard categories with tenure in the company. Staff turnover between 2% and 3%. Minor work accidents that do not cause work incapacity but affect multiple employees.
  - Reputational: Company's image is slightly affected.
- 3: Medium
  - Financial: Decrease in net profit between 6% - 9%. Decrease in net turnover between 10% - 15%.
  - Operational: Temporary suspension of certain activities. Partial achievement/difficulties in achieving an objective at the company level. Loss of employees from the Operational Management staff category. Staff turnover between 3% and 4%. Minor work accidents that result in work incapacity of less than 3 days.
  - Reputational: Company's image is moderately affected.
- 4: High
  - Financial: Decrease in net profit between 9% - 12%. Decrease in net turnover between 15% - 20%.

- Operational: Cancellation of some licenses that do not fully affect the company's activities/work processes. Inability to achieve an objective at the company level. Loss of employees from the Operational Management staff categories. Staff turnover of less than 5%/employee retention greater than 95%. Work accidents resulting in work incapacity of more than 3 days.
- Reputational: Company's image is significantly affected at the national level.

- 5: Very High
  - Financial: Decrease in net profit by more than 12%. Decrease in net turnover by more than 20%.
  - Operational: Interruption of essential activities – cancellation or suspension of licenses affecting the company's operation. Inability to achieve strategic objectives. Loss of multiple strategic employees from essential staff categories across multiple organizational structures. Staff turnover greater than 5%/employee retention lower than 95%. Work accidents resulting in disability or death.
  - Reputational: Company's image is significantly affected at both national and international levels.

Determining materiality of impacts, risks and opportunities

The impacts (both positive and negative) were assessed using a probability and severity matrix, and based on the final score, measures were assigned tailored to each type of impact.

Very high	5	SEVERITY	5	10	15	20	25
High	4		4	8	12	16	20
Medium	3		3	6	9	12	15
Low	2		2	4	6	8	10
Very Low	1		1	2	3	4	5
			PROBABILITY				
			1	2	3	4	5
			Very Low	Low	Medium	High	Very high

Severity of negative impacts = $\frac{Gravity + Extent + Irremediability}{3}$

Severity of positive impacts = $\frac{Gravity + Extent}{2}$

Impact final score = Severity x Probability

Negative impacts

1-4	Tolerable	Does not require immediate due diligence measures.
5-8	Medium/long term reduction	Requires due diligence measures for the medium or long term.
8.01-15	Short term reduction	Requires due diligence measures implemented in the short term.
15.01-25	Urgent reduction	Requires urgent due diligence measures to manage critical impacts.

Positive impacts

1-4	Minor Positive Effects	The positive effects are small and it is discussed whether they should be amplified; investment in additional resources may be considered to increase these positive effects.
5-8	Moderate Positive Effects	Requires monitoring and planned actions to increase benefits in the medium to long term; specific measures may be implemented to develop these impacts and to increase the positive effects.
8.01-12	Significant Positive Effects	It is important to maintain positive impacts (by maintaining and consolidating the policies, procedures, and practices that generated them or could generate them); constant monitoring of these effects is recommended to reduce their decline and encourage their replication in other relevant areas.
15.01-25	Major Positive Effects	Requires high priority to be maintained externally; it is crucial to ensure continuity of the policies or practices that contribute to generating these effects.

Risk assessment

The risks were classified based on the likelihood of occurrence and the severity of the financial/operational/reputational impact, using the following matrix:

Very high	5	IMPACT	5	10	15	20	25
High	4		4	8	12	16	20
Medium	3		3	6	9	12	15
Low	2		2	4	6	8	10
Very Low	1		1	2	3	4	5
			PROBABILITY				
			1	2	3	4	5
			Very Low	Low	Medium	High	Very high

Risk final score = Impact x Probability

1-4	Tolerable	No control measures are needed.
5-8	High Tolerance	Control measures are required in the medium/long term.
9-12	Low Tolerance	Control measures are required in the short term.
15-25	Intolerable	Urgent control measures are required.

Opportunity assessment

Opportunities were classified based on the likelihood of materialization and the magnitude of financial or strategic benefits:

Very high	5	IMPACT	5	10	15	20	25
High	4		4	8	12	16	20
Medium	3		3	6	9	12	15
Low	2		2	4	6	8	10
Very Low	1		1	2	3	4	5
			PROBABILITY				
			1	2	3	4	5
			Very Low	Low	Medium	High	Very high

Opportunity final score = Impact x Probability

1-4	Very long-term exploration	Does not require immediate action; the opportunity is of small scale.
5-8	Medium/long-term exploration	Requires additional evaluations and investments to capitalize on the opportunities.
9-12	Short-term exploration	Requires the implementation of rapid measures to capitalize on the benefits.
15-25	Priority exploitation	Requires immediate interventions to maximize the identified opportunities.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Following the analysis, the materiality thresholds were set as follows:

- Impacts become material if they score higher than 8 in the assessment.
- Risks and Opportunities become material if they score higher than 9.

Therefore, if a topic/ sub-topic/ sub-sub-topic revealed at least one impact, risk, or opportunity that exceeded the materiality threshold, it was considered material.

DR IRO-2 - Disclosure Requirements in ESRS covered by the company's sustainability statement

The information presentation requirements from the ESRS covered by the sustainability statement and the list of indicators derived from other EU legislative acts are presented in Annex 1 and Annex 2 of this statement.

8.2. Environment

8.2.1. Taxonomy related information

This chapter describes the information presented by Antibiotice under Article 8 of the Taxonomy Regulation (Regulation (EU) 2020/852) for the financial year ending December 31, 2024. The information complies with the reporting requirements under Article 8 of the Taxonomy Regulation and the subsequent Delegated Regulations: Commission Delegated Regulation (EU) 2021/2178, Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2022/1214, Commission Delegated Regulation (EU) 2023/2485, and Commission Delegated Regulation (EU) 2023/2486.

The table below presents the proportion of aligned (A1), eligible (A2), and non-eligible (B) economic activities from the perspective of the Taxonomy for Antibiotice, according to Article 8, paragraph (2) of the Taxonomy Regulation.

Art. 8 (2) Taxonomy Regulation

Antibiotice		**The proportion of eligible and non-eligible economic activities for the taxonomy in total revenue, CapEx, and OpEx - Financial Year 2024.**		
KPI	Total (RON)	Eligible and aligned activities (A1):	Eligible and not aligned activities (A2):	Non-eligible activities (B):
Turnover (RON)	675,010,971	0	530,866,935	144,144,036
Capital expenditures (CapEx) (RON)	116,160,576	0	85,770,630	30,389,946
Operational expenditures (OpEx) (RON)	49,342,058	0	6,062,981	43,279,077

Evaluation of Compliance with Regulation (EU) 2020/852

In the context of transitioning to a sustainable economy, the EU Taxonomy represents an essential framework for classifying economic activities that contribute to the environmental objectives established at the European level. According to Regulation (EU) 2020/852 and its related delegated regulations, this classification system helps companies, investors, and policymakers identify activities that support sustainability and improve transparency in reporting.

The EU Taxonomy is a classification system that defines which activities are sustainable ("green") and provides a methodology for determining how "green" the turnover, CapEx, and OpEx are.

EU Taxonomy:

- Helps identify which activities qualify as sustainable or not;
- Measures how sustainable the company's activities are, allowing
- Accountability and comparability;
- Provides investors with visibility into sustainable activities;
- Helps prevent the phenomenon of "greenwashing".

Criteria for environmentally sustainable economic activities

In order to determine the environmental sustainability of an investment, an economic activity qualifies as environmentally sustainable if the respective activity:

(a) makes a substantial contribution to one or more of the environmental objectives, namely:

- Mitigation of climate change;
- Adaptation to climate change;
- Sustainable use and protection of water resources and marine resources;
- Transition to a circular economy;
- Prevention and control of pollution;
- Protection and restoration of biodiversity and ecosystems.

(b) does not significantly harm any of the environmental objectives;

(c) is carried out in accordance with minimum safeguards - procedures applied by a company engaged in an economic activity to ensure alignment with the guidelines of the Organisation for Economic Co-operation and Development (OECD) regarding multinational enterprises and with the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight

fundamental conventions identified in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and those set out in the International Bill of Human Rights;

(d) complies with the technical screening criteria.

Following the assessment, we identified activities that are eligible under the EU Taxonomy, meaning they belong to economic sectors considered essential for the transition to sustainability, as follows:

Economic activity	Objective	Description of activity	NACE Code
1.1 Manufacture of active pharmaceutical ingredients (API) or active substances	Pollution prevention and control	According to the Articles of Incorporation, Antibiotice's main activity is the manufacturing of basic pharmaceutical products – NACE code 2110, which falls under the description of the EU Regulation: economic activities in this category could be associated with the NACE code C21.1, in accordance with the statistical nomenclature of economic activities established by Regulation (EC) No. 1893/2006. Nystatin has been manufactured by Antibiotice since 1970. Between 1995-1997, the technology for obtaining this active substance was perfected, the biosynthesis activity being aligned with the requirements of the international market, while respecting the rules of good manufacturing practice and the requirements of the Pharmacopoeias in international circulation. In 2006, the manufacturing process of Nystatin was optimized, leading to a significant increase in the productivity of the substance. The manufacturing of biosynthesis products, in bulk finished form, is carried out within the Biosynthesis Unit and its associated facilities – solvent recovery, cooling station – with a total area of 7,400 square meters. Since 2017, the active substance produced by Antibiotice has become a certified reference standard by the United States Pharmacopeia. Certifications: GMP Quality Certification EDQM Certification FDA Approval International Reference Standard awarded by USP	2110
1.2 Manufacture of medicinal products	Pollution prevention and control	According to the Articles of Incorporation, Antibiotice carries out the secondary activity of Manufacturing of pharmaceutical preparations - NACE code 2120, which falls under the description of the EU Regulation: economic activities in this category could be associated with the NACE code C21.2, in	2120

		accordance with the statistical nomenclature of economic activities established by Regulation (EC) No. 1893/2006. The medicines are produced on production lines that are verified and certified by the National Agency for Medicines and Medical Devices of Romania (ANMDMR), in accordance with Good Manufacturing Practices (GMP) requirements. There are four manufacturing sites: Parenteral Unit – where powders for injectable suspension/solution are produced; Tablets Unit – where tablets are produced; Capsules Unit – where capsules are produced; Ointments and Suppositories Unit – where ointments, creams, gels, suppositories, and pessaries are produced.	
5.5 Collection and transport of non-hazardous waste in source segregated fractions	Climate change mitigation	The activities carried out at Antibiotice result in materials classified according to legal requirements as waste, specifically any substance or object that the holder discards or has the intention or obligation to discard. These are managed at the company level, meaning Antibiotice handles the collection, transportation, recovery (including sorting), and disposal of waste, as well as supervising these operations and the subsequent maintenance of disposal sites, along with actions undertaken by a trader or broker.	4646
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Climate change mitigation	This activity is represented by the purchase of cars necessary for the proper conduct of activities within the company.	NA
6.6 Freight transport services by road	Climate change mitigation	This activity is represented by the purchase of vehicles for the transportation of products manufactured by Antibiotice to customers.	NA
7.1 Construction of new buildings	Climate change mitigation	This activity is represented by the construction of a new finished goods warehouse.	NA
7.2 Construction of new buildings	Climate change mitigation	The activity represents the cladding of the building of a 6/0.4 kV transformer station.	NA
7.3 Installation, maintenance and repair of energy efficiency equipment	Climate change mitigation	The activity mainly involves the installation of air conditioning systems and the replacement of inefficient lighting with LED technology.	NA
7.6 Installation, maintenance and repair of renewable energy technologies	Climate change mitigation	Antibiotice has invested in two photovoltaic power plants, which contribute to optimizing electricity costs.	NA
7.7 Acquisition and ownership of buildings	Climate change mitigation	Antibiotice rents spaces to third parties for the installation, operation, and maintenance of telecommunications equipment.	6820

An economic activity qualifies as one that substantially contributes to one or more environmental objectives if it directly facilitates a substantial contribution by other activities to one or more of these objectives, provided that the activity:

(a) does not lead to a blocking of assets that undermines long-term environmental goals, taking into account the economic lifetime of those assets; and

(b) has a substantial positive effect on the environment, based on life cycle considerations.

By following the criteria set by specialized departments, the identified activities do not meet all the requirements to be classified as aligned under Article 3, points (a) and (b) of Regulation (EU) 2020/852.

For the determination of the indicators related to revenue, CapEx, and OpEx, we analyzed the revenues, investments, and operational expenses in conjunction with the requirements of the Taxonomy Regulation. In this way, we ensure that no activity is double counted.

None of our activities contribute to multiple environmental objectives, and therefore, there is no need to disaggregate the key performance indicators.

Contextual information on KPIs related to revenue

From the perspective of KPIs related to revenue, through our own evaluation of the eligibility of the activities conducted, in accordance with the CAEN codes from the articles of incorporation and the provisions of Regulation (EU) 2020/852, which establishes a framework to facilitate sustainable investments, the following eligible activities were identified at Antibiotice:

- Manufacture of active substances (taxonomy code 1.1) and Manufacture of medicinal products (taxonomy code 1.2) – aligned with the environmental objective of Pollution prevention and control.
- Collection and transport of non-hazardous waste in source segregated fractions (taxonomy code 5.5) and Acquisition and ownership of buildings (taxonomy code 7.7) – aligned with the environmental objective of Climate Change Mitigation.

From the database containing the operations that make up the net revenue, we performed grouping by CAEN code, activity code, and accounting account, and extracted the net revenue value for each activity.

The revenue indicator was determined by reporting the eligible revenue for taxonomy purposes to the total revenue.

The denominator of the indicator for revenue is based on the net revenue recognized in the Financial Statements prepared in accordance with IFRS for the financial year ending December 31, 2024, based on the accounting policies presented in Note 2.6 "Revenue Recognition IFRS 15 – Revenue from Contracts with Customers."

The total revenue of 675,010,971 RON is reconciled with the Financial Statements prepared in accordance with IFRS for the financial year ending December 31, 2024, Note 3 – Operational Revenues.

The numerator of the indicator for eligible revenue is defined as the net revenue derived from products and services associated with the economic activities eligible for taxonomy, as follows:

- Activity 1.1 "Manufacture of active pharmaceutical ingredients (API) or active substances" and Activity 1.2 "Manufacture of medicinal products" generate revenue from the sale of active substances and medicines to commercial partners in over 70 countries worldwide. The amount is identified using analytical accounting accounts. The revenue value in 2024 was 530,471,194 RON, an increase of 10% compared to 2023, when it was 482,092,916 RON, a favorable effect of projects aimed at strengthening sales of active substances on the global market, repositioning the portfolio in the Romanian market in traditional therapeutic areas that complement certain therapeutic classes, strengthening sales in Antibiotice's territories, accessing new markets in Europe, winning multiyear national tenders in the United Kingdom, Hungary, Malta, Bulgaria, and starting sales in the United Arab Emirates.
- Activity 5.5 "Collection and transport of non-hazardous waste in source segregated fractions" generates revenue through the recovery of materials resulting from the company's activities. The amount is identified using analytical accounting accounts. The revenue value in 2024 was 190,364 RON, a decrease of 44% compared to 2023 (342,776 RON), correlated with the structure of the activities at the company level.
- Activity 7.7 "Acquisition and ownership of buildings" generates revenue through the rental to third parties of spaces for the installation, operation, and maintenance of telecommunications equipment. The amount is identified using analytical accounting accounts. The revenue value in 2024 was 205,377 RON, remaining relatively constant compared to 2023 (207,435 RON).

According to the above analysis, the eligible revenues in 2024 were 530,866,935 RON, an increase of 10% compared to 2023 (482,643,127 RON).

Contextual information about the KPIs regarding CapEx

From the perspective of KPIs regarding CapEx, in accordance with the Taxonomy Regulation, the CapEx denominator includes the purchase of tangible (IAS 16) and intangible assets (IAS 38). Through its own evaluation of investments made in accordance with Regulation 2020/852 establishing a framework to facilitate sustainable investments, Antibiotice identified investments from the following eligible activities:

- Manufacture of active substances (taxonomy code 1.1) and Manufacture of medicinal products (taxonomy code 1.2), which contribute to the environmental objective of Pollution prevention and control.

- Transport by motorbikes, passenger cars, and light commercial vehicles (taxonomy code 6.5), Freight transport services by road (taxonomy code 6.6), Construction of new buildings (taxonomy code 7.1), Renovation of existing buildings (taxonomy code 7.2), Installation, maintenance, and repair of energy efficiency equipment (taxonomy code 7.3), Installation, maintenance, and repair of renewable energy technologies (taxonomy code 7.6), which contribute to the environmental objective of Climate Change Mitigation.

The CapEx indicator is equal to the eligible CapEx (numerator) for taxonomy divided by the total CapEx (the denominator must include both intangible and tangible assets) and is recognized in the financial statements prepared in accordance with IFRS for the financial year ended December 31, 2024, based on the accounting policies presented in notes 2.7 "Accounting policies for tangible assets" on page 20 and 2.8 "Accounting policies for intangible assets" on page 22. Capital expenditures reconcile with the amounts presented in Note 11 of the financial statements prepared in accordance with IFRS for the financial year ended December 31, 2024, "Tangible Assets," under the "Additions" line, and in Note 12 "Intangible Assets," under the "Additions" line.

The numerator for the CapEx indicator is defined as investments associated with economic activities eligible for taxonomy, as follows:

Investments associated (CapEx type A)

- Activity 1.1 "Manufacture of active pharmaceutical ingredients (API) or active substances" – the additions during the year consist of direct investments in the production site and supporting activities. The amount is identified using analytical accounting accounts. The value of additions in 2024 was 6,756,529 RON, recording an increase of 115% compared to 2023 (3,138,453 RON), due to continued consolidation investments.
- Activity 1.2 "Manufacture of medicinal products" – the additions during the year consist of direct investments in production sites and supporting activities. The amount is identified using analytical accounting accounts. The value of additions in 2024 was 37,516,224 RON, recording a 75% increase compared to 2023 (21,413,512 RON), due to continued strategic and consolidation investments.

Relevant investments for Taxonomy (CapEx type C)

- Activity 6.5 "Transport with motorbikes, passenger cars, and light commercial vehicles" represents the purchase of cars necessary for the smooth operation of company activities. The amount is identified using analytical accounting accounts. The value of additions in 2024 was 560,744 RON, recording a decrease of 92% compared to 2023 (6,729,351 RON), as the company renewed the used cars in its fleet in 2023. The purchased cars are EURO VI or electric.
- Activity 6.6 "Freight transport services by road" represents the purchase of freight transport vehicles, with EURO VI specifications. The amount is identified using analytical accounting accounts. The value of additions in 2024 was 536,986 RON, with no such investments in 2023.

- Activity 7.1 "Construction of new buildings" involves the construction of a new pharmaceutical product warehouse. This investment responds to Antibiotice's need for a modern, efficient warehouse capable of managing the planned future production. With storage capacity adapted to the expected growth until 2030, this warehouse will serve as an essential hub for storing and distributing pharmaceutical products. The amount is identified using analytical accounting accounts. The value of additions in 2024 was 29,935,683 RON, marking an increase of 121% compared to the value of 13,530,019 RON in 2023, due to the continuation of the investment process.
- Activity 7.2 "Renovation of existing buildings" represents the insulation of the building of a 6/0.4 kV transformer station. The amount is identified using analytical accounting accounts. The value of additions in 2024 was 2,265,971 RON. There were no such additions in 2023.
- Activity 7.3 "Installation, maintenance, and repair of energy efficiency equipment" mainly involves the installation of air conditioning systems and the replacement of inefficient lighting with LED technology. The amount is identified using analytical accounting accounts. The value of additions in 2024 was 6,631,541 RON, a decrease of 21% compared to the value in 2023 of 8,356,717 RON. The company intends to maintain the pace of investments in replacing outdated and energy-inefficient equipment.
- Activity 7.6 "Installation, maintenance, and repair of renewable energy technologies" represents the installation of photovoltaic panels both on the ground and on buildings. The amount is identified using analytical accounting accounts. The value of additions in 2024 was 1,566,951 RON, a decrease of 92% compared to the value of 20,792,210 RON in 2023. In 2023, most of the work for the photovoltaic installation projects was completed, and in 2024 only a portion of the work remained to be finished.

According to the analysis above, the eligible CapEx in 2024 was 85,770,630 RON, marking a 16% increase compared to 2023 (73,960,262 RON).

Contextual information about the KPIs regarding OpEx

The OpEx indicator is defined as eligible OpEx (numerator) for taxonomy divided by total OpEx. External service expense accounts (maintenance and repair expenses, royalties, third-party services expenses) are recognized in the Financial Statements prepared in accordance with IFRS for the financial year ending December 31, 2024, based on the accounting policies presented in Note "2.14 Recognition of Expenses".

The operational expenses related to the OpEx indicator, analyzed for taxonomy purposes, are included in the amounts presented in the trial balance, in accounts 6021 "Expenses for auxiliary materials," 6024 "Expenses for spare parts," 6028 "Expenses for other consumables," 611 "Expenses for building, equipment, machinery, and other repairs," 612 "Rental expenses," 615 "Professional training expenses," and 628 "Other expenses for services provided by third parties."

Total OpEx consists of non-capitalized direct costs related to research and development, building renovation measures, short-term rentals, maintenance and repairs, and any other direct expenses related to the daily servicing of assets, properties, facilities, and equipment.

The numerator for the OpEx indicator represents the operational expenses associated with eligible economic activities for taxonomy (OpEx type A), as follows:

- Activity 1.1 "Manufacture of active pharmaceutical ingredients (API) or active substances" – recorded expenses represent maintenance and repair expenses, IT expenses dedicated to maintaining tangible assets, professional training expenses, short-term rental expenses. The amount is identified using analytical accounting accounts. The value of the expenses in 2024 was 1,361,709 RON, marking an 86% increase compared to 2023 (732,168 RON), due to the increase in production volume.
- Activity 1.2 "Manufacture of medicinal products" – recorded expenses represent maintenance and repair expenses, IT expenses dedicated to maintaining tangible assets, professional training expenses, short-term rental expenses. The amount is identified using analytical accounting accounts. The value of the expenses in 2024 was 4,701,271 RON, marking a 4% increase compared to 2023 (4,527,483 RON), aligned with the increase in activity volume.

According to the analysis above, eligible OpEx in 2024 was 6,062,981 RON, marking a 15% increase compared to 2023 (5,259,651 RON).

Expenses related to the routine maintenance of tangible assets include periodic inspections, replacement of worn parts, cleaning and disinfection materials, and maintenance services that are necessary for the efficient operation of equipment and the upkeep of buildings.

In 2024, Antibiotice achieved organic growth, with key performance indicators surpassing those of the previous year. In the coming period, the company aims to explore opportunities for improvement to align activities with EU taxonomy requirements, primarily through a thorough examination of the regulatory requirements and continuing the implementation of technological solutions to reduce environmental impact.

In 2024, adjustments were made to the information reported in 2023, as Antibiotice continuously improved the methodology for identifying and reporting eligible and aligned activities, as follows:

- In the previous year, the methodology for identifying eligible and aligned activities was still under development, requiring a detailed analysis of the company’s activities to determine compliance with the EU taxonomy.
- The data necessary for evaluating eligibility were either unavailable or not properly structured in our financial and non-financial reporting systems.
- The interpretation of the taxonomy requirements required further clarification, considering the evolution of regulations and guidance issued by European authorities; in this regard, staff participated in professional training courses in this area.

- In 2024, based on an improved methodology and more detailed analysis, we identified and reported eligible amounts, considering:
    - a more detailed analysis of activities in relation to the EU taxonomy, which allowed the identification of activities that fall within the list of eligible ones.
    - the adoption of improvements in our internal reporting systems, enabling a more rigorous analysis.

Thus, we have restated the indicators presented in 2023, in accordance with the new methodology, and there is comparability with the values calculated for 2024.

The proportion of turnover from products or services associated with Taxonomy-aligned economic activities – information provided for the year 2024.

Financial year 2024	Year			Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Code(a) (2)	Turnover (3)	Proportion of turnover, year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		RON	%	D;N; N/EL	D;N; N/EL	D; N; N/ EL	D;N; N/EL	D;N ; N/E L	D;N; N/E L	D/N	D/N	D/N	D/N	D/N	D/N	D/N	%	E	T
A. TAXONOMY- ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																	0%	[redacted]	[redacted]
Of which Enabling																	0%	E	[redacted]
Of which Transitional					[redacted]	[redacted]	[redacted]	[redacted]	[redacted]								0%	[redacted]	T
										A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL;N/ E-L	EL;N/E -L	EL ;N /E -L	EL;N/E -L	EL; N/E -L	EL; N/E -L	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Manufacture of active substances and medicinal products	PPC 1.1 PPC 1.2	530,471,194(*)	78.59%				EL			[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	80.25%	[redacted]	[redacted]

Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	190,364	0.03%	EL												0.06%				
Acquisition and ownership of buildings	CCM 7.7	205,377	0.03%	EL												0.03%				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		530,866,935	78.65%	0.06%	0%	0%	78.59%	0%	0%							80.34%				
A. Turnover of Taxonomy eligible activities (A.1+A.2)		530,866,935	78.65%	0.06%	0%	0%	78.59%	0%	0%							80.34%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy non-eligible activities		144,144,036	21.35%																	
TOTAL		**675,010,971**	**100%**																	

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0.06%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	78.59%

BIO	0%	0%

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, Year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		RON	%	D;N; N/EL	D; N ; N / E L	D;N; N/EL	D;N; N/EL	D;N ; N/E L	D;N; N/E L	D/N	D/N	D/N	D/N	D/N	D/N	D/N	%	E	T
A. TAXONOMY- ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																	0%		
Of which Enabling																	0%	E	
Of which Transitional																	0%		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/ E-L	E L; N / E- L	EL;N/ E-L	EL;N/ E-L	EL; N/E -L	EL; N/E -L										
Manufacture of active substances	PPC 1.1	6,756,529	5.82%				EL										3.2%		

Manufacture of medicinal products	PPC 1.2	37,516,224	32.30%				EL									21.84%				
Transport with motorbikes, passenger cars, and light commercial vehicles	CCM 6.5	560,744	0.48%	EL												6.86%				
Freight transport services by road	CCM 6.6	536,986	0.46%	EL												0%				
Construction of new buildings	CCM 7.1	29,935,683	25.77%	EL												13.8%				
Renovation of existing buildings	CCM 7.2	2,265,971	1.95%	EL												0%				
Installation, maintenance, and repair of energy efficiency equipment	CCM 7.3	6,631,541	5.71%	EL												8.52%				
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6	1,566,951	1.35%	EL												21.21%				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		85,770,630	73.84%	35.73 %	0 %	0%	38.11 %	0%	0%							75.44%				
A. CapEx of Taxonomy eligible activities (A.1+A.2)		85,770,630	73.84%	35.73 %	0 %	0%	38.11 %	0%	0%							75.44%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy non-eligible activities		30,389,946	26.16%																	
TOTAL		**116,160,576**	**100%**																	

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	35.72%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	38.12%
BIO	0%	0%

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, Year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		RON	%	D;N; N/EL	D;N; N/EL	D;N; N/EL	D;N; N/EL	D;N; N/EL	D;N; N/EL	D/N	D/N	D/N	D/N	D/N	D/N	D/N	%	E	T
A. TAXONOMY- ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																	0%		
Of which Enabling																	0%	E	
Of which Transitional																	0%		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/E-L	EL; N/E-L	EL;N/E-L	EL; N/E-L	EL; N/E-L	EL; N/E-L										
Manufacture of active substances	PPC 1.1	1,361,709	2.76%				EL										1.94%		
Manufacture of medicinal products	PPC 1.2	4,701,271	9.53%				EL										11.99%		

OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	6,062,981	12.29%	0%	0%	0%	12.29%	0%	0%							13.92%			
A. OpEx of Taxonomy eligible activities (A.1+A.2)	6,062,981	12.29%	0%	0%	0%	12.29%	0%	0%							13.92%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx of Taxonomy non-eligible activities	43,279,077	87.71%																
TOTAL	**49,342,057**	**100%**																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	12.29%
BIO	0%	0%

8.2.2. Climate change

Climate change represents a global challenge with a direct impact on the pharmaceutical industry, including the activities carried out by Antibiotice. From the high energy consumption required for production processes to the emissions generated by the international transportation of raw materials and finished products, the company contributes to the carbon footprint of the sector. At the same time, climate change can affect the supply chain, resource availability, and operational safety. Therefore, reducing environmental impact and adopting energy efficiency measures, responsible resource use, and emission management have become essential for the company's strategy.

DR ESRS 2 GOV-3 - Integration of sustainability-related performance in incentive schemes

Currently, there is no component of the remuneration linked to climate considerations for the members of the management. In the absence of an existing connection between climate performance and the remuneration structure, Antibiotice plans to develop a strategy in this regard, alongside the establishment of greenhouse gas (GHG) emission reduction targets within the Science-Based Targets initiative (SBTi).

E1-1 - Transition plan for climate change mitigation

Antibiotice has not yet formalized a transition plan for climate change mitigation, but it is implementing measures to reduce greenhouse gas (GHG) emissions and increase energy efficiency. The company aims to align with European decarbonization targets and is constantly evaluating solutions to reduce its climate impact.

Antibiotice aims to align with the global goal of limiting global warming to 1.5°C, in accordance with the Paris Agreement. In 2025, the company plans to officially commit to the Science-Based Targets initiative (SBTi) and will subsequently develop and communicate its GHG reduction targets, ensuring that these align with scientifically based decarbonization trajectories.

Until these targets are officially set and validated, Antibiotice continues to implement efficiency measures. Currently, the company has set a target to reduce carbon emissions from its own operations (Scope 1 and 2) by 46% by 2030, using 2019 as the reference year.

A detailed transition plan will be developed and officially communicated once the emission reduction targets are approved by the Science-Based Targets initiative (SBTi). Until then, Antibiotice continues to monitor emissions, implement energy efficiency measures, and explore technological solutions to reduce its carbon footprint.

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Antibiotice acknowledges the impact of climate change on its business model and has identified relevant risks from both physical and transition perspectives. Extreme weather events, such as droughts and floods, can affect the supply chain, particularly in the regions from which the company sources its raw materials. These phenomena can lead to increases in raw material prices and influence production costs. Additionally,

increasingly stringent European regulations on carbon emissions and resource efficiency require technological adaptations and changes to production processes, which may involve additional investments. The lack of clear climate impact reduction measures may also affect the company’s perception in international markets, where sustainability is an increasingly important criterion for investors and business partners.

To manage these risks, Antibiotice has conducted a resilience analysis of its business model, using various climate scenarios to understand the potential impacts on operations and the supply chain. This analysis, carried out in 2022 for the year 2021, included the assessment of energy efficiency measures, the use of alternative energy sources, and the transition to more sustainable technologies. As the company progresses with its commitment to the Science-Based Targets initiative (SBTi), the resilience analysis will be updated and recalibrated according to the methodological and scientific requirements set by this initiative. The resulting data will be publicly communicated only after the emission reduction targets have been officially verified and validated.

As part of the resilience analysis, the company applied a scenario-based methodology aligned with the latest international recommendations. The scenarios evaluated considered the impact of climate regulations, expected changes in energy demand, the transition to renewable sources, as well as emerging decarbonization technologies. Multiple transition pathways were analyzed, including a conservative scenario with no significant emission reduction measures, an intermediate scenario based on energy efficiency measures, and an ambitious scenario involving the integration of alternative energy sources and the electrification of the transport fleet. These scenarios were analyzed for the short, medium, and long term, considering both physical risks and transition risks.

To support the transition to a sustainable business model, Antibiotice has implemented and plans significant measures for energy efficiency and emission reduction. In 2024, the company completed a 2.5 MW photovoltaic plant and started projects for a new 1.2 MW plant and for reducing thermal energy consumption through a heat pump system. In 2025, the company intends to formally commit to the Science-Based Targets initiative (SBTi), with emission reduction targets to be set and validated according to the scientific criteria of this initiative. The publication of the targets will take place after official validation, ensuring transparency and compliance with international requirements.

The evaluation of the company's ability to adapt to climate change included four distinct scenarios. The first scenario assumes maintaining the status quo without additional measures to reduce emissions, which could lead to an increased vulnerability of the company to climate risks. The second scenario includes short-term energy efficiency measures, with an estimated impact by 2025. The third scenario aims for the transition to a more sustainable consumption of resources by 2030, while the final scenario involves advanced measures to reduce climate impact, with significant effects by 2050.

Thus, the company faces a range of significant climate risks, both transitional and physical, that could affect its business model and operations in the long term. Transition risks include changes in the market, policies and regulations, reputation, consumer behaviour, and the adoption of new technologies. Rising energy and raw material prices, influenced by decarbonization policies and pollution prevention regulations, could affect production costs and the company’s competitiveness. At the same time, the intensification of European emission reduction policies and new environmental impact reporting obligations impose alignment with strict sustainability requirements. In addition to these aspects, the company must manage reputation risks, as legal action regarding climate issues or shareholder pressure for improving ESG performance could affect its image and market position. Moreover, adopting new, more energy-efficient and low-emission technologies entails

significant investments and the adaptation of existing equipment, which could generate operational and financial challenges.

The physical risks associated with climate change mainly target the increase in long-term average temperatures and extreme rainfall variations. A consistent rise in temperatures could lead to higher energy consumption for cooling production, storage, and transportation facilities, thus increasing operational costs. Additionally, high temperatures may affect the stability and shelf-life of pharmaceutical products, creating risks for their quality. On the other hand, extreme weather phenomena, such as strong storms, floods, and periods of severe drought, could disrupt the supply chain, affecting the transport of raw materials and the distribution of finished products. These events may incur additional costs for infrastructure repairs and cause interruptions in operations due to the damage to production facilities. Furthermore, drought and water scarcity could impact on the availability of essential resources for production, exacerbating the company's operational vulnerabilities.

The company's adaptation strategy to climate change includes investments in energy efficiency, alignment with decarbonization requirements, long-term strategic planning, and the development of internal sustainability skills. These initiatives support the transition to a more resilient business model, ensuring compliance with regulations and reducing the environmental impact.

ESRS 2 IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities

The company has developed a structured process for identifying and assessing the impact of its activities on climate change, as well as the risks and opportunities related to climate transition. This process includes the analysis of greenhouse gas (GHG) emissions and the factors that may influence the sustainability of operations.

1. Identification of GHG emission sources and determining factors

The company has assessed its operations to identify both actual and potential sources of GHG emissions. The analysis included:

- Direct emissions (Scope 1): Emissions generated from the use of fossil fuels for operational processes.
- Indirect emissions (Scope 2): Emissions from the use of purchased electricity for the operation of production units.
- Indirect emissions from the value chain (Scope 3): The impact of emissions from supply, transport, and other activities in the supply and distribution chain.

For 2024, the company completed the carbon footprint calculation, extending it to include indirect emissions (Scope 3) as part of its climate strategy.

2. Assessment of impacts on climate change

The analysis identified significant risks that could affect the business model, including:

- Extreme weather events: These can impact the supply chain, especially for raw materials sourced from vulnerable regions, potentially leading to disruptions in production or transportation.

- Strict regulations on emissions and resource use: Increasingly stringent environmental regulations are requiring companies to take actions to reduce emissions and improve energy efficiency, which could involve significant investment and adaptation of existing operations.
- Market and investor perception: The transition to a sustainable business model is becoming an important criterion in commercial and financing decisions. Companies that fail to align with sustainability goals risk losing market share, investor interest, or face higher costs due to lack of alignment with environmental standards.

3. Integrating findings into business strategy

To address these challenges, the company has implemented and initiated projects in 2024 that contribute to reducing its climatic impact:

- Completion of the 2.5 MW photovoltaic plant to increase the use of renewable energy sources.
- Initiation of the project for a 1.2 MW photovoltaic plant on the rooftops of buildings.
- Implementation of a heat pump system to optimize thermal energy consumption.

These investments support the transition to a more energy-efficient operational model and reduce exposure to climate-related risks.

4. Commitment to Science-Based Targets Initiative (SBTi)

In 2025, the company intends to formally commit to the Science-Based Targets initiative (SBTi), which will involve:

- Setting scientifically validated targets for reducing GHG emissions.
- Aligning emission reduction strategies with the trajectories set to limit global warming to 1.5°C.
- Publishing the targets and decarbonization measures after official validation by SBTi.

Through this process, the company manages its exposure to climate-related risks and aligns with the current requirements regarding energy efficiency and emission reductions, ensuring compliance and business model resilience.

The company completed a climate-related physical risk analysis in 2022, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). This evaluation focused on identifying climate hazards relevant to its own operations and value chain.

The analysis was conducted across different time horizons, integrating scientifically validated climate scenarios, and included:

- Identifying relevant climate hazards for the company's activities.
- Assessing the exposure of assets and operational processes to these hazards.
- Analyzing the impact on the supply chain and distribution.

Climate Forecasts: Iași 2040			
Current and Future Inherent Risk (excluding Antibiotics control measures)			
Climate Risk	Inherent Exposure to Risk	Future Exposure to Risk	Confidence in Forecast
Extreme high temperatures	Medium	↗	High
Extreme precipitation and floods	Medium	↗	High
Drought and water stress	Medium	↗	High
Forest fires	Medium	↗	Medium
Extreme low temperatures	Low	↗	High
Landslides	Low	↗	Medium
Strong winds	Low	→	Medium

Thus, the company has assessed the extent to which its assets and business activities are exposed and sensitive to the identified transition events, using scenario-based analysis according to TCFD. This evaluation included the probability, scale, and duration of the impact of transition risks.

The climate scenarios used for identifying and assessing transition risks and opportunities were aligned with relevant financial assumptions, including those related to energy prices, emissions regulations, and compliance costs. These scenarios reflect anticipated trends in the transition to a low-emission economy and are consistent with estimates of the financial impact of climate risks on the company.

In 2025, along with its commitment to the Science-Based Targets initiative (SBTi), the company will recalibrate its climate risk analysis to align it with the methodological requirements of this framework. The results will be published according to the SBTi requirements after the verification process is completed.

The review of the analysis conducted in 2022 will include:

- Updating the scenarios used to reflect the latest projections regarding the energy transition.
- Reviewing exposure to transition risks, including the impact of legislative changes on the business model.
- Publishing the results in accordance with SBTi requirements after the verification process is completed.

The company will continue to adjust its strategy to maximize transition opportunities, ensuring alignment with European and international regulations while strengthening operational resilience in the context of the transition to a low-emission economy.

DR E1-2 - Policies related to climate change mitigation and adaptation

Antibiotice's Climate Resilience Policy includes relevant measures for both adapting to climate change and mitigating its impact. The company integrates sustainability principles into its operations to manage the identified climate risks and contribute to the transition towards a low-carbon economy.

Regarding climate change mitigation, the policy includes:

- Reducing GHG emissions, with clear targets set for Scope 1, 2, and 3;
- Improving energy consumption efficiency by implementing more efficient technologies and transitioning to renewable energy, including investments in photovoltaic plants and heat pump systems;
- Collaborating with suppliers to reduce the impact on the value chain and efficiently manage resources.

Regarding climate change adaptation, the policy includes:

- Assessing climate risks and operational vulnerabilities to ensure the continuity of production activities;
- Protective measures for infrastructure against extreme weather events and hydrological changes;
- Monitoring and reporting progress in achieving climate objectives and implementing additional measures to enhance resilience.

Antibiotice's climate resilience policy takes an integrated approach to both mitigating and adapting to climate change, including specific measures. The company maintains its commitment to managing climate impact through the implementation of the climate resilience policy. This policy may be reviewed and updated upon the official approval of emission reduction targets by the Science Based Targets initiative (SBTi), ensuring consistency between the company's decarbonization strategy and internationally recognized methodologies.

The review will allow the integration of new specific requirements and recommendations regarding the emission reduction trajectory, ensuring that mitigation and adaptation measures are aligned with the latest scientific standards and European regulations on climate neutrality.

DR E1-3 - Actions and resources in relation to climate change policies

Antibiotice implements concrete measures to mitigate and adapt to climate change, aligning with its emission reduction objectives and the transition towards a more sustainable business model. These actions include energy efficiency, the use of renewable energy sources, and investments in low-emission technologies. The financial resources allocated, and the progress of the implemented measures are constantly monitored, and details regarding operational expenditures (OpEx) and capital expenditures (CapEx) related to climate actions will be reflected in the EU Taxonomy reporting.

The identified decarbonization levers are:

- Energy Efficiency – Modernizing equipment and optimizing industrial processes to reduce energy consumption, including implementing a heat pump system to reduce thermal energy consumption.
- Use of Renewable Energy – Increasing the share of green energy in total consumption through the purchase of electricity from renewable sources, completing the 2.5 MW photovoltaic plant, and initiating the 1.2 MW rooftop project.
- Fuel Consumption Optimization – Implementing measures to reduce the use of fossil fuels in production and transportation processes.

- Fugitive Emissions Management – Monitoring and reducing losses from air conditioning and refrigeration systems.

Future actions will be aligned with decarbonization objectives and will be adapted according to the evolution of regulations and available technologies.

Decarbonization levers at the value chain level will be identified accurately after evaluating suppliers and analyzing the results of the indirect emissions calculation from Scope 3. This analysis will allow the company to develop specific measures for reducing the climate impact across the supply chain and distribution.

GHG emission reductions

Regarding the projected reductions, these are estimated based on energy efficiency initiatives, investments in renewable energy sources, and optimization of production processes.

By 2030, the company aims to:

- Reduce Scope 1 and Scope 2 emissions by improving energy efficiency and transitioning to low-emission energy sources.
- Implement measures to reduce Scope 3 emissions by optimizing transport and distribution, as well as collaborating with suppliers to reduce impact across the value chain.

These estimates will be adjusted and aligned with the targets to be set as part of the commitment process to SBTi, which is expected to be completed in 2025.

Category	Base year 2019	Emissions 2024	Reduction 2019-2024	Reduction 2019-2024	Target 2030	Necessary reduction until 2030	Total reduction 2019-2030
	tCO_2e	tCO_2e	tCO_2e	%	tCO_2e	tCO_2e	%
Scope 1							
Total Scope 1	10,417.99	9,495.41	922.58	8.86	5,625.71	3,869.70	46.00
The percentage of GHG emissions from Scope 1 coming from emissions trading systems (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Scope 2							
Scope 2 - location based	3,830.99	2,527.02	1,303.97	34.04	-	-	-
Scope 2 -market based	3,589.13	1,296.33	2292,80	63,88	1,938.13	Target already reached	46.00
Scope 3							
Total Scope 3		73,014.39	NA	NA	-	-	-

3.1. Purchased goods and services		57,818.33	NA	NA	-	-	-
3.2. Capital goods		11,076.08	NA	NA	-	-	-
3.3. Fuel- and energy-related activities		1,598.45	NA	NA	-	-	-
3.4. Upstream transportation and distribution		627.84	NA	NA	-	-	-
3.5. Waste generated in operations		82.91	NA	NA	-	-	-
3.6. Business travel		276.53	NA	NA	-	-	-
3.7. Employee commuting		516.32	NA	NA	-	-	-
3.9. Downstream transportation and distribution		829.41	NA	NA	-	-	-
3.12. End-of-life treatment of products		188.51	NA	NA	-	-	-
Total emissions							
Scope 1-2-3 (market-based)		**83,806.13**	**-**	**-**	**-**	**-**	**-**
Scope 1-2-3 (location-based)		**85,036.82**	**-**	**-**	**-**	**-**	**-**

Objectives for 2030 and Strategic Directions

Regarding the anticipated reductions, they are estimated based on energy efficiency initiatives, investments in renewable energy sources, and optimization of production processes.

By 2030, the company aims to:

- Reduce Scope 1 and Scope 2 emissions through improved energy efficiency and the transition to low-emission energy sources.
- Implement measures to decrease Scope 3 emissions by optimizing transportation and distribution, as well as collaborating with suppliers to reduce the impact across the value chain.

These estimates will be adjusted and aligned with the targets that will be set within the process of joining SBTi, which is expected to be completed in 2025.

Factors Influencing the Implementation of Decarbonization Measures

Antibiotice's ability to implement actions to reduce greenhouse gas (GHG) emissions and transition to a climate-friendly model is influenced by the availability and allocation of financial, operational, and logistical resources.

- **Financial resources**: The company is exploring opportunities for sustainable financing, such as EU funds, green bonds, and preferential loans, to support investments in energy efficiency, renewable energy, and emission-reduction technologies. In this regard, finalizing the commitment to the Science-

Based Targets initiative (SBTi) in 2025 will allow better alignment of financial strategies with decarbonization objectives.

- **Operational and logistical resources**: The implementation of climate measures depends on access to advanced technologies, low-emission raw material suppliers, and infrastructure for sustainable transport. Additionally, the company monitors regulatory developments and market demand for sustainable pharmaceutical products, factors that can influence the pace and scope of its decarbonization efforts.

Investments and initiatives in 2024

In 2024, Antibiotice launched and completed several projects with a direct impact on climate change mitigation objectives, involving significant investments in CapEx and OpEx, such as:

- Completion of the 2.5 MW Photovoltaic Power Plant project, contributing to increasing the share of renewable energy in total consumption. The CapEx value for this objective: in 2023, an investment of 11,653,254 RON was made, and in 2024, an investment of 124,093 RON was made, totaling 11,777,347 RON invested.
- Initiation of the "1.2 MW Photovoltaic Power Plant" project on the rooftops of buildings to reduce dependence on conventional energy sources. The CapEx value for this investment in 2024 is 1,442,858 RON.
- Recovery and reintegration of clean condensate into the boiler feedwater circuit. The CapEx value for this investment in 2024 is 2,307,524 RON.

No operational expenses (OpEx) have been recorded for the operation, maintenance, and/or repair of the above-mentioned investment objectives.

The company is in the process of planning and implementing significant investments related to climate change mitigation, including the projects mentioned earlier. Currently, we are working on detailing and finalizing the CapEx and OpEx plans specific to these projects. Preliminary estimates include capital costs and operational expenses that will be reviewed and adjusted as the projects progress. We will provide detailed and updated monetary data in future reports.

DR E1-4 - Targets related to climate change mitigation and adaptation

The company has set greenhouse gas (GHG) emission reduction targets as part of its commitment to transitioning to a low-carbon business model. The established targets aim to:

- Achieve a 46% reduction in GHG emissions for its own operations (Scope 1 and 2) by 2030, with 2019 as the baseline year.

Reducing greenhouse gas emissions is a key objective of the Climate Resilience Policy, in line with European decarbonization requirements.

Progress will be monitored periodically, and necessary adjustments will be communicated through sustainability reports.

The company is in the process of joining the Science-Based Targets initiative (SBTi), with its GHG emission reduction targets to be evaluated and validated according to the latest scientific trajectories compatible with limiting global warming to 1.5°C, in accordance with the Paris Agreement and the Green Deal.

Until the completion of this process, the company is implementing continuous decarbonization measures, and the internally established targets are aligned with the general principles of emission reduction.

Currently, the company has set 2019 as the reference year for Scope 1 and Scope 2 emissions reductions. The company will maintain the reference year and value unchanged, unless the SBTi validation process requires significant adjustments in the calculation methodology or reporting limits. Any change to the reference value will be officially communicated when the SBTi targets are published, and the impact on the objective and reported progress will be clearly explained.

The company has not yet estimated the quantitative impact of each decarbonization lever on emissions reductions. This analysis will be conducted after the targets are validated by the Science-Based Targets initiative (SBTi). After the official approval of the decarbonization plan, the company will publish details regarding the contribution of each measure, aligning with recognized scientific methodologies.

Monitoring other relevant indicators for GHG emissions reduction

The company monitors the effectiveness of its policies and actions regarding the impact, risks, and opportunities related to climate change through a series of structured measures and processes.

Monitoring mechanisms for progress:

- Annual reporting on energy consumption and greenhouse gas emissions (Scope 1 and Scope 2).
- Internal and external audits to ensure compliance with sustainability requirements and applicable regulations.
- Analysis of the effectiveness of implemented measures, including those related to energy efficiency and resource consumption reduction.
- Monitoring energy consumption and evaluating the impact of emissions reduction measures.

Indicators used to measure progress:

- Total energy consumption (MWh) and distribution by sources (fossil, renewable, nuclear).
- GHG emissions from Scope 1 and Scope 2 (tons CO_2e).
- Reduction in fossil fuel consumption through the implementation of energy efficiency measures.

Level of ambition and next steps:

- The company maintains a series of decarbonization, and energy efficiency measures aimed at reducing its climate impact.
- Targets will be officially announced upon the completion of the process of joining the Science-Based Targets Initiative (SBTi).

- Climate risks and opportunities are periodically assessed to adapt the sustainability strategy based on technological and regulatory developments.

Reference year and future perspectives:

- Until the SBTi process is completed, the reference data used are those from the company's annual reports.
- The company is committed to continuing the evaluation and reporting of its climate impact and to officially communicate the targets set once they are validated according to international requirements.

DR E1-5 - Energy consumption and mix

Energy consumption is a key factor in the company's climate impact, influencing both operational efficiency and the decarbonization strategy. Monitoring and reporting on energy consumption facilitate resource optimization and the reduction of GHG emissions. Through energy efficiency measures and the transition to renewable sources, the company aims to reduce its carbon footprint and align with European sustainability objectives.

Energy consumption and mix	**Year 2024**
Fuel consumption from coal and coal products (MWh)	0.00
Fuel consumption from crude oil and petroleum products (MWh)	3,191.19
Fuel consumption from natural gas (MWh)	42,541.91
Fuel consumption from other fossil sources (MWh)	0
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	7,167.77
Total fossil energy consumption (MWh)	**52,900.87**
Share of fossil sources in total energy consumption (%)	84.00 %
Consumption from nuclear sources (MWh)	Cannot be estimated
Share of consumption from nuclear sources in total energy consumption (%)	Cannot be estimated
Fuel Consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0.00
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh) - with guarantees of origin	800.00
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh) – through supplier contract	6,706.27
Consumption of self-generated non-fuel renewable energy (MWh)	2,572.10
Total renewable energy consumption (MWh)	**10,078.37**
Share of renewable sources in total energy consumption (%)	16.00%
Total energy consumption (MWh)	**62,979.24**

Net revenue from activities in high climate impact sectors used to calculate energy intensity	675,011 thousand RON
Total net revenues (financial statements)*	**675,011 thousand RON**

*as presented in Note 3 of the financial statements

The company's energy intensity in 2024 was 0.0933 MWh/thousand RON.

The sectors with high climate impact used to determine the energy intensity are of type C – NACE codes (21.10 and 21.20).

DR E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions

The company reports on the gross greenhouse gas emissions for Scope 1 and Scope 2 related to its operational headquarters, as this is the only unit of the company. There are no other offices or consolidated or unconsolidated entities that require separate reporting.

The reported data is determined based on operational control, according to the applicable methodology, and is presented transparently.

During the current reporting period, Antibiotice has not recorded significant changes in its operational structure or value chain that would affect the comparability of the reported emissions for Scope 1 and Scope 2.

However, in 2024, the company began reporting Scope 3 emissions in a more detailed manner. Although some categories of indirect emissions were calculated and reported in previous years, this is the first year that Scope 3 reporting is structured and aligned with the applicable reporting requirements. This change should be considered when comparing total greenhouse gas emissions with previous periods.

This change does not affect the calculation methodology used for Scope 1 and Scope 2, and the reported data remains comparable to previous years for these categories.

Additionally, the company does not report biogenic CO_2 emissions resulting from the combustion or biodegradation of biomass. Consequently, these emissions are not included in the calculation of gross GHG emissions for Scope 1 or Scope 2 reported by the company.

Scope 1 GHG emissions

Source type	**2024**	**2019**
	tonnes CO_2e	tonnes CO_2e
Stationary combustion	8.620,69	9,248.56
Mobile combustion	798,11	1,011.02
Fugitive Emissions (refrigerants - HFC)	76,61	158.41
Total Scope 1 emissions	9.495,41	10,417.99

For the calculation of emissions from Scope 1, specific emission factors from recognized databases were used to ensure compliance with applicable international methodologies.

- Stationary combustion: Emissions generated from natural gas consumption were calculated using the emission factor from the DEFRA 2024 database. The consumption activity was expressed in kWh, and emissions were determined based on this consumption.
- Mobile combustion: Emissions resulting from the consumption of gasoline and diesel were estimated using the emission factors specific to each fuel type from DEFRA 2024.
- Fugitive emissions: Emissions from the use of refrigerants were calculated based on the types of refrigerants used (HFC-134a, R-404A, R-410A, R-32) and the quantities recharged in 2024. The emissions from the use of refrigerants were calculated using emission factors extracted from the DEFRA 2024 database.

Scope 2 GHG emissions

For the calculation of emissions from Scope 2, both market-based and location-based approaches were used, applying the relevant emission factors for Romania from 2023, as those for 2024 were not available at the time of the analysis.

- Market-based Method: Emissions were calculated using the emission factor specific to the supplier, for the energy purchased from the supplier's energy mix (7,768 MWh). For the electricity purchased through a preferential renewable energy purchase contract (6,706 MWh) and the energy for which we received origin certificates (800 MWh), an emission factor of 0 gCO_2/kWh was applied. The renewable energy produced and self-consumed was not included in this calculation.
- Location-based Method: The total electricity consumption (kWh), including all sources, was multiplied by the national emission factor for Romania from 2023, according to the standard methodology for this approach.
- Emissions Associated with Electric Vehicles: Although the company owns and operates electric vehicles, it did not have its own charging stations in 2024. Therefore, their energy consumption was accounted for separately. To determine the emissions associated with the use of these vehicles, electricity consumption was multiplied by the national emission factor for electricity in Romania.

The percentage and types of contractual instruments used

Energy type	**Quantity**	**Percentage of total consumption**
	MWh	%
Energy from national mix (excluding green contracts)	7,168	41.56%
Renewable energy (guarantees of origin)	800	4.64%
Renewable energy (supplier contract)	6,706	38.89%
Renewable energy from own sources	2,572	14.91%
Total electricity consumption	**17,246**	**100%**

Note: For the consumption of 800 MWh from renewable sources for which the supplier provided the company with Guarantees of Origin, no double counting of electricity consumption was made (i.e., it is not included in the supplier's energy mix) because, according to the Romanian Government Decision no. 1.232/14.12.2011 regarding the "Regulation for the issuance and tracking of Guarantees of Origin for electricity produced from renewable energy sources," the supplier is obligated to report to ANRE the transfer of Guarantees of Origin from the supplier to the consumer.

The total share of renewable energy used: 58.44%

Of the company’s total electricity consumption, 43.53% comes from renewable energy purchased through supply contracts and Guarantees of Origin. The company does not have Power Purchase Agreements (PPA). Additionally, 14.91% of the total electricity consumption comes from the company's own renewable sources, reinforcing the strategy to reduce the carbon footprint.

In 2024, Antibiotice did not sell or buy Guarantees of Origin for renewable energy separately from the actual electricity purchase. All Guarantees of Origin used were purchased together with the electricity supplied through standard energy purchase contracts.

The company does not use trading mechanisms for energy attributes without associated energy and has not engaged in the separate purchase of renewable energy certificates (e.g., RECs, I-RECs).

Share of contractual instruments used for assigning renewable energy:

- Percentage of Guarantees of Origin (GOs) purchased independently of electricity: 4.64%
- Percentage of renewable energy purchased through supply contracts: 38.89%
- Percentage of renewable energy produced internally: 14.91%

Scope 2 GHG emissions

Category	**2024**
	tonnes CO_2e
Purchased goods and services	57,818.33
Capital goods	11,076.08
Fuel and energy-related activities	1,598.45
Upstream transportation and distribution	627.84
Waste generated in operations	82.91
Business travel	276.53
Employee commuting	516.32
Downstream transportation and distribution	829.41
End of life of sold products	188.51
Total Scope 3	**73,014.39**

In the Scope 3 category, indirect emissions were estimated using activity data provided and emission factors specific to recognized databases. The calculation methodology was based on associating expenses or activities with relevant emission factors to reflect the actual impact of the value chain. Below are the main categories analyzed, and the approach used:

- **Purchased goods and services:** The emissions were calculated based on the expenses associated with each supplier, excluding VAT. Each supplier was assigned an NACE2 code, and the emission factors were taken from the EXIOBASE 3.8.2 database (2022). To avoid double counting, emissions related to fuel and energy were excluded, as they are reported in other categories.
- **Capital goods:** The calculation was performed similarly to the goods and services category, by classifying purchases according to the NACE2 codes and applying the emission factors from the EXIOBASE 3.8.2 database (2022). The descriptions of the goods were manually reviewed for more accurate classification and a more precise estimation of emissions.
- **Fuel and energy-related activities:** Emissions in this category include losses from the supply chain for energy and fuel (well-to-tank). The emission factors were extracted from the DEFRA 2024 database. For the electricity consumption used in electric mobility, it was assumed that the charging was done for plug-in hybrid vehicles, given the context of the car market in Romania.
- **Upstream transportation and distribution:** Emissions associated with the transport of purchased and sold products were estimated using data on the number of deliveries, the value of purchases, and the type of transportation. Emission factors were assigned based on the EXIOBASE database and the expenses associated with each route.
- **Waste generated in operations:** Emissions were estimated based on the quantities of waste generated and the disposal methods reported in accordance with national legislation. Emission factors were taken from databases such as DEFRA 2024, UNFCCC GHG Calculator, BEIS 2022, ADEME, and Ecoinvent.
- **Business travel:** Emissions from transportation were estimated based on the distances traveled, the number of passengers, and the means of transportation used. For emissions associated with accommodation, an emission factor per hotel night was applied based on the destination country. The emission factors were taken from DEFRA 2024, BEIS 2021, and Greenview 2022.
- **Employee commuting:** Emissions were estimated based on an internal survey regarding employees' transportation habits (1,237 responses). The data were entered into a calculation model, and emission factors from DEFRA 2024 were applied to each type of transportation. To include employees who did not participate in the survey, the emissions were extrapolated.
- **Downstream transportation and distribution:** The emissions associated with the transportation of sold products were estimated based on the distances calculated for each destination, using geographic coordinates and reference points. Emission factors were taken from DEFRA 2024.
- **End of life of sold products:** The emissions were estimated based on the waste treatment in different regions (Europe, Asia, MENA, etc.), using data from databases such as EUROSTAT, DEFRA 2024, ADEME, and ECOINVENT. In the case of Romania, 65% of the waste (packaging) was considered recycled, and the remaining was disposed of in landfills.

GHG emissions intensity

Scope		2024	Emission Intensity
		tonnes CO_2e	tonnes CO_2e/thousand RON
Scope 1		9,495.41	0.01407
Scope 2	Scope 2 - Location based	2,527.02	0.00374
	Scope 2 - Market based	1,296.33	0.00192
Scope 3		73,014.39	0.10817
Total emissions location based		**85,036.82**	**0.12598**
Total emissions market based		**83,806.13**	**0.12416**

Net operating revenues used for calculating GHG intensity	675,011 thousand RON
Total net revenues (financial statements)	**675,011** thousand RON

DR E1-7 - GHG removals and GHG mitigation projects financed through carbon credits

In the reporting period of 2024, Antibiotice has not implemented greenhouse gas (GHG) removal and storage projects within its operations or supply chain. The company does not engage in activities such as reforestation, direct air capture, or bioenergy with carbon capture and storage. Additionally, it does not purchase carbon credits to support external climate change mitigation projects and does not have investments in such certified initiatives. As a result, carbon credits are not used to offset emissions, and the company does not publicly communicate information regarding GHG emissions neutrality based on these mechanisms.

DR E1-8 - Internal carbon pricing

For the reporting period, Antibiotice has not implemented an internal carbon pricing system, and there is no internal price set for greenhouse gas (GHG) emissions. Currently, the company does not apply specific methodologies for determining a carbon price, and this aspect is not considered in the financial impact analysis on assets or in impairment tests.

8.2.3. Pollution

Activities in the pharmaceutical industry can have a significant impact on the environment through emissions to air, water, and soil. The manufacturing process, transportation of raw materials and finished products, pharmaceutical waste management, and the use of chemicals contribute to various forms of pollution, which must be carefully monitored and managed to minimize negative effects on ecosystems and human health.

DR ESRS 2 IRO-1 - Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

As part of the process for evaluating pollution-related impacts, risks, and opportunities, the company assessed its own operations and value chain by mapping processes that could cause air, water, and soil pollution. The evaluation was conducted by analyzing relevant indicators from previous years, monitoring compliance with applicable environmental legislation, and consulting affected communities to identify forms of negative impact felt by the local community in this regard. Consultations were carried out via an online questionnaire, made available to the community through local press and community representatives (the Intercommunity Development Association of the Iași Metropolitan Area, the local authorities of Valea Lupului and Miroslava municipalities, who in turn distributed the invitation to complete the questionnaire through their own communication channels).

Additionally, given the complexity of the value chain in the pharmaceutical industry, the company recognizes that suppliers can have a significant impact on the environment. However, evaluating this impact in depth requires concrete data and additional data collection mechanisms, which the company plans to develop in the future.

As a result of this analysis, 13 material impacts were identified (out of 32 possible), which were grouped into categories of air, water, soil pollution, and pollution with hazardous substances, including microplastics. These impacts generate risks for both the company and the environment and society, but they also create opportunities for innovation, efficiency, and sustainable development.

Pollution of air: impacts, risks and opportunities identified

The production process of medicines, both internal and international transportation of raw materials, as well as the use of the company's own fleet of vehicles running on fossil fuels, contribute to CO_2 emissions and other air pollutants, exacerbating climate change and deteriorating air quality. Additionally, fine particulate emissions (PM10, PM2.5) and nitrogen oxides (NOx) resulting from the transport and distribution of products can have a negative impact on human health and the surrounding environment. In the value chain, the factories of raw material and equipment suppliers may generate high emissions through industrial processes, thus contributing to air pollution both locally and globally.

Regarding risks, exposure to stricter regulations on pollutant emissions can lead to increased operating costs due to the need for investment in less-polluting technologies or the purchase of emission certificates. Moreover, the negative public and investor perception regarding air impact can affect the company's reputation and business relationships. Climate change, worsened by air pollution, can have indirect effects on economic activities through disruptions in the supply chain or changes in demand for products.

From an opportunity perspective, optimizing logistics processes and acquiring electric vehicles for the company’s fleet can contribute to emission reduction. Such an approach could attract new partnerships and access to sustainable financing, strengthening the company's position in the market.

Pollution of water: impacts, risks and opportunities identified

Pharmaceutical production requires large amounts of water for various industrial operations, and uncontrolled discharges or insufficiently treated effluents can lead to the contamination of water bodies with hazardous

chemicals and pharmaceutical residues. In the value chain, raw material suppliers can contribute to water pollution through non-compliant practices in managing liquid waste, especially in regions where regulations are less stringent. Maritime transport of products can also contribute to the pollution of seas and oceans through fuel leaks or accidental spills.

The company may face significant risks if it does not properly manage water use and treatment. Stricter water pollution regulations could impose additional compliance costs. Moreover, pollution incidents could lead to fines, financial losses, and damage to relationships with regulatory authorities and local communities. Global water scarcity may become a challenge in certain regions, affecting the availability of resources needed for production.

Adopting advanced water treatment and recycling technologies can reduce consumption and environmental impact, generating significant long-term savings. Engaging in water resource protection initiatives and collaborating with authorities to improve regulations can strengthen the company's position in the industry and attract green investments.

Pollution of living organisms and food resources: impacts, risks and opportunities identified

Inefficient management of pharmaceutical waste and expired medicines can lead to contamination of water sources and the food supply, affecting human health and biodiversity. Persistent pharmaceutical substances can have long-term effects on ecosystems and contribute to phenomena such as antibiotic resistance.

If pharmaceutical waste management measures are not effectively implemented, the company may face stricter regulations and penalties. Additionally, growing public concerns about food safety and the environmental impact of medicines could result in a loss of consumer trust.

The company can develop collection and recycling systems for expired medicines, collaborating with authorities to educate the public. These measures can improve the company's public image and generate new business models based on the circular economy.

Substances of concern & Substances of very high concern: impacts, risks and opportunities identified

The use of hazardous substances in pharmaceutical production can lead to soil, water, and air contamination in the event of accidental spills. In the supply chain, workers exposed to these substances may face health risks, especially in regions with weaker regulations.

The company is exposed to reputational and legal risks if it does not properly manage the use of these substances. Furthermore, increasingly strict regulations may impose additional costs for the substitution of hazardous substances.

Investments in safer and more environmentally friendly alternatives can position the company as a leader in sustainable pharmaceutical innovation, facilitating access to green financing and attracting strategic partnerships.

Microplastics: impacts, risks and opportunities identified

The use of polymers in pharmaceutical production and in product packaging can contribute to the generation of microplastics (both directly from our own operations and indirectly within the supply chain partners), which negatively affect the soil and water, impacting biodiversity. These persistent particles pose a significant issue as they are difficult to eliminate and can contaminate the food chain.

Our company faces direct risks associated with microplastic pollution, including the potential for increased regulations on the use of plastic materials in packaging and reputational risks arising from this type of pollution. Additionally, the implementation of stricter requirements regarding recycling and disposal of plastic materials could lead to increased operational costs for Antibiotice.

Risks may also be present in the company's value chain through suppliers and partners who can contribute to or be affected by microplastic pollution.

To mitigate these impacts, the company is exploring the use of biodegradable alternatives for plastic packaging, in line with the current legislative framework. Strategic collaborations with partners in the recycling industry can facilitate our transition to more eco-friendly solutions and improve the sustainability of our operations.

DR E2-1 - Policies related to pollution

The company acknowledges the importance of reducing its environmental impact and using resources efficiently. By adopting the Environmental Policy, we are committed to complying with applicable regulations and international standards and applying the best industry practices to minimize our ecological footprint.

Responsible environmental impact management is integrated into every stage of our value chain. From product design and raw material selection to production, distribution, and waste management, we make decisions based on sustainability criteria to improve our environmental performance.

To ensure the transparency and efficiency of our policies, we have implemented a rigorous monitoring system based on:

- Performance indicators – we track CO_2 emissions, energy consumption, waste management, and efficient resource use.
- Regular audits – we conduct internal and external checks to ensure compliance with the standards we have committed to.
- Transparent reporting – we periodically publish progress in our annual reports.
- Continuous improvement – we adapt our policies and strategies based on results and emerging regulations.

To turn our vision into reality, we have developed complementary policies, such as the Climate Resilience Policy, the Circular Economy Policy, the Water Management Policy, the Ecosystem and Biodiversity Protection Policy, the Waste Management Policy, the Air Quality Management Policy, the Hazardous Substances and Chemicals Management Policy, the Position on the Environmental Impact of Pharmaceutical Products, alongside the Code of Ethics and the Code of Conduct for Partners.

For more details, the environmental policy can be consulted at the following link: www.antibiotice.ro/documente-mediu

Antibiotice's environmental protection policies apply to all company operations, aiming for efficient resource management, emission reduction, wastewater treatment, and controlled disposal of hazardous waste. The monitoring and reporting system ensures compliance with regulations and the integrated environmental authorization. For its supply chain partners, Antibiotice has adopted a Code of Conduct for Partners (published on our website in 2024, to be distributed to all our suppliers in 2025), which mandates responsible practices in areas such as packaging and waste management, water management, energy consumption, and greenhouse gas emissions reduction. Antibiotice reserves the right to periodically assess the performance of partners in terms of compliance with these requirements and request corrective measures where necessary.

The implementation and success of the Environmental Policy depend on the collaboration of all involved parties. Roles and responsibilities are distributed as follows:

Board of Directors

- Review and approve the environmental policy to ensure its relevance and effectiveness.
- Monitor compliance with applicable environmental legislation and regulations.
- Integrate the environmental policy into the company’s overall strategy.
- Set and monitor environmental objectives and targets, in line with the sustainability strategy.

Top Management

- Develop and implement internal standards and procedures to support compliance with the environmental policy.
- Periodically assess environmental risks and implement mitigation measures.
- Oversee the implementation, monitoring, and reporting of the company’s environmental performance.

Environmental Protection Team

- Coordinate environmental activities across all departments.
- Organize training sessions and awareness campaigns for employees and partners.
- Ensure compliance with the environmental policy and continuously improve environmental performance.

Employees and Contractors

- Adhere to the environmental policy in daily activities.
- Report any environmental non-compliance or risks identified.
- Actively participate in training sessions and environmental protection initiatives.

Suppliers and Business Partners

- Comply with environmental standards as outlined in the Code of Conduct.
- Contribute to reducing environmental impact by improving their own practices.

As part of the Position on the Environmental Impact of Pharmaceutical Products, which was adopted to support the implementation of Antibiotice's Environmental Policy, the company declares that a small portion of our production is outsourced to external suppliers who share our commitment to ethics and integrity. The company has adopted the Pharmaceutical Supply Chain Initiative (PSCI) and applies the principles of the AMR Industry Alliance, promoting common standards for responsible production and encouraging our external partners to do the same. Furthermore, the company complies with relevant national and European legal requirements regarding pollution, ensuring that its activities adhere to applicable standards.

By implementing the environmental policy, the company aligns with the industry's best practices and the requirements imposed by its current environmental permits. The company also complies with international reference standards applicable to the pharmaceutical sector, such as: Good Manufacturing Practices (GMP), regulations from the European Medicines Agency (EMA) and the National Agency for Medicines and Medical Devices of Romania (ANMDMR), the EU Industrial Emissions Directive (IED), relevant ISO standards, and national environmental legislation, ensuring compliance with the requirements set by the Integrated Environmental Authorization and Water Management Authorization.

Compliance with these requirements is monitored periodically, and environmental policies are updated in accordance with legislative requirements and the best available industry practices. The company takes into account the interests of key stakeholders, including local communities, regulatory authorities, and other relevant institutions, to ensure compliance with environmental requirements and minimize the impact of its operations on ecosystems and public health. While these interests are considered and integrated into decisions regarding environmental protection, there is currently no formal process for the direct involvement of these stakeholders in setting the environmental policy. However, the company maintains an open dialogue with authorities, complies with current regulations, and integrates feedback from environmental reports and consultations with local communities into its pollution prevention measures.

The company ensures the transparency and accessibility of its Environmental Policy for all stakeholders by publishing it on its official website and including relevant information in the sustainability statement and periodic reports. Investors, authorities, NGOs, and the general public can easily access this data. Additionally, employees benefit from training sessions and have access to updated documents in the environmental management systems.

How the Environmental Policy addresses the mitigation of negative effects related to the pollution of air, water, and soil

In the company's Environmental Policy, Antibiotice is committed to complying with all applicable environmental laws and regulations, as well as internationally recognized standards and best industry practices. All necessary efforts are made to minimize the negative environmental impact of business operations, within available capacities, across the entire value chain. Additionally, the company takes responsibility for continuously improving its environmental performance and related management systems.

In the company's Code of Conduct, partners are required to adhere to the standards governing the manufacturing, handling, and distribution of Antibiotice products, with the aim of reducing environmental impact (published on our website in 2024, to be communicated to all our suppliers in 2025). Partners will need to take measures to reduce greenhouse gas emissions by improving energy efficiency and transitioning

to renewable sources, monitor emissions, and set clear reduction targets. Improving energy efficiency and increasing the use of renewable sources is essential.

Additionally, partners are required to responsibly manage water resources by reducing consumption and properly treating wastewater. They are encouraged to apply circular economy principles, reduce the use of virgin raw materials, and adopt recyclable or biodegradable materials, limiting excessive packaging and implementing efficient waste management strategies. Active collaboration in pollution reduction and natural resource conservation is considered essential.

Currently, the Code of Conduct is published on the company's website and will be sent to suppliers for signature in 2025.

The approach regarding the replacement and minimization of the use of substances of concern and the gradual phase-out of substances of high concern

The Policy on the Management of Hazardous Substances and Chemicals is an integral part of the company's Environmental Policy.

Antibiotice is aware of the significant impact that hazardous substances and chemicals can have on human health, the environment, the safety of employees, and the community in which we operate. The company aims to adopt a responsible approach in managing these substances, ensuring compliance with international regulations and promoting sustainable solutions. The goal is to reduce and eliminate the negative impact of chemicals, minimizing financial damage and health impacts.

Antibiotice has implemented a rigorous prevention and intervention system for managing emergency situations, in accordance with ISO 14001 requirements and applicable national regulations.

To prevent and manage incidents, the activity is coordinated by the following internal structures, which work in close collaboration: the Emergency Service, Environmental Protection, and Occupational Health and Safety (OHS).

The company has a set of procedures and plans that establish prevention and emergency response measures, including:

- The plan for the prevention and control of accidental pollution
- The policy on the management of hazardous substances and chemicals
- The policy for accident prevention when using hazardous substances (solvents)
- Firefighting and defence response plan
- Fire safety scenarios, developed for each production section
- Organization of fire intervention in high-risk workplaces (including explosion risks)
- Procedure for emergency preparedness and response capacity
- Authorizations and documentation in accordance with ISCIR regulations for equipment subject to these requirements

To test the effectiveness of the intervention plans, in 2024, the combined "JOINT" alarm exercise was held in collaboration with relevant local and national authorities, including: the Iasi County Emergency Inspectorate (ISUJ Iași), the Iasi County Police Inspectorate (IPJ Iași), the Iasi County Gendarmerie Inspectorate (IJJ Iași), the Iasi Public Health Directorate, the Iasi County Ambulance Service (SAJ Iași), UPU-SMURD Iași, the Red Cross – Iași Branch, the Environmental Protection Agency, and the National Environmental Guard – Iasi County Commissariat.

During this exercise, complex scenarios were simulated regarding the management of emergency situations, such as: industrial accidents and failures, earthquakes and landslides caused by technological activities, explosions and fires in the transport and storage of hazardous substances.

Antibiotice applies a proactive system for identifying, preventing, and responding to environmental and safety risks. The measures implemented are part of the strategy to reduce the environmental impact and protect the health and safety of employees and the community.

Annual exercises and collaboration with relevant authorities ensure the effectiveness of response measures, and the risk management system enables traceability and continuous improvement of prevention and intervention processes.

DR E2-2 - Actions and resources related to pollution

Antibiotice continues to implement strategic measures to reduce its environmental impact, constantly striving to optimize resource consumption, decrease emissions, and improve wastewater management. Through a responsible and proactive approach, the company ensures that every action taken complies with legal requirements and contributes to environmental protection.

Antibiotice reaffirms its commitment to the environment through a sustainable and responsible approach, based on the implementation of innovative solutions and adherence to the highest environmental protection standards. Each initiative reflects the desire to build a cleaner and safer future for both communities and surrounding ecosystems.

Antibiotice implements actions and allocates resources for reducing air pollution, including:

- Installation and maintenance of emission filtration equipment to reduce atmospheric pollutants.
- Continuous monitoring of emissions in accordance with the requirements of legislation and the Integrated Environmental Authorization.
- Optimization of technological processes to reduce energy consumption and raw materials with an impact on air quality.
- Implementation of a management system for volatile substances and emissions associated with the manufacturing process.
- Development and application of measures to reduce the company's carbon footprint through energy efficiency initiatives.

At Antibiotice, actions are implemented and resources allocated for the responsible management of waste, in accordance with legal requirements and industry best practices, including:

- Collection, sorting, and disposal of waste in compliance with regulations specific to the management of industrial and hazardous waste.
- Continuous collaboration with authorized operators for the transportation and treatment of waste, ensuring traceability.
- Monitoring of waste flows and optimization of processes to reduce their generation.
- Implementation of measures to prevent and reduce waste by improving production processes and the responsible use of resources.
- Compliance with reporting requirements regarding the quantities and types of waste generated, in accordance with applicable legislation.

At Antibiotice, actions are implemented and resources allocated for the improvement of wastewater management, ensuring compliance with legal requirements and reducing environmental impact, including:

- Pre-treatment and purification of wastewater through dedicated installations, before discharging it into the sewer systems or the environment.
- Continuous monitoring of wastewater quality, in accordance with the Integrated Environmental Permit requirements and applicable regulations. Analyses are conducted through both self-monitoring and accredited laboratories, with a monthly testing frequency.
- Monitoring of groundwater – Semi-annual measurements are taken in the industrial platform's area of influence, through observation boreholes, for parameters such as pH, ammonium, phosphorus, and nitrates. In case of exceeding the imposed limits, corrective measures are implemented to prevent environmental impact.
- Optimization of production processes to reduce the volume of wastewater generated and the pollutant load.
- Monitoring of conventionally clean waters, through permanent control of the quality of water discharged into the regional water and sewerage service operator's collector, as well as stormwater, in accordance with legal regulations.
- Collaboration with accredited laboratories for the necessary analyses, ensuring compliance with imposed quality indicators.
- Implementation of measures for water usage efficiency, including recirculation and reuse where possible.
- Compliance with reporting requirements regarding the quantity and quality of discharged wastewater, in accordance with applicable legislation.

In 2024, Antibiotice did not register any non-compliances regarding the quality of discharged wastewater or exceedances of atmospheric emissions. The monitoring system in place allows for the rapid detection of any deviations, and in such cases, the company implements corrective actions to restore compliance. The analysis results are periodically reported to environmental authorities, ensuring transparency and compliance with legal requirements.

Key actions taken to reduce environmental impacts

The actions implemented by Antibiotice to manage pollution cover activities carried out at the industrial platform in Romania, including production, wastewater treatment, air emissions management, and waste management. These measures are applicable to all processes generating environmental impacts and are extended to licensed suppliers who manage waste transport and treatment. The stakeholder groups affected or interested in these actions include regulatory authorities, local communities, supply chain partners, and company employees.

Actions related to pollution management are mostly ongoing, with regular monitoring and annual reporting. Additionally, specific optimizations, such as upgrading treatment equipment or reducing emissions through energy efficiency, are included in the company's medium-term (1-5 years) and long-term (over 5 years) strategic plans.

Water:

1. Monitoring of wastewater quality: Antibiotice constantly monitors the quality of pre-treated wastewater discharged into the regional wastewater and sewage services collector, as well as stormwater, through analyses performed by accredited laboratories. The monitored indicators include pH, suspended solids, BOD5, COD-Cr, total phosphorus, ammonium, and others, with a testing frequency set monthly to ensure compliance with environmental regulations. Additionally, we monitor the volumes of water supplied and discharged, in compliance with applicable regulations.
2. Groundwater quality monitoring: The company conducts semi-annual measurements of the groundwater quality in the area influenced by the platform, using observation wells. The monitored indicators include pH, ammonium, phosphorus, nitrates, and others. In case the quality limits are exceeded, corrective actions are taken to prevent any negative impact on water resources.
3. Monitoring of conventional clean water quality: Antibiotice continuously monitors the quality of pre-treated wastewater discharged into the regional wastewater and sewage services collector and stormwater, through analyses performed by accredited laboratories and through self-monitoring. The monitored indicators include pH, suspended solids, BOD5, COD-Cr, total phosphorus, ammonium, and others, with a testing frequency set monthly to ensure compliance with the limits imposed by legal regulations.

Effectiveness of actions: We constantly monitor the water quality indicators through periodic analyses and sampling. If any exceedances of the established limits are observed, the company implements corrective measures to restore acceptable parameters. Additionally, we periodically report the results to the environmental authorities to ensure transparency and compliance.

Air:

1. Monitoring of consumption and emissions: Antibiotice monitors the consumption of raw materials and utilities, managing resources efficiently to minimize emissions. Emissions resulting from the combustion of natural gas and waste incineration are also monitored, with annual or semi-annual measurements depending on the emission source. The monitored indicators include nitrogen oxides, sulphur, carbon monoxide, particulate matter, and volatile organic compounds.

2. Solvent management plan: The company develops an annual solvent management plan that includes measures to control emissions of volatile organic compounds and ensures that emissions comply with the emission limits set by regulations.

Effectiveness of actions: All emission measurements are centralized and reported to the environmental authorities. If limits are exceeded, corrective measures are implemented. Continuous monitoring and annual or semi-annual reports help assess the impact and keep emissions within legal limits.

Soil:

1. Soil quality monitoring: Antibiotice conducts periodic measurements of soil quality at 10-year intervals to check for the presence and concentrations of pollutants that may affect the soil and the surrounding environment.

Effectiveness of actions: By periodically measuring soil quality, the company ensures that any soil pollution is monitored and managed appropriately, in compliance with national regulations.

Pollution management involves both operational expenditures (OpEx) for monitoring emissions and environmental quality analysis, as well as capital expenditures (CapEx) for investments in modernizing filtration, purification, and emission reduction systems. The funding for these actions comes from the company's own resources, without reliance on external financial support or green bonds.

The resources allocated for pollution management are reflected in the operational expenditures related to monitoring and compliance, as well as in investments in more efficient technologies. These amounts are presented in the company's financial statements under sections dedicated to environmental expenditures and infrastructure modernization.

DR E2-3 - Targets related to pollution

The company does not have specific objectives, except for full compliance with the maximum allowed limits set by the current legislation.

Although Antibiotice does not have a target exclusively dedicated to reducing pollutant emissions, the company is firmly committed to respecting the permissible values for environmental quality parameters (air, water, soil), in accordance with applicable regulations. This commitment is supported by continuous monitoring of key indicators, which are established according to specific regulatory documents for each aspect, to ensure compliance with the applicable environmental legislation.

Indicators monitored for each environmental factor

Water:

- pH
- Suspended solids
- BOD5 (Biochemical Oxygen Demand)

- COD-Cr (Chemical Oxygen Demand)
- Total phosphorus
- Ammoniacal nitrogen
- Sulphides and H2S
- Extractable substances with organic solvents
- Synthetic detergents
- Phenols
- Chlorides
- Sulphates
- Fixed residue

These indicators are analyzed monthly to ensure that the discharged waters (pre-treated and rainwater) comply with the legal limits set by environmental regulations. The company also monitors the volumes of water supplied and discharged to comply with water management requirements.

Air:

- Nitrogen oxides (NOx)
- Sulphur oxides (SOx)
- Particulates
- Carbon monoxide (CO)
- Volatile organic compounds (VOCs)

These emissions are continuously monitored during the natural gas combustion process and waste incineration. Measurements are taken annually or semi-annually, depending on the emission source, and the results are reported to the relevant environmental protection authorities.

Soil:

- pH
- Phosphorus
- Heavy metals and other specific pollutants

Soil quality is monitored periodically, every 10 years, to ensure that the soil is not contaminated by substances that could affect the surrounding environment and human health.

All the mentioned indicators are analyzed and regularly reported to the competent environmental authorities (e.g., the Environmental Protection Agency, the National Administration of Waters, the National Environmental Guard), ensuring transparency and compliance with legal regulations. In case of exceeding the established limits, Antibiotice implements corrective measures to prevent any negative environmental impact.

A key pillar of the company's strategy is the reduction of greenhouse gas emissions. Antibiotice implements innovative solutions for optimizing energy consumption, including investments in renewable energy sources, such as the development of the photovoltaic plant. These measures will significantly contribute to reducing the carbon footprint and will help reduce the quantities of pollutants emitted into the atmosphere.

At the same time, Antibiotice focuses on the sustainable management of water resources. Through recovery and reuse technologies, the company aims to reduce water consumption and improve wastewater quality, in line with resource efficiency regulations. Additionally, solutions for capturing groundwater are being explored to support the responsible and sustainable use of this vital resource.

Waste management is another key aspect of the company's environmental commitment. Antibiotice has optimized its waste recycling and recovery processes, considering the long-term impact of waste on the environment.

DR E2-4 - Pollution of air, water and soil

The company monitors and reports data on emissions to air, water, and soil in accordance with the requirements of European and national legislation, including Regulation (EC) No. 166/2006 of the European Parliament and Council (European Pollutant Release and Transfer Register – "E-PRTR Regulation").

Given that the reporting deadline for E-PRTR is April 30, 2025, detailed information regarding pollutant emissions to air, water, and soil, broken down by site, source type, sector, and geographical area, is not currently available for inclusion in this year's Sustainability Statement.

The company will submit this data in accordance with the legal deadlines established for E-PRTR reporting, ensuring compliance and transparency obligations.

Additionally, the company is evaluating options for analyzing the use of microplastics, in line with European requirements. Although it benefits from certain exemptions, it is working on measures to minimize their impact, including monitoring, control, and gradual replacement where possible.

Description of changes over time (pollution of air, water and soil)

Antibiotice periodically monitors the environmental impact of its activities, in compliance with the applicable legislation and environmental permits. The evolution of air, water, and soil pollution is analyzed through regular measurements, and the results are reported to the relevant authorities.

- Pollution of air: Compared to previous years, no exceedances of the limit values set by national and European regulations on industrial emissions were recorded.
- Pollution of water: In 2024, no water pollution incidents were reported, and the monitored indicator values were in compliance with legal requirements.
- Pollution of soil: The company's activities do not systematically generate soil pollution, and under the provisions of the environmental permits, no significant sources of soil contamination were identified. No exceedances of the reference soil values set by the applicable legislation were reported.

Measurement methodologies

At Antibiotice, environmental monitoring is conducted in accordance with applicable legislation and regulatory acts to ensure the accuracy and transparency of the collected data.

For wastewater, the influent flow at the entrance of the treatment plant is measured with specialized equipment, and the recordings are made according to protocols established in collaboration with the regional water and wastewater service provider in Iași County. The quality of the discharged wastewater is assessed both in the internal laboratory and in accredited third-party laboratories, ensuring a thorough verification of the monitored parameters.

The air quality within the Antibiotice perimeter is periodically determined, both in the internal laboratory and through collaboration with third-party laboratories, in accordance with the frequency set by internal regulatory acts. Concentrations of nitrogen oxides, sulphur oxides, carbon monoxide, hydrochloric acid, total organic carbon, volatile organic compounds, and particulate matter are measured, and the results indicate that the values fall within the regulatory limits.

Soil monitoring is carried out through periodic sampling, which is analyzed in accredited laboratories, in compliance with specific legislative requirements.

Data collection regarding pollution is done through a well-structured process: the environmental officer in each production unit collects data by conducting periodic measurements. This approach was chosen because current regulations do not require direct monitoring; however, if technological advancements or legislative changes necessitate direct measurements, the company commits to implementing appropriate systems.

Through these methodologies and processes, Antibiotice ensures rigorous monitoring of environmental impact and maintains compliance with legislative requirements and international standards, thus contributing to effective and transparent pollution management.

DR E2-5 - Substances of concern and substances of very high concern

In accordance with the requirements of the CSRD Directive (Directive 2022/2464/EU), the REACH Regulation (Regulation (EC) No. 1907/2006 concerning the registration, evaluation, authorization, and restriction of chemicals), the CLP Regulation (Regulation (EC) No. 1272/2008 on the classification, labeling, and packaging of substances and mixtures), the E-PRTR Regulation (Regulation (EC) No. 166/2006 on the European Pollutant Release and Transfer Register), and other applicable regulations regarding the management of hazardous substances and the transparent publication of information on their use, our company has conducted a comprehensive assessment of the chemicals used in the production process, purchased or generated.

Our company ensures that substances of concern (SoC), and where applicable, substances of very high concern (SVHC), are properly managed.

The total quantity of substances of interest used in the manufacturing process is monitored and reported in accordance with legal requirements to ensure transparency and responsible management of the environmental and human health impact.

Antibiotice holds insignificant quantities of Substances of Very High Concern (SoVHC), which are used occasionally. These substances are strictly managed and controlled in compliance with applicable regulations. Their usage is highly limited, and the available quantities in stock are at a minimum level, not having a significant impact.

Currently, within the category of Substances of Concern (SoC), five substances exceed 500 liters within the company.

These substances have been evaluated for their impact on human health, the environment, and biodiversity, and control and management measures have been implemented to minimize any associated risks.

The identified substances are used either in production processes or are purchased to support the company's operational activities.

					Inflows		Outflows			
Substance	**Classification according to CLP**	**Hazard description**	**Classification**	**SoC / SVHC**	**Quantity procured**	**Total quantity used**	**Emissions**	**Products**	**Part of Products**	**Quantity recycled**
					tonnes	**tonnes**				tonnes
Ethyl alcohol	H225, H319	Highly flammable liquid and vapour, causes serious eye irritation	Health hazard, physical hazard	SoC	21.43	**20.84**	0.00	0.00	0.00	0.00
Methyl alcohol	H225, H301, H311, H331, H370	Toxic if swallowed, inhaled, or in contact with skin; causes organ damage	Health hazard, physical hazard	SoC	239.6	**242.55**		0.00	0.00	
Acetone	H225, H319, H 336	Highly flammable liquid and vapour, causes serious eye irritation, dizziness, and drowsiness	Health hazard, physical hazard	SoC	368.56	**571.92**	401.25	0.00	0.00	1,910.02
Sodium hydroxide (50% solution)	H290, H314, H318	Corrosive to metals, causes severe skin burns and eye damage	Health hazard	SoC	32.57	**29.99**	0.00	0.00	0.00	0.00
Hydrochloric acid	H290, H314, H315, H318, H319, H335	Corrosive, causes burns, eye and respiratory irritation	Health hazard	SoC	12.33	**28.64**	0.00	0.00	0.00	0.00
Total					**674.49**	**893.94**	**401.25**	**0.00**	**0.00**	**1,910.02**

Note: These substances have been accounted for based on the criterion of quantities exceeding 500 liters within the company.

Acetone is classified as a hazardous substance according to the CLP Regulation (Reg. 1272/2008) and is categorized as a "Substance of Concern (SoC)" under the ESRS E2 requirements. Although it is not part of the list of Substances of Very High Concern (SVHC) according to REACH, it has been included in the sustainability analysis due to its frequent use as a solvent, its potential impact on human health in cases of high exposure, and the legal obligations to report volatile organic compound (VOC) emissions to environmental authorities.

To improve the reporting process continuously, we aim to conduct a more detailed analysis of the list of Substances of Concern (SoC) and Substances of Very High Concern (SVHC) according to their Safety Data Sheets (SDS) for a rigorous correlation with the official REACH/CLP lists in the future. This initiative will help us assess more accurately the impact of the substances we use on human health and the environment, ensuring that our activities remain aligned with the strictest safety and regulatory standards.

The total quantity of Substances of Concern (SoC) used by the company is 893.94 tonnes.

The total quantity of substances of interest leaving our facilities is carefully monitored and managed to minimize any negative impact on the environment and human health.

Regarding finished products, they do not contain these substances in their original form or in significant concentrations. Each product is evaluated according to GMP (Good Manufacturing Practice) requirements and complies with applicable pharmaceutical regulations, including those related to patient safety and environmental protection.

Regarding emissions, the company manages and monitors emissions of these substances to prevent any negative impact on the environment.

Additionally, substances of concern may be present in certain categories of industrial waste. These are managed responsibly, in accordance with national and European regulations, to ensure minimal impact on the environment.

During the reporting period, the company has not recorded incidents that would generate operating or capital expenditures for the remediation of air, water, or soil pollution.

As there were no such events, no costs were incurred for remediation measures, compensation, fines, or sanctions.

The company maintains an effective pollution prevention system and will continue to implement strict policies to prevent pollution and ensure compliance with regulatory requirements.

Microplastic Use and Generation

Currently, the company has not conducted a specific assessment regarding microplastics in its operations, but it has deemed it important to address this issue in its sustainability analysis, given the potential impact in the value chain and possible future regulations. At present, pharmaceutical manufacturers benefit from an exemption from the direct application of requirements concerning microplastics, but the company remains vigilant regarding the evolution of legislative requirements.

DR E2-6 - Anticipated financial effects from material pollution-related risks and opportunities

During the reporting period, the company did not record any incidents that would generate operating or capital expenditures for the remediation of air, water, or soil pollution. As there were no such events, no costs were incurred for remediation measures, compensation, fines, or penalties.

8.2.4. Water and marine resources

DR ESRS 2 IRO-1 - Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

Identification of impacts, risks and opportunities

Antibiotice has analyzed the impact of water and marine resources on its operations and value chain, taking into account the local specifics and applicable regulatory requirements. This assessment included the

dependencies on water resources, as well as both the direct impacts generated by operational activities and the indirect ones, which manifest throughout the supply and distribution chain.

1. Operations where water is a critical element and associated risks

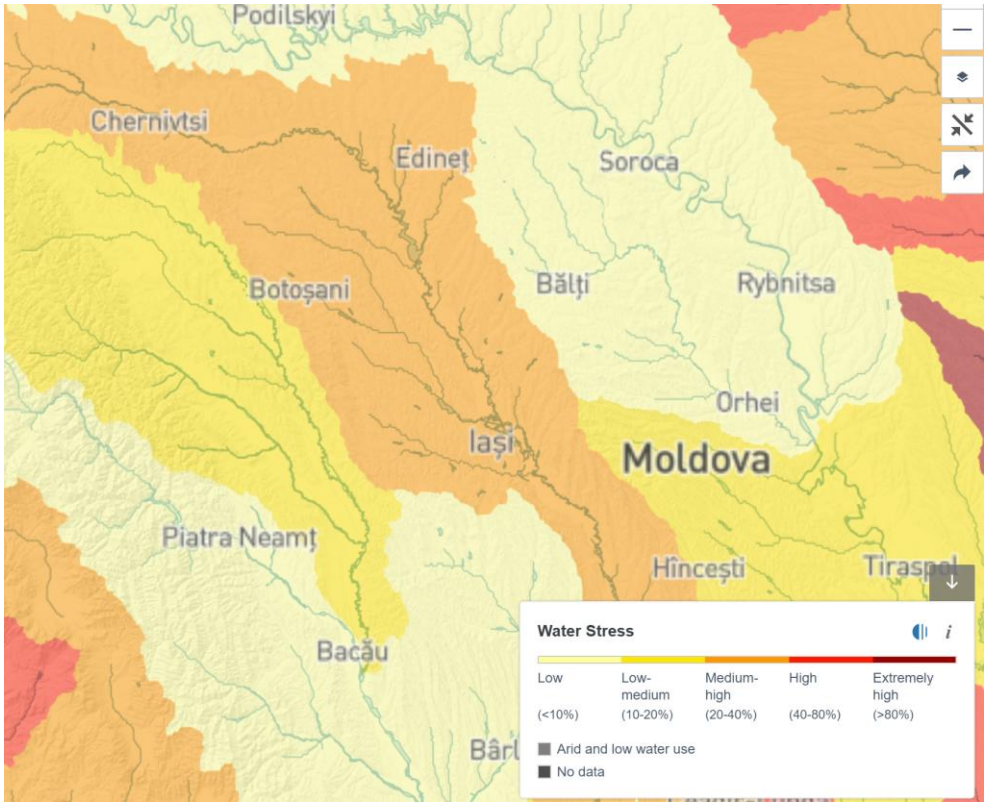
At Antibiotice, water is a critical element for several key operational processes, and any disruption in supply can lead to significant risks, including production halts. The most important uses of water are:

- Manufacture of Active Pharmaceutical Ingredients (API) – the largest individual internal consumer of drinking water.
- Manufacture of demineralized water, used in:
  - Production units
  - Equipment in the Control, Quality, and Research laboratories
- Production and distribution of process steam, used for:
  - Technological processes in production sections
  - Various operational activities
  - Primary heat source for space heating within Antibiotice
- Air compressor cooling systems, necessary for providing compressed air used in biosynthesis processes.
- Wastewater treatment plant, where water is treated before being discharged.

A disruption in the water supply could directly affect these processes and, consequently, the production flow.

2. Water Supply Risk Assessment

Antibiotice conducted a water risk assessment in 2024, using internationally recognized tools such as the Aqueduct Water Risk Atlas developed by the World Resource Institute. This analysis revealed that the main source of drinking water used, provided by the local water operator from the Timișești source, is located in a medium-high water stress area (an assessment of the same source in December 2024 shows the area in the same risk category).



Extracted from Aqueduct Water Risk Atlas (WRI)

To reduce the risk of dependency on the main source, the company has implemented a project to drill wells for groundwater extraction. A new water risk reassessment is planned for 2025 to update the analysis and water management strategy.

3. Technologies for reducing water consumption and preventing pollution

In the process of producing and distributing technological steam, Antibiotice implements water recovery and recycling as follows:

- Recovery of demineralized water in the form of steam condensate and reintroducing it into the steam boiler feed circuit.
- Optimization of water consumption in cleaning and sterilization operations through the use of efficient technologies.
- Wastewater treatment plant that ensures compliance with regulations regarding water discharge.

4. Monitoring water quality at discharge

The monitoring of discharged water quality is carried out in accordance with the requirements set by:

- Integrated Environmental Authorization,
- Water Management Authorization,

- NTPA-002/2002 regulations, which set pollutant limits for discharged wastewater.

The main quality indicators monitored include:

- pH, CCO-Cr, CBO5, suspended solids, extractable substances, fixed residue, chlorides, nitrates, phosphates, detergents, in accordance with applicable legislation.

In 2024, no exceedances of the limit values set by the applicable regulations were recorded.

5. Wastewater management

The company has a mechanical-biological treatment station with two biological stages, where wastewater is treated before discharge to meet environmental standards. The process includes:

- Mechanical treatment – to remove solid particles and coarse impurities.
- Two biological stages – where organic matter is decomposed by microorganisms to reduce pollutants in the water.
- Monitoring the quality of the discharged water, in accordance with regulations.

This approach ensures compliance with legal requirements and reduces the impact on water resources.

Antibiotice has implemented a robust strategy for water resource management, based on:

- Periodic water risk assessments (the latest study in 2022, the next one in 2025).
- Optimizing consumption through the recycling of condensate from steam and using efficient technologies.
- The mechanical-biological treatment station with two biological stages, ensuring effective treatment of wastewater.
- Monitoring the quality of discharged water and ensuring compliance with NTPA-002/2002 regulations.
- Reducing dependence on the main water source by implementing underground water extraction wells.

Impacts identified

The materiality analysis revealed a set of ten impacts, of which seven were evaluated as being material, both in the company's operations and within the value chain. Poor management of water resources or contamination with hazardous substances, both in the company's operations and in the supply chain, can affect the right of local communities to clean and healthy water. Especially in regions where water is a limited resource, excessive exploitation or pollution can reduce access to drinking water for the population, increasing health risks. Uncontrolled discharges or insufficient treatment of wastewater can have a negative impact on public health and quality of life in affected areas. Regarding marine resources, at suppliers of raw materials in emerging markets, situations may arise involving uncontrolled discharge of wastewater, leading to water pollution, affecting marine biodiversity, and degrading aquatic ecosystems.

Furthermore, the pharmaceutical substances produced by the company, once released into the marine environment through untreated wastewater discharges or improper disposal of medicines, can disrupt the microbiological balance of water, impacting the health of marine organisms such as fish, crustaceans, and aquatic plants. Additionally, pharmaceutical packaging made of plastic, if not properly collected and managed, can end up in seas and oceans, contributing to microplastic pollution. These particles are ingested by marine organisms, causing irreversible damage to ecosystems and having an indirect impact on human health. The contamination of aquatic organisms with pharmaceuticals and microplastics can affect the food chain, increasing risks to food safety and public health. At the same time, the deterioration of marine resources can negatively impact the fishing and aquaculture industries, affecting the livelihoods of coastal communities.

Risks identified

The increasingly stringent regulations on water consumption and discharges imposed by European and international authorities pose a risk to the company, as non-compliance may lead to sanctions and operational restrictions. As water protection standards become more rigorous, Antibiotice will need to invest in advanced treatment technologies and adopt more efficient water resource management practices. Additionally, the requirement to reduce water consumption may incur additional costs for retrofitting facilities and implementing more water-efficient solutions.

Another significant potential risk is the perception of local communities and civil society regarding the company's impact on water resources. If Antibiotice is seen as an intensive water consumer or as a polluter of water, there is a possibility that environmental organizations and the public may launch negative campaigns, thus damaging the company's reputation and relationships with stakeholders. Furthermore, the costs for treating wastewater are rising, and as regulatory requirements become stricter, the company will need to make additional investments to comply. Increased competition for access to water resources, especially in drought-prone or water-stressed areas, may drive up supply costs. Lastly, the company could face legal risks in the event of a water pollution incident, which could lead to lawsuits, financial penalties, and costs for remediation.

Opportunities identified

Sustainable water resource management and the implementation of advanced technologies can provide significant opportunities for the company. Investments in innovative technologies, such as water recycling systems or rainwater harvesting, can reduce dependence on conventional water sources and improve the water efficiency of production processes. Additionally, implementing advanced wastewater treatment and recycling solutions, such as biological filtration or specialized chemical treatments, can prevent environmental contamination and enhance the company's environmental performance while simultaneously reducing the risks of sanctions and penalties.

The company could also benefit from access to funding dedicated to water conservation projects, either in the form of non-repayable grants or through advantageous loans. These financial resources can support infrastructure modernization and the adoption of more efficient water management practices, contributing to the transition to a more sustainable business model.

Engagement with communities

The company is committed to maintaining an open and constructive dialogue with relevant stakeholders, especially with local communities near its operations, to understand and responsibly manage the impact on water and marine resources. In the consultations held with the local community at the end of 2024, no significant impacts were reported regarding the availability of water resources or the discharge of wastewater. This reflects the effectiveness of the measures implemented for the responsible use of water and compliance with applicable environmental regulations.

Regarding the value chain, although we have not yet conducted a detailed assessment of the impact generated by the activities of our suppliers and partners, we are aware that there may be forms of impact, and this area requires further analysis. In this regard, we are exploring ways to integrate a more comprehensive evaluation and engagement process with relevant actors in the value chain in the future.

At the same time, the company maintains constant dialogue with the competent authorities, actively collaborating to ensure compliance with regulatory requirements and for the continuous improvement of water resource management. We adopt a proactive approach, monitoring developments in the field and seeking solutions that strengthen the sustainability of our activities in the long term.

DR E3-1 - Policies related to water and marine resources

Antibiotice recognizes the importance of responsible water management and integrates this aspect into its environmental policy as part of its commitment to sustainability. The policy aims to improve water use efficiency, reduce the impact on natural resources, and ensure compliance with applicable regulations. This policy applies to all company operations, including the management of industrial water, wastewater, and conventionally clean water discharged into natural recipients. Antibiotice continuously monitors water usage, ensuring compliance with the requirements of environmental and water management permits.

The responsibility for implementing the policy lies with the company’s management, including the environmental and operations departments, which ensure compliance with legal requirements, monitor performance, and optimize water management processes. The company aims to prevent the deterioration of water bodies, protect and improve aquatic ecosystems, promote the sustainable use of water resources, and reduce water withdrawals and discharges in accordance with national and international regulations.

Efficient water management is essential for the company’s operations, given the strict regulations regarding water consumption and wastewater discharge, as well as the need to comply with environmental standards. Its policy includes measures to reduce water consumption through the modernization of installations, implementation of advanced treatment technologies, and optimization of industrial processes. The company aims to increase water usage efficiency and prevent risks associated with pollution, thus ensuring the protection of human health and biodiversity.

Amid the growing regulatory requirements and increasing competition for access to water resources, Antibiotice anticipates a rise in operational costs and takes proactive measures to mitigate these costs. Investments in water reuse technologies, development of partnerships for efficient resource use, and implementation of solutions to reduce the impact on local communities are part of the company's sustainability strategy.

The company's policies contribute to maintaining the ecological and chemical quality of water bodies, minimizing impacts on ecosystems and communities, and improving the efficiency of resources used. Through a preventive approach and by adhering to the strictest legislative requirements, Antibiotice takes responsibility for sustainably managing water resources, reducing risks, and capitalizing on opportunities related to sustainability.

Responsible water management is based on the following principles:

Prevention of water body degradation

The company's water management policy includes specific measures for preventing and reducing water pollution resulting from the company’s activities. Our strategy aims to protect water bodies and aquatic ecosystems by implementing wastewater treatment systems and carefully managing the chemicals used in industrial processes. In this regard, the company implements technological solutions that allow efficient monitoring and management of water in its production processes (own pre-treatment station, water recycling systems in certain technological stages, and monitoring the quality of wastewater in accordance with legal requirements).

Promoting sustainable water use and protecting communities

Antibiotice promotes the sustainable use of water and is committed to protecting the capacity of surrounding communities to access resources necessary for their own consumption. The measures implemented aim to reduce risks related to water scarcity and ensure equitable access to clean water for these communities. Additionally, the company strives to actively support the improvement of access to water in a fair and equitable manner through partnerships and local projects.

Antibiotice promotes sustainable water use and is committed to protecting the ability of surrounding communities to access the resources necessary for their own consumption. The measures implemented aim to reduce risks related to water scarcity and maintain a balance in the use of this resource.

In this regard, the company has collaborated with local authorities to identify appropriate water management solutions, including the use of wells and boreholes as an alternative to ensure the water supply in certain situations. These solutions were adopted following consultations with the competent authorities and in accordance with the applicable legal requirements.

Assessment and monitoring of water related risks

Antibiotice continuously analyzes water-related risks, including evaluating the risk of water scarcity and the potential impact on water resources from its operations.

Reduction of water intake and water discharge

The policies of Antibiotice focus on reducing water withdrawals and minimizing wastewater discharges, ensuring that all wastewater is properly treated before being released into the environment. The company

adheres to national and international regulations regarding wastewater management and the implementation of efficient technologies for treatment. To achieve this, we continuously monitor the quality of water in areas surrounding our operations and collaborate with local authorities to ensure that the company's activities do not negatively impact the water resources used by local communities.

Water Management Performance Reporting

Antibiotice periodically reports its performance in water management, presenting the progress made in achieving objectives related to the sustainable use of this resource. This information is communicated through the sustainability statement, the Ministry of Environment's SIM platform, as well as reports submitted to the competent authorities, ensuring transparency and compliance with legal requirements.

More specifically, the company reports:

- Monthly – the quality of the water discharged to the Environmental Protection Agency (APM).
- Semi-annually – wastewater data to the National Administration "Apele Române".
- Annually – detailed information in the sustainability statement and on the Ministry of Environment's SIM platform.

The company aligns with relevant international standards and initiatives, considers the United Nations Sustainable Development Goals, and uses recognized methodologies to assess water-related risks. The laboratories used for water quality analysis meet specific standards, and wastewater treatment is conducted in accordance with national legislative requirements. Antibiotice collaborates with authorities, suppliers, and communities to ensure responsible water resource usage, promoting similar principles throughout the value chain through the Code of Conduct for Partners (published on our website in 2024 and to be sent to partners in 2025). The water policy is transparently communicated through the sustainability statement, the official website, and dialogue with stakeholders.

Water consumption in product development approach

In the pharmaceutical industry, production is regulated by strict standards that focus on both product safety and environmental protection. Antibiotice complies with applicable legal and regulatory requirements, ensuring that chemical emissions resulting from manufacturing processes are managed according to the current regulations.

The company's products are formulated and manufactured in accordance with Good Manufacturing Practices (GMP) and the requirements of national and European pharmaceutical and environmental protection authorities. The production process includes specific measures for controlling and treating wastewater before discharge, and water usage is optimized to comply with strict standards regarding consumption and impact on aquatic ecosystems.

Water consumption in areas at water risk

Given that the company's operations are located at a single site, which is in a medium to high water-risk area, the water management policy directly addresses this region.

Regarding the supply chain, we recognize the importance of responsible water management, but currently, despite the fact that the analysis conducted in 2022, based on data from the Aqueduct Water Risk Atlas, indicates that the source area of water used by Antibiotice (the Timișești area) shows a medium to high level of water risk (BWR values between 20% and 40%), the company has chosen to address this issue through an integrated water management strategy, rather than adopting separate policies specifically dedicated to water risk.

Justification for the decision:

1. Integrated approach to water management: Antibiotice's overall water management policy includes proactive measures for reducing consumption, improving efficiency, and continuously monitoring water quality. This ensures that all risks related to water resources, including those generated by water stress, are managed comprehensively.

2. Proactive initiatives for diversifying water sources:

- Hydrogeological study initiated in 2023: To assess the potential and impact of groundwater extraction, we initiated a detailed hydrogeological study in 2023.
- Well construction: In 2024, we are in the final stage of constructing wells for groundwater extraction.
- Benchmark: We estimate that by the end of 2025, after obtaining the necessary regulatory permits, the wells will be operational. Subsequently, we plan to reassess the impact of these measures to monitor the efficiency of the extraction project.

3. Flexibility and adaptability: We are committed to periodically reviewing the water situation and adapting our water management strategies, ensuring we can respond effectively to local developments and challenges related to climate change.

DR E3-2 - Actions and resources related to water and marine resources

Thus, the company has implemented a series of strategic actions, including those in its water management policy, to minimize the impact of its operations on water resources and the environment:

Actions taken to optimize water consumption:

- The project "Reduction of potable water consumption through the use of groundwater for water treatment/irrigation" is nearing completion.
- A preliminary hydrogeological study has been carried out to assess the hydrogeological potential for supplying technological water, with the Water Management Approval no. 15/27.03.2023 and the Environmental Screening Decision no. 55 from 03.04.2023 obtained.
- Additionally, the construction of boreholes is nearing completion.

Furthermore, Antibiotice closely monitors the quality of pre-treated water discharged from the company's platform to the collector managed by the regional water and sewage service operator, as well as the quality of rainwater (conventionally clean) and groundwater. This monitoring is carried out through accredited third-party laboratories, laboratories of authorized control institutions, and through self-monitoring conducted in the company’s own laboratory.

DR E3-3 - Targets related to water and marine resources

Antibiotice has set clear and measurable objectives for the responsible management of water resources. These targets aim to reduce water consumption and minimize pollution, thus contributing to the protection of water resources and the surrounding environment.

Measurable targets set for water management:

- 100% compliance with legal requirements regarding effluent quality.

Processes and segments of the value chain covered:

These targets apply to the company's internal operations, including production, research, and distribution. Additionally, through the Code of Conduct for Partners, the company promotes the responsible use of water resources, encouraging partners to adopt sustainable practices.

Stakeholder involvement in setting targets:

The company actively collaborates with relevant stakeholders, including local communities, government agencies, NGOs, and educational institutions, to address water-related issues and ensure a prompt response to any concerns raised.

Changes and their impact on progress:

To date, no significant changes have been reported regarding the established targets. The company constantly monitors progress and is prepared to adjust strategies and evaluation methods based on the evolution of the context and the results obtained.

The company’s targets are directly linked to reducing water consumption (intensity) through the implementation of advanced technologies and efficient processes, as well as increasing the proportion of reused and recycled water, both in internal operations and in relationships with strategic partners. This efficiency objective aligns with the company’s policy of protecting water resources and minimizing negative environmental impact, contributing to the sustainable use of water.

Targets regarding water resource management:

Antibiotice has set clear and measurable objectives concerning the management of water resources, including freshwater, surface, groundwater, and marine resources, in accordance with national and international legislation as well as its own environmental policy. According to the "Water Management Policy" and the "Code of Conduct for Partners," the company has made specific commitments to conserve water and reduce the negative impact on water resources, in support of the United Nations Sustainable Development Goals (SDGs).

1. Targets regarding wastewater management:

Antibiotice is committed to monitoring and treating wastewater before discharging it into the environment, in compliance with national legislation and international standards. This reflects a legal obligation and represents a measure for protecting water resources and preventing pollution.

2. Targets related to the impact on water resources across the value chain:

The company promotes the principles of responsible water use, including reducing consumption and managing wastewater, through the Partner Code of Conduct (published on our website in 2024 and to be distributed to all our suppliers in 2025). Although this objective is voluntary and does not currently involve a formal assessment of partners, it aligns with the company's strategy to reduce the impact on water resources.

3. Collaboration for water resource management:

Antibiotice works closely with regulatory authorities as part of its voluntary efforts to optimize water resource management and promote sustainable water use.

DR E3-4 - Water consumption

The water captured by Antibiotice in 2024 comes from the Timișești source, managed by the regional water supplier. According to this analysis, the source is located in an area with medium to high water risk.

	2024
Total consumption of water	m^3
	149,664

Regarding water consumption, the total volume consumed in 2024 decreased by 20.20% compared to 2019, from 187,475 m^3 to 149,664 m^3 in 2024.

We focus on developing and implementing solutions for water recovery and reuse in our industrial processes. Water recovery primarily occurs in the steam production and distribution system, where the resulting condensate is reintroduced into the boiler feedwater circuit, thereby reducing freshwater consumption.

In all our manufacturing flows, we ensure a certain degree of water recycling to minimize the use of fresh resources and reduce the environmental impact. In 2024, we reused 9,902 m^3 of water from steam condensate for heating and preheating.

Additionally, in 2024, the company had approximately 5,000 m^3 of stored potable water, similar to previous years.

In 2024, there were no changes in the water storage system compared to previous years. Potable water is supplied through two connections and transported to an underground reservoir located within the company premises. From this reservoir, the water is pumped into three higher-elevation tanks, ensuring efficient and continuous distribution.

Water consumption is continuously monitored through water meters installed on each production line and in water usage areas. Data is collected periodically and used to calculate the total water consumption, ensuring transparency and accuracy of the measurements.

The quantities of water consumed are recorded in the company's internal records, and monthly/annual reports are made in accordance with legal regulations and international standards, ensuring transparency and data accuracy. Water consumption data is integrated into an internal system that allows for the continuous evaluation and improvement of performance in this area.

The quality of wastewater and conventionally clean water discharged into the effluent is monitored through analyses conducted both in the company's own laboratory and in accredited laboratories, in compliance with the requirements of the environmental and water management permits in force.

For certain categories of water, the volumes discharged are estimated, considering the specific characteristics of the water management system. Determinations are made in compliance with the obligations set by the applicable regulations.

Water consumption intensity (Specific water consumption)

Nr crt.	Water consumption intensity	UM	2024
1	Water consumption	m^3	149,664
2	Net operational income	thousand RON	675,011
3	Merchandise production	thousand RON	334,006
4	Water consumption intensity per 1,000 RON net operational income (1:2)		0.222
5	Specific water consumption per 1,000 RON merchandise production (1:3)		0.448

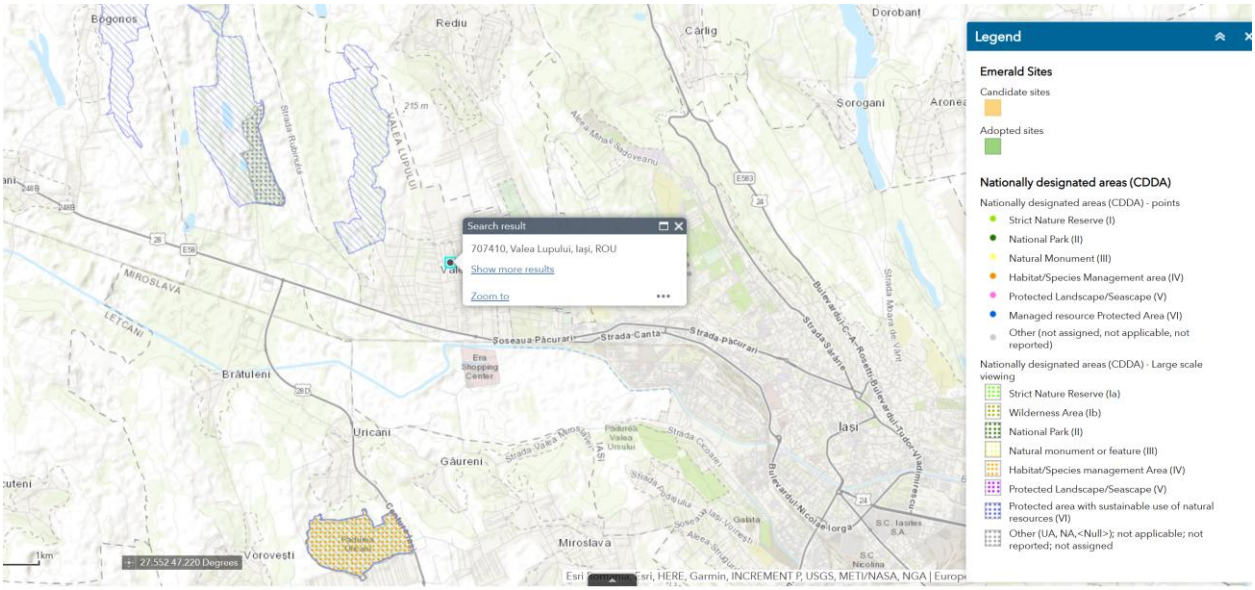
Specific water consumption represents the amount of water used to produce one unit of product. In the case of Antibiotice, considering the diversity of the portfolio, specific water consumption is calculated relative to the merchandise production (i.e., the production value).

8.2.5. Biodiversity

In the double materiality analysis, the company did not identify impacts, risks, or opportunities associated with its own operations but identified a series of possible impacts, risks, and opportunities that could be associated with the practices of its partners in the supply chain.

Antibiotice takes responsibility for protecting biodiversity and minimizing the impact of its operations on the natural environment. It is important to emphasize that our company does not own sites located in or affecting sensitive biodiversity areas directly, according to the internal analysis (see the image below, extracted from European protected sites).

The company is aware of the proximity of its industrial platform, located approximately 7-8 km from Valea lui David (a site of community importance, SCI, designated for the protection of biodiversity and the maintenance of favorable conservation status for natural habitats of community interest, spontaneous flora, and wildlife) and the Forest and Meadows of Mârzești (an area covered with steppe meadows and forest of Eurosiberian silvosteppe, designated as a site of community importance - SCI). Additionally, about 12 km from the platform is the Uricani Forest, a protected area of national scientific interest, classified as category IV by IUCN (natural reserve, forest type).



Source: European protected sites

However, we acknowledge that our activities may have an indirect impact, particularly through the supply chain and the methods of obtaining raw materials.

DR ESRS 2 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities

Impacts identified

The extraction of raw materials from natural sources can directly affect ecosystems through the excessive extraction of natural resources, such as deforestation and overexploitation, leading to desertification and the degradation of local ecosystems. These practices contribute to biodiversity loss and a reduction in essential ecosystem functions, impacting the stability of the ecosystems on which we directly depend for the production of raw materials necessary for our activities.

Risks identified

We face multiple risks in the current global context, including the pressure to demonstrate transparency and sustainability in our supply chain. Reputational and legal risks may arise if our suppliers are involved in unsustainable practices, such as soil degradation. Increasingly strict European and international regulations require companies to monitor and be responsible for the environmental impact of their suppliers. Failure to comply with these standards can lead to legal sanctions and restrictions in international markets.

Opportunities identified

Antibiotice can seize opportunities by updating procurement policies, choosing partners who demonstrate adherence to high environmental protection standards. Diversifying suppliers from regions with strict environmental regulations can minimize risks related to the impact of suppliers on soils and ecosystems and reduce the vulnerability of the supply chain.

Assessment of impact, risks, and opportunities and actions taken

Although we have identified these impacts, risks, and opportunities, evaluating their scope has not been possible at this time due to the lack of concrete data on our suppliers' practices. Therefore, we have taken steps in this regard by developing and publishing a **Supplier Code of Conduct** on our website, and we plan to send this code directly to all our suppliers in 2025. Additionally, we intend to initiate detailed supplier assessments using specialized platforms to ensure compliance with our standards.

8.2.6. Circular Economy

DR ESRS 2 IRO-1 - Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

The company conducted a detailed analysis of its dependencies regarding resource use, circular economy, and waste management. The evaluation was based on identifying the resources required for production processes, including raw materials, packaging, equipment, installations, and support products for the administrative area.

Subsequently, the company mapped its waste flow resulting from its operations, allowing for a better understanding of the critical points in the value chain and the associated impacts. These steps contributed to identifying potential impacts, risks, and opportunities, which were then subjected to a materiality evaluation process.

To complete this analysis, the company will integrate the quantitative presentation of these resource categories in future reports to ensure a complete, auditable, and comparable assessment over time.

Impacts identified

As a result of the materiality analysis, ten potential impact forms were identified, of which seven were evaluated as material, associated with both the company's operations and the value chain. Regarding resource inputs, pharmaceutical production requires a wide range of natural and chemical raw materials, including API (active pharmaceutical ingredients) and excipients, which depend on healthy ecosystems. Unsustainable extraction of natural resources or the use of industrial sources with inadequate practices can lead to environmental degradation and affect biodiversity.

A significant impact is associated with the supply chain, considering that raw material sources may involve variations in sustainability practices and environmental impact. Moreover, pharmaceutical production is a high-water consumer, used in manufacturing processes, equipment cooling, and cleaning. High water consumption can contribute to the depletion of local resources, especially in areas with water stress. Additionally, the use of non-renewable energy sources in production processes increases the carbon footprint and contributes to climate change.

Regarding waste, improper disposal of pharmaceutical or chemical waste can contaminate soil and groundwater, affecting ecosystems and biodiversity. The discharge of antibiotics and other antimicrobial agents into the environment can promote the development of antimicrobial resistance, a global threat to human and animal health. Also, improper management of both packaging and expired pharmaceutical products can contribute to land and marine pollution, with negative effects on aquatic ecosystems.

Although these forms of impact include the value chain, the magnitude of the impact associated with these business relationships could not be fully assessed due to the lack of available data.

The sub-topic "resource outputs" was not evaluated as material in this analysis.

Risks identified

The company faces several risks associated with resource use and the circular economy. A major risk is the dependency on suppliers from vulnerable markets, where political instability, trade conflicts, or strict regulations can affect the supply of raw materials. This aspect is amplified by the fragility of global supply chains, which can suffer disruptions due to transport blockages or restrictions imposed by health or geopolitical crises.

Another significant risk is the fluctuation of raw material prices, which can affect production costs and the company's profit margins. Additionally, the transition to renewable sources or green technologies involves high initial costs, which can impact short-term profitability. Alongside these aspects, international regulations are becoming increasingly stringent regarding resource and waste management, and non-compliance with environmental requirements can lead to sanctions and additional operational costs.

In a global context of reducing natural resources, competition for raw materials and water can become a critical factor, affecting both costs and availability.

Opportunities identified

In addition to risks, the circular economy and sustainable resource use provide the company with multiple opportunities. Identifying alternative and renewable sources of raw materials can contribute to diversifying supply and reducing impact on ecosystems. For example, using plant-based or synthetic excipients, obtained through less polluting technologies, can reduce pressure on natural resources.

Another important opportunity is investing in recycling and reusing industrial waste. By implementing circular economy solutions, certain pharmaceutical waste or packaging materials can be reintegrated into production processes, contributing to cost reduction and environmental impact minimization.

The company implements measures to optimize inventory management, including monitoring expiration dates and adjusting production volumes based on demand, thus contributing to reducing waste in the supply chain and using resources efficiently.

The company can invest in developing pharmaceutical formulations with a lower impact, using fewer natural resources and generating less waste. Additionally, it can adopt strategies for optimizing packaging design, using recyclable or biodegradable materials.

Moreover, the company has implemented campaigns for the collection of expired and used medications among employees to raise awareness about the risks of improper management of these items. Thus, in addition to reducing pollution, these initiatives contribute to increasing public awareness and responsibility.

Engagement with affected communities

Over time, in interactions with the local community around the factory, no complaints, reports, or claims related to pollution, especially regarding waste management, have been received. Additionally, the survey launched as part of the sustainability report process did not reveal any concerns or relevant feedback on this topic.

Regarding the communities affected throughout the supply chain, we currently lack specific information on potential impacts generated by our suppliers.

We also maintain an active dialogue with regulatory and control authorities, ensuring compliance with all applicable legal requirements. We adopt a proactive approach regarding the responsible management of resources, constantly monitor impacts, and implement measures to prevent any negative effects on communities and the environment.

DR E5-1 - Policies related to resource use and circular economy

Antibiotice has implemented a Circular Economy Policy and a Waste Management Policy, integrated into its Environmental Policy. These supporting policies aim to optimize resource use, minimize waste, and promote the recycling and reuse of materials. The overall goal is to reduce environmental impact through more efficient resource utilization and waste elimination through sustainable solutions. This includes integrating circular economy principles in all operations, from sourcing and production to distribution and end-of-life product management.

The policy applies to all company operations, including internal activities in production, research and development, logistics, and administration, as well as the upstream and downstream value chain. In its relationship with suppliers, the Code of Conduct for Partners imposes requirements for the responsible use of resources and reducing environmental impact. In the downstream value chain, sustainable solutions for distribution and product management at the end of their life cycle are promoted (published on our website in 2024 and to be sent to all suppliers in 2025). The policy does not directly cover the disposal of pharmaceutical products by end users, but the company supports initiatives that promote the safe collection and disposal of these products.

The responsibility for implementing the policy on resource use and the circular economy is assumed at the highest level of the organization, ensuring its integration into the company's overall sustainability strategy.

The Board of Directors oversees strategic directions and approves the environmental policy, including the principles of the circular economy, ensuring compliance with applicable regulations and integration into the company's overall objectives. It also sets specific targets for resource use and waste management, monitoring progress periodically.

The management team is responsible for translating the policy into concrete actions, through the development and implementation of internal standards, risk assessment, and coordination of resource optimization actions. This responsibility extends to operational management in production, logistics, and procurement, which applies circular economy principles in daily activities, ensuring reduced environmental impact through specific measures such as waste prevention, material reuse, where possible, and efficient recycling.

The company aligns with international standards and initiatives, such as ISO 14001 for environmental management, ISO 9001 for quality management, and considers the United Nations Sustainable Development Goals, particularly those related to responsible consumption and production and climate action. In 2024, the company assessed the opportunity to join the Science-Based Targets initiative (SBTi), given its commitments to sustainability and resource use efficiency. At this stage, Antibiotice evaluated the feasibility of setting emission reduction targets aligned with science-based scenarios, aiming to integrate them into its future strategy. A formal commitment to the SBTi will be made in 2025 by signing the commitment letter.

In developing the policy, the company consulted employees through internal surveys and feedback sessions and collaborated with the local community through its expired medicine collection program. Additionally, Antibiotice maintains a constant dialogue with regulatory authorities to ensure that its policies are aligned with legislative requirements and industry best practices.

The policy is communicated transparently and is accessible to the public via the company's official website in the sustainability section, as well as through events and meetings with stakeholders.

Transitioning from the use of virgin resources, including relative increases in use of secondary (recycled) resources

In the pharmaceutical industry, the use of recycled materials in drug production is prohibited by legislative regulations concerning the quality, efficacy, and safety of products. In 2024, Antibiotice did not use recycled materials in the manufacturing process of medicines, but the company is implementing measures to reduce resource consumption, particularly in packaging. The company is exploring sustainable solutions such as

recyclable, biodegradable materials, and those from responsible sources, working with suppliers to integrate recycled materials where possible.

Sustainable sourcing and use of renewable resources

Through the Supplier Code of Conduct, the company will prioritize collaboration with suppliers who adhere to international sustainability standards, including in the use of raw materials for production and auxiliary materials (the Code of Conduct was published on our website in 2024 and will be sent to all our suppliers in 2025). For plant-based raw materials, Antibiotice's suppliers will be required to comply with international standards regarding biodiversity conservation and responsible sourcing.

DR E5-2 - Actions and resources related to resource use and circular economy

Environmental safety and responsible resource use are integrated into Antibiotice's sustainable approach. In this regard, the company has implemented a series of concrete initiatives that contribute to the circular economy and reduce environmental impact.

One example is the expired medication collection program, implemented to prevent improper disposal and reduce the risk of pollution caused by pharmaceutical substances. Under this program, expired medications were collected from the public through designated collection points, ensuring their controlled disposal.

At the same time, Antibiotice conducted awareness campaigns on the impact medications can have on the environment when not disposed of properly. These campaigns were carried out through social media posts, aiming to inform the community and promote responsible practices. The number of posts and interactions recorded in these campaigns can be documented.

Regarding resource management, Antibiotice has taken measures for the separation and recycling of industrial waste, in compliance with legal requirements for waste management. In the reporting year, specific quantities of cardboard, plastic, and metal from secondary packaging were selectively collected and sent for recycling, in accordance with contracts concluded with waste management operators.

In the future, Antibiotice aims to expand its pharmaceutical waste collection initiatives, depending on available partnerships within the distribution chain. The company is also exploring possibilities for optimizing packaging, considering the use of recycled materials where this is legally feasible.

Through these actions, Antibiotice maintains its commitment to the efficient use of resources and responsible waste management, ensuring compliance with legal requirements and promoting best practices in the circular economy.

DR E5-3 - Targets related to resource use and circular economy

The target to reduce the amount of waste disposed of in landfills supports the overall objectives of Antibiotice's Environmental Policy and Circular Economy Policy. It reflects the company’s commitment to reducing its environmental impact by promoting waste prevention, reduction, reuse, and recycling measures.

Antibiotice aims to reduce the amount of waste disposed of in landfills by 80% by 2030, compared to the reference level in 2019. This target is absolute and measured in tonnes of waste disposed of in landfills. In 2024, an 88.14% reduction has already been achieved.

The targets apply to production activities and waste management within Antibiotice, including the company's internal operations. The reference value is the amount of waste disposed of in landfills in 2019, used as a benchmark for measuring progress.

The initial reduction target of 80% by 2030 and the interim goals were reached in 2024. To maintain this performance and strengthen the transition to a circular economy, Antibiotice plans to continue implementing measures for waste prevention, reduction, reuse, and recycling. Additionally, the company aims to introduce recycled materials into its activities where pharmaceutical regulations allow.

The methodology for defining the target is based on the analysis of waste flows and the use of a performance monitoring system aligned with waste management record-keeping legislation. Data is collected from internal processes and validated through annual reporting. The target has been achieved through measures such as optimizing production processes, increasing recycling rates, and implementing alternative solutions to landfilling.

The target was set internally, based on the company's objectives and its commitment to the circular economy, without relying on specific scientific sources. It reflects the company's strategic direction and alignment with general resource efficiency requirements.

Stakeholders (authorities and partners - authorized waste management operators) have been involved through consultations and strategic collaborations to implement solutions that enable the achievement of the objective.

So far, no significant changes have been made to the methodology or assumptions. Any future adjustments will be communicated in the annual reports.

Target-based performance

In 2024, the company achieved its target of reducing landfill waste by 80%, initially planned for 2030. From now on, we are focused on maintaining and consolidating this performance.

Progress is monitored annually through quantitative indicators, ensuring alignment with the strategy to reduce environmental impact.

Currently, the targets set by the company in the field of circular economy are primarily focused on waste management, with the objective of optimizing collection, recycling, and responsible disposal processes. The company is implementing measures to reduce the amount of waste generated, improve recycling rates, and ensure compliance with pharmaceutical waste management regulations.

Regarding resource inputs, the company is in the process of developing internal procedures to allow monitoring and optimization of this aspect from a sustainability perspective. An important step in this direction was the completion of the Sustainable Procurement Policy, which establishes clear principles for integrating environmental and social criteria into the supply chain. Additionally, we aim to introduce

sustainability criteria into the supplier selection process to ensure the long-term use of more sustainable resources.

To ensure an effective evaluation of suppliers, the company plans to use dedicated evaluation platforms, which will facilitate the collection and analysis of data on sustainability practices within the supply chain. This approach will enable the company to extend its circular economy objectives to the responsible use of resources, ensuring alignment with sustainability principles throughout the entire value chain.

The company has not set specific targets for increasing the circular design of pharmaceutical products, as current regulations limit the use of recycled materials in the production of medicines and primary packaging that comes into direct contact with them.

Additionally, Antibiotice uses primary raw materials in the manufacturing processes of medicines, given the strict requirements of the pharmaceutical industry that mandate the use of virgin raw materials to ensure compliance with safety and quality standards. Therefore, no specific targets have been set for minimizing primary raw materials or for reversing the depletion of renewable resource stocks.

The company aligns its waste management strategy with the principles of the circular economy, applying the waste hierarchy in accordance with Government Emergency Ordinance (OUG) 92/2021 and fulfilling its legal obligations regarding Extended Producer Responsibility (REP), as established by OUG 196/2005. At the same time, the company has set specific targets for reducing the amount of waste disposed of in landfills, thus contributing to the optimization of resource management and minimizing environmental impact.

The waste management targets focus on the recovery of packaging waste, reducing the amount of waste sent to landfills, and optimizing waste flows to prevent generation and increase the recycling rate.

Waste management targets

The company's waste management targets actively refer to all levels of the waste hierarchy, with the goal of reducing the amount of waste disposed of in landfills. This objective is achieved through the application of priority measures, in order of ecological efficiency:

- Prevention of waste generation by optimizing production processes and reducing excess raw materials.
- Increasing the degree of selective collection, facilitating the separation and sorting of materials to allow for superior recovery.
- Preparation for reuse of certain products and packaging, which can be cleaned and reused in subsequent logistical cycles.
- Recycling generated waste, including materials from packaging, which are sent to authorized operators.
- Other forms of recovery, such as co-incineration and energy recovery, for waste that cannot be recycled.

1. Target regarding the recovery of packaging waste

In accordance with GEO 196/2005 and applicable legislation, Antibiotice commits to achieving the following minimum objectives regarding the recycling and recovery of packaging waste, as outlined in the table below:

Year	Paper and cardboard	Plastic	Glass	Metal	Aluminum	Wood	Global recycling target (%)	Global target for recovery or incineration with energy recovery (%)
2024	70%	40%	60%	65%	65%	40%	60%	65%
Starting with 2025	75%	50%	65%	70%	70%	50%	65%	70%

The company monitors the annual recycling rate of packaging waste and collaborates with a responsibility transfer organization (OTR) for compliance.

As regulatory conditions allow, the company monitors future opportunities for integrating circular solutions into non-critical segments. Additionally, we annually monitor the recycling rate of packaging waste and collaborate with a responsibility transfer organization (OTR) for compliance.

2. Voluntary target: Reducing landfilled waste

In 2024, the company achieved its voluntary goal of reducing waste sent to landfills by 80%, compared to the reference level from 2019, ahead of the initial deadline set for 2030.

To maintain this performance, Antibiotice implements measures to:

- Monitor waste streams to prevent their generation and optimize reuse.
- Optimize technological processes to increase recycling and material recovery.
- Collaborate with recycling and energy recovery partners to minimize the amount of waste disposed of in landfills.
- Maintain detailed waste records in accordance with the Government Decision 856/2002 and conduct annual waste audits to verify progress.

3. Monitoring and Compliance

To ensure traceability and compliance with legal and voluntary requirements, Antibiotice:

- Maintains detailed monthly records of waste, in accordance with Government Decision 856/2002.
- Conducts annual internal waste audits, checking the recycling rate, recovery, and reduction of landfill disposal.
- The company implements an annual program to prevent and reduce waste quantities, in accordance with the legislative requirements set out in Government Emergency Ordinance 92/2021 on waste management. The program for 2024 will be completed by the legal deadline, May 31, 2025.

DR E5-4 - Resource inflows

Antibiotice uses essential material resources in its production processes, adhering to Good Manufacturing Practices (GMP) and all applicable pharmaceutical industry regulations. These resources include active pharmaceutical ingredients (APIs), excipients, solvents, chemical reagents, packaging materials, and industrial equipment necessary for operational activities.

Packaging materials used, such as glass bottles, plastic or aluminum blister packs, polyethylene or polypropylene caps, rubber stoppers, cardboard boxes, and leaflets, are selected and used according to the specific requirements of each pharmaceutical product. Their management is monitored according to internal quality procedures, ensuring compliance with GMP standards.

The company uses facilities for synthesis, automated production lines, packaging machines, and logistics equipment for transport and storage, ensuring the efficiency of industrial processes. Integrated IT systems and equipment contribute to product traceability and the optimization of production and distribution flows.

For this year, the company reports the total weight of active pharmaceutical ingredients (APIs) and excipients used in the manufacturing process. In the future, the company plans to expand the reporting to include other categories of materials, depending on the availability of accurate data.

Pharmaceutical raw materials, represented by APIs and excipients, are essential in the manufacturing process, and data regarding their consumption are available in the accounting records.

For 2025, the company intends to expand the calculation methodology to include auxiliary materials used in production, such as solvents and chemical reagents, ensuring a more comprehensive and complete reporting approach.

Category of materials used	**Total weight**
	tonnes
APIs and excipients	786,210
Total	**786,210**

The quantity in the table above represents approximately 71% of the total raw materials and materials purchased. The remaining 29% corresponds to 320,000 – 322,000 tonnes of packaging materials, auxiliary materials, solvents, and chemical reagents, etc., which could not be accurately quantified per category.

To collect the data, the company applies a clear methodology to eliminate the risk of double-counting materials used in the manufacturing process. Reporting is based on documentary records related to material purchases, using accounting data whether the materials were consumed in the production process or remain in stock at the end of the reporting period.

Currently, the company does not collect data regarding the percentage of biological materials used in production that come from certified sustainable sources. Therefore, we cannot provide information on applicable certification systems or the application of the cascading use principle. In the future, the company

will analyze the feasibility of extending the reporting process to include this information, depending on the availability of data and the applicable regulatory requirements.

Furthermore, the company has not used secondary components—recycled or reused—in its production processes.

DR E5-5 - Resource outflows

Antibiotice produces a diverse range of pharmaceutical products, including human and veterinary medicines, active pharmaceutical ingredients (APIs), cosmetic products, dietary supplements, and medical devices. These products are manufactured according to quality standards and regulations specific to each product type.

Regarding generic medicines, the company's portfolio covers multiple therapeutic areas such as antibiotics, cardiovascular, anti-inflammatory, dermatological, and gastrointestinal treatments. These medicines are available in various pharmaceutical forms: vials with powders for injectable solutions, tablets, capsules, suppositories, creams, ointments, and gels.

In the cosmetics sector, Antibiotice produces creams and ointments for skin care, formulated to meet the specific needs of consumers.

Additionally, the company produces veterinary medicines for animal health care, adhering to the regulations and standards specific to this segment.

All these products are manufactured on eight production lines certified EU GMP, ensuring compliance with the highest quality and safety standards. The company currently exports over 70 products to more than 70 countries worldwide.

Recyclable content in products and their packaging

In the pharmaceutical industry, strict regulations do not allow the use of recycled materials in human or veterinary pharmaceutical products or active pharmaceutical ingredients (APIs). Therefore, the rate of recyclable content in products is zero.

Similarly, the use of recycled materials in products and packaging is severely restricted by regulations concerning the safety and quality of medicines. According to these requirements, packaging must provide protection against contamination and maintain chemical stability throughout the shelf life, which excludes the use of recycled materials in direct contact with the products.

As a result, the percentage of recycled materials used in Antibiotice's products and packaging is 0%.

Waste

The reported data on resource outputs is determined based on accounting documents and internal records related to the production and delivery of finished products. The information includes only verified data, without the use of estimates.

Product classification is not based on circular economy criteria, as regulations in the pharmaceutical industry do not permit the reuse or recycling of raw materials in the manufacturing process of medicines, active pharmaceutical ingredients (APIs), cosmetics, veterinary products, and medical devices.

For packaging materials, reporting is done in accordance with the extended producer responsibility (EPR) obligations, using data from procurement documents and corresponding quantitative records. All reported information is subject to verification and external auditing.

Generated waste	UM	2024
Total amount of waste generated	tonnes	540.24
Waste diverted from disposal		
preparation for reuse	tonnes	0
hazardous recycled waste	tonnes	0.95
non-hazardous recycled waste	tonnes	367.55
Disposed waste		
incineration with energy recovery - hazardous	tonnes	10.53
incineration with energy recovery - non-hazardous	tonnes	44.47
landfill	tonnes	25.50
Amount of waste not recycled	tonnes	168.64
Percentage of waste not recycled	%	31.20

Composition of waste

Antibiotice generated waste in various streams, each managed in compliance with all applicable legal requirements and regulations, including legislation regarding waste management, recycling, and the prevention of environmental risks. These wastes are divided into hazardous and non-hazardous categories, and the materials present include:

- Distillation residue and solvent recovery
- Sludges – filter cake micelles
- Solid waste containing hazardous substances
- Absorbents, filtering materials, EIP
- Motor oils, transmission oils, and lubricants
- Paper and cardboard packaging
- Plastic packaging materials

- Wooden packaging
- Metal packaging
- Glass packaging
- Packaging contaminated with hazardous substances
- Absorbents, filtering materials, EIP contaminated with hazardous substances
- Used tires
- Scrapped equipment (WEEE)
- Expired chemicals
- Aluminium from construction and demolition
- Iron and steel from construction and demolition
- Cables from construction and demolition
- Sharp objects (medical waste)
- Infectious medical waste
- Ashes, combustion slag
- Sludge from industrial wastewater treatment plant
- Paper and cardboard
- Medicines
- Wood
- Plastic materials
- Metals
- Mixed municipal waste

Hazardous and radioactive waste	UM	2024
Total amount of hazardous waste generated	tonnes	12.55
Total amount of radioactive waste generated	tonnes	0

Methodology used for waste calculation and management

Antibiotice applies a rigorous methodology for waste management, in accordance with national and European legislation, including regulations specific to the circular economy and the prevention of environmental impact. In this regard, waste is managed as follows:

- Separate collection of waste: Waste generated from the company's activities is collected separately, depending on the type of waste, to facilitate proper management for both hazardous and non-hazardous waste.

- Waste disposal: All categories of waste are disposed of in conditions that do not affect the surrounding environment, using plastic, metal bins, or bags properly labeled with the waste code. Disposal is carried out in a way that prevents the formation of stockpiles that could present risks, such as fires or unpleasant odors.
- Waste disposal locations according to regulations: Locations designated for the disposal of separately collected waste comply with legal regulations and are designed to prevent any negative impact on the environment.
- Storage of hazardous waste: Hazardous waste is stored in appropriate, sealed containers, and the storage areas are equipped with equipment to prevent and reduce accidental pollution, in accordance with regulations specific to hazardous waste.
- Waste Transport: Waste transport is carried out only by authorized operators, in accordance with H.G.R. no. 1061/2008 regarding the transportation of hazardous and non-hazardous waste within Romania. Hazardous waste can be transported without additional approval from the competent authorities only if the total amount transported in a year is less than 1 ton.
- Waste Transfer: Waste is handed over only to authorized operators who hold an environmental permit in accordance with the current legislation for activities such as collection, temporary storage, treatment, recovery, or disposal. Upon transfer of waste, the corresponding forms are completed, such as the Non-Hazardous Waste Loading/Unloading Form and the Hazardous Waste Shipment/Transport Form, in accordance with H.G.R. no. 1061/2008. These forms are signed and stamped by the generator, transporter, and authorized economic operator, and in the case of hazardous waste transport over 1 ton, they are also verified by the competent authorities.
- Recovery/Disposal of Waste: Antibiotice ensures the recovery or disposal of waste through contracts with authorized operators and through incineration in its own incinerator, in compliance with the integrated environmental permit.

Waste hierarchy and Circular Economy Principles

The waste management activities carried out at Antibiotice comply with the principles of the circular economy, with the following objectives:

- Prevention and Reduction of Waste Generation at the Source
- Improvement of the Quality of Generated Waste, including reducing its hazardous nature
- Encouragement of Reuse, Recycling, and Recovery of Waste
- Separate Collection of Waste to facilitate the process of recovery and recycling

Waste management records

The quantities of waste generated are recorded in specific forms regarding waste management records, in compliance with the requirements established by H.G.R. no. 856/2002. The report on waste management records is submitted to the environmental authorities, in accordance with the applicable legal regulations, ensuring transparency in waste management at the company level.

Methodology for Data Calculation

Data regarding the quantity of waste generated and managed are collected from the company's internal records, using direct measurements (weighing the waste) or estimates based on conversion factors (municipal waste and sludge waste) when weighing is not possible.

8.3. Social

8.3.1. Own workforce

Employees are essential to Antibiotice's success, and developing a safe, fair, and inclusive work environment is a strategic priority. The company recognizes the importance of attracting, retaining, and continuously developing talent and promoting an organizational culture based on respect, diversity, and equal opportunity.

Through clear human resources policies, Antibiotice ensures optimal working conditions, fair compensation, and benefits that support work-life balance. The company is also committed to providing opportunities for continuous training and professional development, thereby contributing to the growth of employee competencies and improving organizational performance.

DR ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Antibiotice reports on all employees with individual employment contracts, as well as individuals who work for the company under civil law contracts. In terms of identified negative impacts, these are mainly related to compensation and occupational health and safety. To minimize these risks, Antibiotice applies specific remuneration and occupational health and safety policies aimed at reducing negative impacts on employees.

The company regularly monitors and reports on adverse material impacts on employees and implements specific policies to mitigate these risks, including policies on human resources, compensation, diversity, human rights, and occupational health and safety. At the same time, Antibiotice's activities generate a range of positive impacts for all employees, reflected in job security, occupational health and safety, fair compensation, social dialogue and freedom of association, work-life balance, diversity and inclusion of people with disabilities, professional skills development, and measures against violence and harassment in the workplace.

To date, plans to transition to more sustainable and climate-neutral operations have not resulted in any material impact on employees, either negative (such as job losses) or positive (such as retraining or new jobs). However, the company will continue to monitor this issue as it implements measures to reduce its environmental impact.

The company pays special attention to employees working under special conditions or performing high-risk activities. Through its Occupational Health and Safety Policy, Antibiotice is committed to providing a safe and healthy working environment for all its employees and collaborators, without discrimination. This includes complying with applicable legislation, preventing occupational accidents and diseases, identifying and assessing risks, allocating the necessary resources and investigating incidents to prevent similar occurrences in the future.

The risks and opportunities arising from a company's impact and dependence on its workforce are not generalized to specific demographic groups but rather are associated with certain occupational categories that are difficult to find in the labor market. A significant risk is the difficulty in attracting and retaining talented employees if compensation and working conditions are not competitive, which can lead to loss of expertise and high recruitment and training costs. To mitigate this impact, Antibiotice has implemented intergenerational knowledge transfer programs and has maintained a retention rate of over 95% for the past three years.

DR S1-1 - Policies related to own workforce

The company's human resources policies and governance documents, including the Collective Bargaining Agreement and Internal Rules, apply to all employees and contain specific provisions for vulnerable groups, such as young people under 18, mothers, and people with disabilities. The terms of the Collective Bargaining Agreement apply to all Antibiotice employees.

Percentage of employees covered by collective agreements = 1,350 / 1,350 × 100 = 100%.

The company applies a Human Rights Policy, aligned with international standards, including the Universal Declaration of Human Rights, the OECD Guidelines, the International Labor Organization (ILO) Tripartite Declaration of Principles, the Declaration of Helsinki on the Safety of Clinical Trial Participants, and the ISO 45001/2018 standard on occupational health and safety. Furthermore, Antibiotice has developed a Code of Conduct for partners, a Collective Bargaining Agreement, Internal Regulations, and a Code of Ethics, which are available to the public on the company's website.

Antibiotice is committed to respecting human rights in all aspects of its business. This commitment applies to both internal operations and commercial relationships. The company collaborates with a range of partners, including suppliers of raw materials, materials, services, distributors, educational establishments, research institutes, financial institutions, and non-profit organizations. In these relationships, the company promotes principles such as the prohibition of child labor and forced labor, respect for employees' fundamental rights, ethics, and good business practices, adherence to quality and safety standards, and the implementation of concrete measures to reduce negative impacts on the environment and communities.

Antibiotice's Human Rights Policy prohibits the use of child and forced labor in any aspect of its operations. This is in accordance with international standards and local legislation, and the company ensures that all recruiting and hiring practices comply with legal minimum age requirements. Employees and contractors are also screened in this regard. Antibiotice's zero-tolerance policy towards these practices is also applied in its dealings with suppliers and business partners, who are held to the same standards.

The company upholds the principles of freedom of association and collective bargaining for all its employees and contractors, fostering an environment of transparent communication and social dialogue. Employees are entitled to join a trade union, and the company is affiliated with the Antibiotice Free Trade Union, which is part of the Federation of Free Trade Unions in the Chemical and Petrochemical Industry and the National Trade Union Confederation "Cartel ALFA". The union represents employees' interests in negotiations on working conditions as outlined in the Collective Bargaining Agreement.

Antibiotice is committed to maintaining a safe and healthy work environment through the implementation of a comprehensive occupational health and safety system that adheres to both national and international

legislation. This system is designed to prevent work-related accidents and ensure the well-being of our employees. The Occupational Health and Safety Committee plays a vital role in facilitating communication between management and staff, identifying potential risks, and proposing measures to prevent accidents. The policy encompasses a range of measures, including the investigation of incidents, allocation of adequate resources, and ongoing employee training.

The company's diversity, equality, and inclusion policy fosters a working environment where all employees are treated fairly and have access to equal opportunities for employment, promotion, and career development. The company is committed to maintaining a work environment that is free from any form of discrimination, including but not limited to race, ethnicity, gender, sexual orientation, gender identity, disability, religion, and political opinion. This policy applies to all employees and business partners, who are encouraged to uphold the same principles.

To prevent and remedy negative impacts on human rights, Antibiotice has implemented a clear and accessible mechanism for reporting complaints (through the Procedure for receiving, examining, and resolving reports of violations of the law, drawn up in accordance with the provisions of Law no. 361/2022 on the protection of public interest whistleblowers), which includes the following channels:

- electronically, by sending an e-mail to etica.integritate@antibiotice.ro;
- by telephone to the phone number of the President of the Ethics and Integrity Council: 0232.209.567;
- on paper, addressed to the Ethics and Integrity Council at: 1 Valea Lupului Street, Iași, Iași County;
- Online, on the Whistleblowers platform: https://avertizori.integritate.eu;
- By e-mail at: avertizari@integritate.eu;
- By phone, at 0372.069.869, by selecting: keys 1 (Select Romanian), 0 (Agreement to record conversation), 3 (Direction of Public Interest Reporters). Conversations are automatically recorded;
- By postal service, to: 15 Lascăr Catargiu Boulevard, 010661, Sector 1, Bucharest, Romania - addressed to the Public Interest Whistleblowers Directorate;
- In person, at ANI headquarters, by prior appointment at the e-mail address avertizari@integritate.eu.

All complaints are investigated impartially and the confidentiality of the individuals reporting them is protected throughout the process. Depending on the nature of the referral, remedial action, disciplinary measures or changes to internal policies may be taken to prevent similar problems from recurring.

To maintain a positive organizational climate, the company conducts annual satisfaction surveys on the work environment and develops improvement plans. Training and continuous professional development programs based on employee performance appraisals are also implemented.

DR S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

The company recognizes the importance of collective bargaining, consultation, and the role of trade unions and other representative organizations in defending the interests of employees.

To ensure a constructive and transparent dialogue, regular consultations are organized between management and employee representatives to facilitate balanced and inclusive decision-making.

Consultations with trade unions and employee representatives have a consultative, information, and negotiation role and are conducted in accordance with the provisions of the Collective Bargaining Agreement and Law 367/2022 on Social Dialogue.

In these consultation and information meetings, which are usually held annually, the company, as employer, is represented by the persons appointed by the decision of the General Manager, and the union is represented by the negotiating committee appointed from among the union members.

The company regularly organizes employee satisfaction surveys and discussions with the trade unions to understand their concerns about working conditions, career development opportunities, and work-life balance.

The results of these surveys are discussed with management and union representatives and lead to the adjustment of the remuneration policy and the development of annual plans to improve the organizational climate. The effectiveness of these processes is monitored through the staff turnover rate, a company-wide performance indicator.

There is currently no separate consultation process for vulnerable groups, but all employees are involved in the general consultations, either directly or through trade union representatives.

DR S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns

The company has not identified any situations where it has caused or contributed to a significant negative impact on individuals in its workforce. However, to ensure a transparent and fair working environment, several channels are provided for employees to express their concerns, and needs or report issues.

Employees, contractors, suppliers, or business partners who believe that a violation of human rights or other company policies has occurred or is occurring are encouraged to make a complaint through the external channels outlined above.

There are internal channels for reporting individual employee concerns or complaints, namely:

- Directly, in person at the Human Resources Department;
- By e-mail to: resurse.umane@antibiotice.ro.

The Company's Internal Regulations contain the specific procedure for dealing with individual employee requests and complaints (Chapter VI), which is available on the company's website: Internal Regulations.

Internal communication channels are structured in such a way as to respect fundamental principles such as:

- Legitimacy, by ensuring appropriate accountability and building employee confidence in the process.
- Accessibility, by informing employees on recruitment, posting internal rules and regulations on the company website and regularly reviewing workplace procedures.
- Clarity and transparency, through well-defined and known procedures that ensure that complainants are adequately informed.
- Alignment with international human rights standards, ensuring fair and lawful solutions.

To assess employee awareness of and confidence in these mechanisms, the company continuously monitors the use of the available channels and their impact on the organizational climate. The provisions of the Internal Regulations guarantee the confidentiality, security, and freedom of expression of employees in reporting their concerns.

DR S1-4 - Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Antibiotice is constantly striving to comply with the legislation in force regarding employees' rights, taking into account both the legal requirements and the recommendations of the competent authorities and institutions. To this end, the company implements programs to monitor and improve working conditions, a salary and motivation policy that is regularly updated in line with employees' expectations and labor market developments, and an updated Collective Bargaining Agreement in force. Social dialogue is ensured through respect for the human rights policy and the application of the Collective Bargaining Agreement, and staff retention has been maintained at over 95% for the last five years.

To prevent or mitigate the negative impact on the workforce, the company has developed several policies and programs to ensure a stable, safe, and motivating working environment. These include an ongoing remuneration and motivation policy, training and career management plans, measures to improve the organizational climate, and tools to measure employee satisfaction. In addition, the human rights policy ensures that the right of association and collective bargaining are respected, and employee consultation programs help to identify and resolve any problems related to working conditions.

The company also runs social responsibility programs, both for employees and their families and for the local community, through the Science and Soul Foundation. In addition, partnerships are developed with university and pre-university educational institutions, and events are organized to promote the employer brand, career guidance, awareness, and recruitment.

Another important pillar of the HR strategy is training and development. The company runs annual training programs, supported by both established providers and experienced employees who act as mentors. These programs aim both to acquire and update the necessary knowledge and skills and to transfer knowledge between generations, helping to strengthen internal expertise.

To ensure transparency and confidentiality in its relationship with employees, the company fosters a climate based on open communication and compliance with ethical standards. The management of personal data and business information is carried out in accordance with the highest legal and ethical standards, which contributes to the attractiveness of the employer brand.

The effectiveness of the measures and initiatives implemented is monitored through employee satisfaction surveys and specific performance indicators within the Human Resources Directorate. Based on the results of these assessments, the company develops annual plans to improve the organizational climate, and the impact of these measures is analyzed and reported annually.

The necessary measures to mitigate negative impacts are identified through an annual risk, impact, and opportunity analysis. At the same time, the company implements measures to optimize its workforce

structure, taking into account the reorganization of activities, the digitalization of processes, and the use of new technologies, as well as the replenishment of teams in line with the dynamics of business growth.

The monitoring and adjustment of salary and motivation policies is an ongoing process, based on an analysis of the evolution of average salaries at the national level and in the pharmaceutical industry. These adjustments are linked to the company's financial performance to maintain a balance between the attractiveness of remuneration packages and financial sustainability. In this context, specific events are also organized to improve the well-being of employees, which are included in the annual organizational climate and culture plan.

The financial resources to implement these initiatives are allocated in the annual revenue and expenditure budget with approved quarterly programming. These measures ensure minimal impact on the company's financial situation and support a balanced and high-performing work environment.

Regarding the transition to a greener and climate-neutral economy, no negative impacts on employees have been identified that would require mitigation or remediation.

DR S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Antibiotice uses performance indicators to drive and measure progress in addressing significant negative impacts and/or promoting positive impacts on its workforce, as well as to manage significant related risks and opportunities. Key indicators monitored include average headcount, turnover and retention rates, average realized income, average number of training hours per employee, and training effectiveness ratings.

The company conducts regular surveys of employee job satisfaction. The results are shared with management representatives and union leaders to identify areas for improvement and to develop the annual Organizational Climate Improvement Plan. Regular meetings are organized between the HR team, union leaders and communication partners in the structures to ensure effective implementation of the actions identified.

In accordance with the legislation in force and the specific procedure for consultation and participation of the employees, Antibiotice has an Occupational Health and Safety Committee (OHS Committee). It is composed, on the one hand of employee representatives with specific responsibilities in the field of occupational health and safety and, on the other hand, of the employer or its legal representative and designated representatives, in equal numbers with the employee representatives, together with the occupational health physician.

The responsibilities of the OHSC, according to legislation in force, are:

- analyzes and makes proposals regarding the occupational safety and health policy and the prevention and protection plan, according to the internal regulation;
- monitors the implementation of the prevention and protection plan, including the allocation of the necessary means to achieve its provisions and their efficiency in terms of improving working conditions;

- analyzes the introduction of new technologies, and the choice of equipment, taking into account the consequences on the safety and health of workers, and makes proposals when certain deficiencies are found;
- analyzes the selection, purchase, maintenance, and use of work equipment, collective and individual protection equipment;
- proposes measures for the arrangement of workplaces, taking into account the presence of groups sensitive to specific risks;
- analyzes the requests made by the workers regarding the working conditions and how the designated persons fulfil their attributions;
- monitors how the legal regulations on labor safety and health are applied and observed as well as the measures ordered by the labor inspector and the health inspectors;
- analyzes workers' proposals for the prevention of occupational accidents and illness, as well as for the improvement of working conditions, and proposes their inclusion in the prevention and protection plan;
- analyzes the causes of occupational accidents, illness, and events and may propose technical measures in addition to the measures ordered following the investigation;
- performs its checks regarding the application of its own instruction and work instructions and makes a written report on the findings;
- discusses the written report on the occupational safety and health status, the actions that have been taken and their effectiveness in the past year, as well as the proposals for the Prevention and Protection Plan to be implemented in the following year, which is presented to the Occupational Safety and Health Committee by the General Director of Antibiotice SA at least once a year.

DR S1-6 – Characteristics of the undertaking’s employees

To provide a clear picture of the structure and dynamics of Antibiotice's workforce, we present below relevant data on the number of employees, retention rate, age distribution, and other key indicators that reflect the development and impact of our human resources policies.

Total number of employees	Women	Men	Total
Romania	778	579	**1,357**

Average number of employees: 1,350

The number of employees is reported at the end of the period and as a quarterly, half-yearly, and annual average.

The average number of employees is calculated as the average of the monthly number of active employees and the monthly number of active and suspended employees. The annual average is then calculated by averaging the monthly figures calculated above.

Type of employee	Women	Men	Total
Number of permanent employees	765	566	**1,331**
Number of temporary employees	13	13	**26**
Number of non-guaranteed hours employees	0	0	**0**
Number of full-time employees	777	578	**1,355**
Number of part-time employees	1	1	**2**

The number of employees is expressed as a headcount. The company does not use full-time equivalents (FTE).

In 2024, the total number of employees who left Antibiotice through any form of termination of employment was 105. Of these, 46 employees left at their request. These data are used to calculate the employee turnover rate.

The total turnover rate was 7.78%, calculated as the total number of employees who left the company divided by the average number of employees (1,350). **The voluntary turnover rate**, which only includes employee-initiated departures, was **3.41%**, calculated by dividing the 46 voluntary departures by the average number of employees.

Concerning the methodology used to compile these data, no estimates were used, but only information recorded and managed by an internal software program. The general reports generated by the software application are manually processed to calculate statistical indicators relevant to HR activities. A system is currently being implemented to generate customized reports for each statistical indicator or in response to specific requests.

DR S1-9 - Diversity metrics

Management team	Women		Men		Total
	No.	%	No.	%	
	13	59.09%	9	40.91%	**22**

Top Management consists of the Executive Director and the Executive Managers.

- Executive directors design strategies, adjust the course of the strategy as it is implemented, and make decisions that affect the whole organization. They have general (multidisciplinary) business knowledge, are externally focused, and manage and direct the ongoing process of change, taking into account cost reduction, technological trends, the effects of globalization, financial crisis, or other internal and external factors.

- Executive Managers report to the Executive Director, collaborate with the Executive Director in drawing up the strategic plan, supervise its implementation and plan, and monitor the indicators in their area of activity.

Employees by age	Number
Under 30	100
Between 30 and 50	658
Over 50	599
Total	1,357

DR S1-10 - Adequate wages

In Romania, the legislation on the adequate minimum wage is regulated by the Labor Code (Law No. 53/2003) and by government decisions, which set the guaranteed gross minimum wage. The minimum wage must ensure a decent standard of living, but there is no clear and specific definition of "adequate minimum wage" in the current legislation, as suggested by the European Directive 2041/2022 on adequate minimum wages.

Within Antibiotice there is a staff remuneration and motivation policy which includes the reference value, coefficients, and salary levels. It is the company's policy that the reference value is constantly updated in line with the evolution of the minimum wage.

All employees of the company receive an appropriate salary in accordance with the applicable benchmarks.

DR S1-12 - Persons with disabilities

Disabled employees represent 0.66% of the total workforce, of which 0.37% are women and 0.29% are men. Of all employees in each gender category, 0.64% of women and 0.69% of men are disabled.

The percentage of people with disabilities has been calculated by dividing the number of people with disabilities on 31 December 2024 by the number of employees on the same date (total, male and female, as applicable).

DR S1-13 - Training and skills development metrics

Category	Number of reviews	% of total employees	% of total reviews that should have been performed
Women	677	49.67%	100%
Men	551	40.43%	100%
Total reviews	**1,228**	**90.10%**	**100%**

As the performance review process for 2024 has not yet been finalized, the performance review information for 2023 has been used. Annual performance reviews were not conducted for employees who had not completed at least six months of service at the time of the review or who had a break in service of more than six months during the same year (employees on parental leave, 2024 hires on probation, etc.).

Category	Total number of training hours	Total number of employees in category	Average number of training hours
Women	41,148	778	52.88
Men	26,973	579	46.59
Total	**68,121**	**1,357**	**50.20**

DR S1-14 - Health and safety metrics

In 2024, 100% of the company's workforce (1,357 people) was covered by a health and safety management system based on legal requirements and/or recognized standards and guidelines.

There were no employee fatalities due to work-related accidents or occupational diseases. There were also no reported fatalities among other workers at the company's sites.

Rate of work-related accidents = 4/2,243,503 × 1,000,000 = 1.78

In terms of work-related accidents, there were 4 work-related accidents among the company's employees in 2024. The rate of occupational accidents was calculated as 1.78, based on 2,243,503 hours worked.

There were no reported cases of work-related illnesses among employees. The number of days lost due to accidents at work was 132.

DR S1-15 - Work-life balance metrics

All employees benefit from the provisions of the collective bargaining agreement on the right to family-related leave from the moment they are hired.

Type of employee	Employees who took family-related leave	% of total
Women	273	35%
Men	186	32%
Total	**459**	**34%**

Women taking family-related leave represent 35% of all women and men 32% of all men.

The following family-related leave has been taken into account:

- Parental leave 2 years;
- Disabled childcare leave 3 years;
- Sick childcare leave 7 years;
- Medical leave - pregnancy and childbirth;
- Medical leave - care of sick child up to 12 years;
- Medical leave - maternity risk;
- Medical leave - care of an oncological patient;
- Medical leave - care of seriously ill child, 18 years old.
- Paid days off for employee's marriage
- Paid days off for the marriage of a child
- Paid days off for marriage of siblings/parents
- Paid days off for the death of a first-degree relative
- Paid days off for death of 2nd-degree relative
- Paid days off for blood donation
- Paid days off for moving house within the same locality
- Paid days off for moving to another locality
- Paid days off for other events
- Paid days off for childcare

DR S1-16 - Remuneration metrics (pay gap and total remuneration)

The gender pay gap in the company is 0.81%, based on the average annual salary for each category.

The annual rate of total remuneration was calculated as 7.87 by dividing the total remuneration by the total number of eligible employees (726,855 / 92,382 = 7.87).

The calculation of the pay gap was based on the average annual remuneration for men and women, and the annual rate of total remuneration included base salaries, allowances, bonuses, profit-sharing and other forms of variable cash payments.

DR S1-17 - Incidents, complaints and severe human rights impacts

In 2024, there were no incidents or complaints submitted through the official channels available to the company's own employees, including the grievance mechanisms under the Internal Rules.

8.3.2. Workers in the value chain

As part of the dual materiality analysis, Antibiotice has identified several possible impacts, risks, and opportunities associated with workers in its value chain.

Impacts, risks and opportunities identified

The company recognizes that value chain activities can have several negative impacts on workers that require appropriate prevention and mitigation measures. These include exposure to hazardous working conditions, such as the use of non-compliant equipment or the handling of toxic chemicals, which can lead to occupational accidents and diseases. The risks of inadequate pay and economic inequality can also perpetuate poverty and discrimination, and in some regions with weak regulations, there is a risk of the use of forced or child labor.

At the same time, the company promotes ethical working standards, safe and fair conditions for employees, gender equality, and equal pay, and seeks to contribute to a better working environment.

Identified risks include significant reputational damage and legal sanctions that may result from working with suppliers who do not respect workers' rights. The potential loss of contracts with customers who value compliance with labor standards is also a significant risk. There is a risk of supply chain disruptions due to strikes or protests by disgruntled workers, which could affect production and delivery capacity.

Opportunities include the development of an ethical and transparent supply chain, which not only enhances the company's reputation but also attracts business partners and customers concerned about sustainability. Achieving international social responsibility certifications and increasing consumer loyalty are other potential benefits. In addition, working with suppliers who offer good working conditions can lead to more stable business relationships and improved productivity.

Assessment of impacts, risks, and opportunities, and measures taken

While we have identified these impacts, risks and opportunities, it has not been possible to assess the extent of these impacts, risks and opportunities at this time due to a lack of hard data on our suppliers' practices. We have therefore taken steps to address this by developing and publishing a Partner Code of Conduct on our

website and plan to roll this out directly to all our suppliers in 2025. We also intend to introduce detailed supplier assessments using specialized platforms to ensure compliance with our standards.

8.3.3. Affected communities

Antibiotice takes an active role in supporting and developing the communities in which it operates, promoting corporate social responsibility programs, supporting education, health and social inclusion, and helping to improve the quality of life and create equal opportunities for all. We engage in long-term partnerships with educational institutions and local authorities to respond to community needs and create a positive, sustainable impact.

DR ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

The information provided in this chapter focuses exclusively on the communities around the Antibiotice platform on which the company has a direct impact through its activities. The company does not currently have detailed information on communities that may be affected by the activities of value chain partners, including customers and suppliers.

While direct impacts on the local community are clearly monitored and managed, the company does not have specific data on potential negative impacts on value chain partners. It is important that the company considers expanding the monitoring and assessment of impacts on external communities involved in its business relationships in the future to ensure a holistic approach to sustainability.

The communities affected by the company's activities are defined as those in the vicinity of the production platform, areas that may experience various impacts, both positive and negative, generated by the operations. Factors that may affect these communities include:

- Air and water quality - The company closely monitors emissions and water pollution, as any deviation from quality standards can have a direct impact on the health of residents.
- Waste management - Production involves the handling and disposal of waste, and proper waste management is essential to prevent negative impacts on the environment and the health of local communities.
- Traffic generated by logistics activities - The transport of raw materials and finished products can affect road traffic and cause noise pollution or other inconvenience to residents.
- Local economic impact - Business activity can create jobs and support the local economy through the purchase of goods and services but can also create challenges in terms of urban or infrastructure development.

At the same time, local communities can benefit from the company's initiatives in key areas such as health, education, and social responsibility. Examples include:

- Prevention programs and awareness campaigns to improve public health.

- Educational projects through which the company supports the development of young talent in the local community.
- Social responsibility initiatives that contribute to improving the quality of life and sustainable development in the region.

Through these actions, Antibiotice is committed to maximizing its positive impact on the local community, while responsibly managing any negative impacts that may arise from its activities.

Antibiotice's operations have a significant impact on the local communities surrounding its production platform, contributing to regional economic development and improving the living standards of employees and residents. Key benefits include:

- **Creating stable employment** - The company provides employment opportunities that give employees access to better living conditions and financial stability.
- **Competitive wages** - These help to increase the purchasing power of local people and improve living conditions.
- **Support for local infrastructure development** - The economic activity generated by the company can contribute to economic growth and infrastructure modernization in neighbouring areas.

Through these contributions, Antibiotice helps to reduce the risk of poverty, combat social insecurity, and improve the quality of life for people living in the region. In addition, the company emphasizes the importance of respecting the civil and political rights of local communities and promotes an open and constructive social dialogue with community members. Organizing regular discussions with community representatives helps to maintain a transparent and accountable relationship and provides a platform to voice their concerns and suggestions.

Concerning communities indirectly affected through the value chain, the company recognizes that its business relationships with suppliers in developing countries may affect the civil and economic rights of workers in those regions.

Although Antibiotice has not yet conducted a detailed assessment of the impact in these areas, the company recognizes the need to develop appropriate mechanisms to manage these risks.

In this regard:

- The company's Code of Conduct sets out clear standards for respecting the fundamental rights of workers and local communities, and Antibiotice is committed to applying these in its dealings with suppliers.
- Plans include the implementation of a formal supplier assessment process to identify and address risks related to community impacts in the value chain.

Through these initiatives, the company aims to responsibly manage both direct and indirect impacts on communities and contribute to the sustainable development of the region and the entire supply chain.

Negative material impacts

Antibiotice consulted with the communities surrounding its production platform to identify potential significant adverse impacts on them. As a result of this reporting and engagement process, no significant material adverse impacts have been identified regarding:

- The health of residents
- Quality of life
- Access to essential resources (e.g. water, clean air, access to public services, etc.)

While no major issues were identified in this process, Antibiotice reaffirms its commitment to transparency and accountability. The company remains open to dialogue with communities and other stakeholders to ensure a trusting relationship and to understand their needs.

Continuous monitoring of potential impacts remains a priority for the company to ensure that its activities do not have a negative impact on the environment or communities.

Although not identified as material, some complaints about odors around the plant were specifically mentioned in the consultations. In this context, the company is committed to improving the technological performance of its plant and equipment as far as technologically possible, and to identifying applicable solutions to prevent odor nuisance to the community in the vicinity of our plant. In 2024, specific actions were continued to implement the requirements of Law No. 123/2020 ("Odour Law"). Thus, the collaboration with a company specialized in the supply of technological solutions for odor neutralization was continued, with specific equipment in the industrial testing phases, in parallel with the monitoring of odor emissions.

Positive impacts

Antibiotice is actively involved in community development through initiatives that support education, public health, and local infrastructure. The company runs programs to improve access to education and training for young people, providing opportunities for internships and specialization in the pharmaceutical industry. In addition, Antibiotice contributes to the health of communities through awareness campaigns promoting the responsible use of antibiotics and blood donation programs. Investments in local infrastructure also reflect the company's commitment to the well-being of the community.

Category	Activity	Description	Impact	Type of community positively affected
Economic and educational support	a+ Technical College	Intensive training program for pharmaceutical professionals, including internships for people in rural areas.	Vocational qualification for 28 people (2022-2023) and 15 people (2024).	Vulnerable people in rural areas
	Internship programs for pupils and students	Projects financed by the Operational Program Education and Employment for internships over 36 months. Value: 2,452,958.07 lei	254 high school students trained in a real working environment.	Young people in Iasi and neighbouring rural communities

	Antibiotic Skills: Upgrading the skills of students and matching them to the labor market	The project was financed by the European Social Fund Plus (ESF+) with a value of 4,857,830.53 lei, implemented for 24 months from 1 March 2025. 251 students will participate in internships in the company.	251 students trained in a real working environment.	Young people in Iasi and neighbouring rural communities
	Promoting the pharmacy profession	Participation in the Pharmaceutical Career Fair for students and graduates.	Increased interest in pharmacy careers and recruitment into the industry.	Pharmaceutical students and graduates
	Partnerships for master's degrees	Collaboration with UMF Iași for two master programs: Pharmaceutical Product Safety (2 years) and Regulatory Affairs (1 year).	Increase the quality of professional training of pharmacists.	Pharmaceutical students and graduates
Local infrastructure	a+ Friendship Park	Green area and playground offered to the community. Annual maintenance costs of over 860,000 lei.	Benefits to the local community.	Local community residents
Health and education	Antibiotics for the 3rd millennium	Awareness program on the use of antibiotics.	Combating antimicrobial resistance.	The general public and healthcare professionals
	Blood donation program	Donate blood! Give for life", organized internally twice a year.	Raise awareness and replenish hospital stocks.	Patients and hospitals in Romania
	Anti-TBC Caravan	Education campaign in three cities in Iasi County for 300 high school students.	Raising awareness on tuberculosis prevention.	High school students from vulnerable communities in Iași, Hârlău and Târgu-Frumos

Actual and potential impacts

Antibiotice's operations have a significant impact on the living standards of its employees, helping to improve their access to decent housing and quality of life. The company's presence in the region supports the development of local infrastructure, facilitating access to essential services for the communities surrounding the production platform. In addition, by offering competitive salaries and attractive benefits, Antibiotice plays an important role in strengthening economic security and reducing the risk of poverty and social insecurity.

Another important impact of the business is the creation of stable jobs and support for local communities. As a result, Antibiotice is helping to develop a sustainable economy in the region, reducing communities' dependence on unreliable sources of income and strengthening long-term economic stability. Employees who benefit from economic security become active members of the community, contributing to greater social cohesion and a climate of security in the area where the company operates.

The company promotes respect for fundamental rights throughout its supply chain, with a firm commitment to responsible business practices. If these rights are not respected by the company's partners, the risks can include restricted freedom of expression and possible social conflict. Therefore, Antibiotice aims to closely

monitor its supply chain and impose strict compliance standards to ensure that partners respect ethical and legal human rights and human rights standards.

Respecting the right to freedom of assembly and association is essential to maintaining a healthy social dialogue. At both the local community and supply chain level, failure to respect this right could lead to conflict between the company and the communities in which it operates. Antibiotice therefore promotes an open and transparent working environment that supports ethical practices and constructive dialogue with all stakeholders.

Material risks and opportunities arising from impacts and dependencies on affected communities

In relation to the economic, social and cultural rights of communities, Antibiotice has not identified any significant material risks to its business.

However, there are numerous strategic opportunities that the company can seize to contribute to the development of surrounding communities.

For example, initiating programs to support local communities or encouraging suppliers to do the same can improve their access to important resources (green spaces, jobs, internship programs, etc.). Such initiatives can strengthen the company's relationship with communities and help prevent social conflict by fostering a climate of trust and cooperation.

No significant material risks have been identified concerning the civil and political rights of communities, but there are strategic opportunities to enhance Antibiotice's reputation. Promoting freedom of expression and assembly within the company and throughout the supply chain can help strengthen the company's image as a human rights leader.

Active support for these rights can also facilitate the company's access to international markets and strategic partnerships with investors who prioritize social responsibility. Supporting the civil rights of communities can help improve relations with them and strengthen the company's long-term positive image.

Antibiotice has developed a thorough understanding of the potential risks to the communities around its manufacturing platform through regular consultation and ongoing monitoring of the impacts of its operations. To date, the company has not identified any categories of communities at significant risk of harm but remains open to ongoing dialogue with all stakeholders to prevent and manage any potential negative impacts.

The assessments have not identified any significant risks or opportunities that would disproportionately affect specific groups within the communities surrounding the production platform. The economic and social impacts of the company's activities are spread evenly throughout the local community, with no direct dependency or disproportionate risk to any particular group.

DR S3-1 - Policies related to affected communities

Antibiotice does not have a policy dedicated exclusively to affected communities but integrates the principles of protection and support into all its activities. Through its environmental policy, compliance measures, and

corporate social responsibility initiatives, the company aims to minimize any negative impact on the communities surrounding its production platform.

The company regularly consults with local community representatives to understand their concerns and identify sustainable solutions. To this end, Antibiotice implements education, health, and sustainability programs to improve the well-being of the people living in the surrounding areas.

In addition, by continuously monitoring the environmental impact of its operations and adhering to the highest standards of health and safety, the company aims to maintain a relationship of transparency and open dialogue with local communities, ensuring that all actions taken are beneficial to all stakeholders.

Engagement with affected communities

Antibiotice recognizes the importance of ongoing dialogue with the local community and engages in a range of consultation and engagement activities to help improve relationships and identify initiatives that bring real benefits to the local community.

- Open Door Days (last held in 2022)

The Open Doors Day event is part of a series of activities that support the development of dialogue with community members. The aim is to identify programs and projects that meet local needs and add value. In 2022, the event brought together three audience groups:

  - Members of the neighbouring communities (100 residents from Valea Lupului, Miroslava, Uricani, and Iași)
  - Former employees of the company (80 pensioners)
  - Pupils and students from the community (more than 70 dual education pupils and students)

Participants had the opportunity to visit the Antibiotice platform, learn about the company, and fill in a questionnaire about the company's impact on the community (economic, environmental), thus contributing to their expectations and needs.

Other similar events were organized for ATB shareholders, investors and analysts (2018-2024), as well as for the residents of Valea Lupului (2018). Also in 2017, the "Open Doors Day" was dedicated to the students of the Secondary School of Valea Lupului (60 children), and in 2014, 160 employees' children had the opportunity to visit their parents' workplace.

- Community consultation through online questionnaires

As part of an ongoing consultation process, Antibiotice conducted an online questionnaire for the residents of Iasi Municipality and the communes in the metropolitan area. The aim was to gather opinions and expectations from the community and to identify areas where the company can make improvements.

- Meetings with local authorities and community representatives

The company organized meetings at its headquarters with representatives of local authorities in the surrounding areas to facilitate direct interaction and to learn more about the expectations of the

communities. These meetings provided an opportunity to gain a clearer understanding of local concerns and how Antibiotice can positively contribute to their development and well-being.

To date, the company has not identified any incidents of human rights violations concerning communities affected by its operations. However, the company reaffirms its commitment to continuously monitor any potential human rights impacts and to respond promptly should such situations arise.

DR S3-2 - Processes for engaging with affected communities about impacts

The company maintains an open and ongoing dialogue with local communities to identify and manage the actual and potential impacts of its activities. To date, no significant material adverse impacts have been identified on communities in the vicinity of the production platform, but Antibiotice remains prepared to respond responsibly and effectively should such situations arise. In this case, the company will adopt a consultative approach, involving communities and their representatives to understand the context and identify appropriate solutions.

To ensure transparent and effective engagement, Antibiotice organizes regular consultations with the communities surrounding the industrial platform to understand their concerns and take appropriate action. These consultations are essential to maintain a constructive dialogue and to adapt the frequency and nature of interactions to the needs and expectations of the communities.

The Quality Assurance Director, who coordinates the Environmental Protection Department and works closely with the Communications & PR Department, is responsible for maintaining contact with local communities. The latter, together with supporting departments, organizes community meetings and implements the mitigation measures identified. Staff involved receive regular training to ensure effective communication and proper stakeholder relationship management.

The effectiveness of Antibiotice's engagement with affected communities is continually assessed through active participation in organized events and meetings that allow direct interaction with community representatives. The company also monitors feedback received through complaints, grievances, and referrals to identify unresolved issues and determine the effectiveness of actions taken. This process allows us to adjust our strategies and initiatives to ensure a positive and sustainable impact on the community.

DR S3-3 - Processes to remediate negative impacts and channels for affected communities to raise concerns

Antibiotice is committed to maintaining an open and constructive dialogue with local communities and to preventing or remedying any significant adverse impacts on them. Although no significant negative impacts have been identified to date, the company is prepared to respond quickly and effectively should such situations arise.

To manage potential impacts, Antibiotice implements proactive measures such as managing environmental incidents, optimizing logistical activities to reduce inconvenience to communities, and maintaining a climate of respect and safety when dealing with residents. In the event of problems reported by communities, the

company organizes regular meetings to identify and implement appropriate solutions. The effectiveness of these measures is constantly monitored by analyzing feedback from affected communities and adjusting strategies where necessary.

To facilitate the expression of community concerns, Antibiotice provides several channels of communication, including organizing regular "Open Doors Day" events and distributing feedback questionnaires through local media, social networks and working with local associations. The company is also committed to including specific requirements in its contractual relationships with suppliers, requiring them to implement effective complaint-reporting mechanisms.

The effectiveness of the communication channels is assessed through ongoing monitoring of reported issues and analysis of trends in complaints received. In the case of complaints relating to environmental impact or other inconveniences caused by logistical activities, Antibiotice initiates internal analysis and takes corrective action, ensuring transparent communication of the solutions adopted. Community feedback is used to continuously improve the mechanisms for managing community impacts.

Although the company does not currently have a formal policy to protect people in affected communities who use the reporting channels from retaliation, it applies the internal rules established by the procedure for receiving, reviewing, and resolving reports of violations of law, as required by Law No. 361/2022 on the Protection of Whistleblowers in the Public Interest. Antibiotice strictly prohibits any form of retaliation and guarantees the protection and confidentiality of whistleblowers, taking appropriate disciplinary action in the event of any violation of these principles. These policies reflect the company's commitment to maintaining a climate of trust and transparency in its relationships with communities.

DR S3-4 - Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Currently, Antibiotice does not have a formalized process for monitoring the effectiveness of actions or initiatives dedicated to affected communities, but their evaluation is based on specific performance indicators, which are adapted according to the type of activity.

An example is Open Doors Day, where the effectiveness of the activity is monitored through the number of visitors and direct feedback from community members. This information allows the company to assess the level of community interest and identify any concerns or needs expressed by participants.

For other initiatives, such as community questionnaires, effectiveness is measured by the number of respondents and the types of issues raised. The company seeks to determine whether these issues require corrective action or adjustments in its relationship with the community.

For social responsibility projects (such as education or health campaigns), impact is measured by the level of participation and community interest, indicators that reflect the relevance and success of the initiatives.

Although the company has not yet implemented a formalized monitoring process, current approaches allow for the collection of relevant data to help evaluate and adjust community engagement strategies. These measures help to continuously improve community relations and maximize the impact of activities.

Antibiotice aims to develop and expand local community initiatives, diversifying education, health, and sustainability projects according to needs and feedback received. The impact of these activities will be regularly evaluated in terms of community interest and results achieved. Based on these evaluations, the company will adjust or continue its initiatives to ensure that each action taken contributes effectively to community development.

In order to avoid or minimize significant negative impacts on affected communities, Antibiotice places particular emphasis on compliance with legal requirements and rigorous monitoring of its internal processes. Prior to the implementation of any project or initiative, detailed assessments are carried out to ensure compliance with legal requirements relating to environmental protection, safety and the protection of local communities.

In addition to complying with legislation, the company maintains an active dialogue with community representatives, local authorities and other relevant stakeholders to facilitate the identification and prevention of potential risks. Where community concerns arise, they are addressed seriously with the aim of balancing the company's operational requirements with the needs and expectations of the community.

DR S3-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

While Antibiotic has not set specific measurable outcome-oriented targets for sustainability impacts, risks, and opportunities, the company continually monitors the effectiveness of its policies and actions through various mechanisms, including internal evaluations and stakeholder feedback. Compliance with applicable legislation is also a key indicator in assessing the company's progress in this area.

As part of the monitoring process, the company uses qualitative and quantitative indicators specific to each action taken. For example, for community initiatives, indicators such as the number of participants in events, their level of involvement, and the feedback received are analyzed to understand the impact of the company's actions on the community.

With regard to environmental protection, the company assesses the level of compliance with environmental regulations and the impact on natural resources, with the aim of minimizing the negative effects of its activities. These assessments contribute to better sustainability management within the company and ensure transparency in dealing with stakeholders.

8.3.4. Consumers and end-users

Antibiotice has a responsibility to provide pharmaceutical products that are safe, effective, and of the highest quality, taking into account their impact on consumers and end users. The company is committed to transparency, accurate information, and protecting the health of patients by ensuring that its products are used appropriately and responsibly. Through strict compliance and collaboration with healthcare professionals, Antibiotice contributes to improving access to safe and effective treatments.

DR ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

The report covers consumers and end users who benefit from the products in the Antibiotice portfolio, according to the way they are used and the recommendations of healthcare professionals. The report does not include consumers and end users of Antibiotice customers.

Types of consumers and/or end users of products in the Antibiotice portfolio include:

- Chronic patients, beneficiaries of the products included in the health programs, for whom prescriptions and recommendations are issued by health professionals, in both inpatient and outpatient treatment;
- Patients undergoing treatment within the framework of the above-mentioned approaches;
- Consumers seeking to improve their quality of life by benefiting from the recommendations of healthcare professionals for over-the-counter products;
- Consumers who purchase the company's products as a result of advertising or individual/collective information about their benefits;
- Other categories of end-consumers, depending on the needs covered by the package leaflets and how the products in the Antibiotice portfolio are administered.

Consumers and end users can be affected by the company's products and services if they do not follow the recommendations in the package leaflet, user information, or those communicated through information channels to the general public. They rely on accurate and accessible product information and failure to follow the instructions and recommendations in the package leaflet, user information, or on the packaging can affect their experience. All this information is produced in accordance with current legislation and is regularly updated.

The company produces generic medicines, and prescription medicines are regulated to ensure affordability, including for vulnerable groups. For over-the-counter medicines, dietary supplements, medical devices, and dermato-cosmetics (which are not included in the list of essential or critical medicines), the impact is more on price but less on over-promotion or lack of warnings. This is because the company's procedures are implemented and followed in accordance with all applicable legislation, whether or not it contains specific rules.

Adverse reactions caused by products in the company's portfolio may affect a small number of consumers and represent isolated situations. This is explained by the existence of an adverse reaction management system that collects, evaluates, and records data in an international database, facilitating the monitoring of the safe use of products. Manufacturing and control processes are carried out in accordance with Good Manufacturing Practice rules, which ensure reproducibility of processes and strict quality control of products. In addition, information submitted for promotion by third parties is carefully prepared and reviewed within the company from a marketing, medical, ethical, and regulatory perspective.

In addition to rigorous risk mitigation measures, the company has a significant positive impact on consumers and end-users. Antibiotice manufactures and sells essential medicines, including anti-tuberculosis treatments, which benefit patients in all regions of the country, regardless of income group, through the National Health Program managed by CNAS. The company also participates in tenders organized by hospitals

in Romania and other territories, ensuring an optimal quality/price ratio for both inpatient and outpatient treatments.

Antibiotice's portfolio also includes essential and critical medicines, for which the company pays particular attention to continuous availability. The main objective is to make these products available to all patients when they need them, regardless of income, region, age, or gender. By doing so, the company contributes to ensuring equal access to safe and effective treatments.

Given the nature of the pharmaceutical market, the structure of distribution channels, generic competition, the uptake of innovative therapies, and the pressure on government healthcare budgets, pharmaceutical companies are constantly exposed to specific risks in this area.

Antibiotice manages these risks from several perspectives:

- Informing consumers about the benefits of existing and newly introduced products;
- Monitoring the distribution of products and their presence in the stocks of commercial partners, ensuring that their public service obligations are met and that any shortcomings in the supply chain are remedied;
- Monitoring of sales data provided by specialized companies to enable constant adaptation of the portfolio's innovation strategy, anticipation of consumer needs, optimal market positioning, and alignment with current health policies;
- Regular assessment of customer satisfaction, both for the different target groups and in terms of the company's reputation and confidence in its products, followed by the implementation of corrective and preventive actions aimed at facilitating access to medicines and reducing potential risks;
- Monitoring consumer satisfaction with the safety information received or made available;
- Diversifying the portfolio to meet the growing demands of quality of life-conscious consumers and provide affordable alternatives for essential and critical medicines.

To better understand the impact on consumers, Antibiotice analyses the risks for specific patient and end-user groups. For example, some categories face higher risks when using pharmaceutical products, such as:

- Patients using over-the-counter medicines, who may be at risk of overdose or adverse effects without clear information.
- Elderly people who may find it difficult to manage complex treatments correctly.
- Low-income patients who may have difficulty affording necessary treatments.
- People with chronic conditions that require long-term treatment.
- People with disabilities or swallowing difficulties who may have difficulty taking certain dosage forms.
- Consumers who do not distinguish between medicines and dietary supplements, which can lead to inappropriate treatment.

To support these groups and minimize the associated risks, the company implements several measures:

- Development and commercialization of generic medicines to provide more affordable alternatives to the original medicines.

- Creation of informative and educational content, including promotional materials and clearly structured information on packaging.
- Training pharmacists and other relevant professionals to effectively communicate the risks and recommendations for taking medicines.
- Introducing QR codes on packaging to give patients quick access to detailed usage information.
- Simplifying instructions for use, using clear, concise language and intuitive icons for people who have difficulty understanding medical text.
- Adapting pharmaceutical forms for patients with swallowing difficulties, children, or other vulnerable groups.
- Awareness campaigns to inform patients about the risks of self-medication, inappropriate use of medicines, and the importance of following medical advice.
- Monitoring and adapting marketing messages, in line with current legislation, to avoid unrealistic promises of product efficacy.

Direct impact on specific group of consumers and/or end-users

The products in the Antibiotice portfolio are intended for patients of all ages, depending on the therapeutic class to which they belong. The company supports patient education through various means of communication, targeting the general public, healthcare professionals, and commercial partners.

To ensure the widest possible access to medicines, Antibiotice promotes the positioning of its products in the generic category with minimal co-payments for patients and in national health programs. Under current legislation, the price of a prescription medicine is capped at 65% of the price of the originator product, which helps maintain affordability. In addition, a well-defined strategy ensures that products are distributed to as many points of consumption as possible, so that patients have easy access to the treatments they need, regardless of their region or income level.

DR S4-1 – Policies related to consumers and end-users

The responsible marketing policy aims to ensure the ethical promotion of medicines, the communication of the benefits of portfolio products, the provision of appropriate patient information, and the specificity of prescriptions and recommendations for portfolio products. The overall objectives include ensuring correct access to information on medicines and patient safety, minimizing the risk of misinformation, and continuously monitoring compliance through regular audits, internal controls, satisfaction and reputation surveys, market research, and monitoring by dedicated teams.

Policy scope and exclusions - The policy applies to all marketing, promotion, and sales activities relating to prescription and non-prescription medicines used by healthcare professionals. Dietary supplements are excluded from the policy, but there are legislative aspects and educational campaigns through which the company monitors their ethical and fair use.

Responsible for implementation: Strategic Planning Director, National Sales Director, Business Development Director, Quality Director, R&D and Innovation Director, Finance Director. Compliance with applicable regulations is taken into account, both those external to the company and applicable in the pharmaceutical sector, as well as those initiated and supported within the company (Code of Ethics, Code of Good Practices in the Promotion and Marketing of Products, Order on the Approval of Norms for the Evaluation and Approval of Advertising of Medicinal Products for Human Use, membership of associations in the sector - e.g. APMGR with the codes applicable within the association, RASCI).

Stakeholder interests in policy development - Based on customer and end-user satisfaction surveys for portfolio products, as well as surveys on awareness of the company and its products, patient organizations, medical associations and regulatory authorities have been involved to tailor the policy to the needs and expectations of consumers and healthcare professionals.

Availability of policy to stakeholders - Applicable codes are published on the company's website and are available to business partners, the general public, and relevant industry authorities, ensuring easy access for all stakeholders.

For the pharmaceutical industry, the policies covering the consumer and end-user sub-themes (access to quality information, health and safety, child protection, non-discrimination, and access to products and services) overlap with existing policies at the specific issue level, i.e. policies on access to medicines - including pricing policy and availability of medicines, combating counterfeit medicines and parallel trade, and preventing misuse of medicines. Each of these issues is addressed through specific actions to ensure regulatory compliance, consumer protection, and the promotion of responsible use of medicines. More details can be found in the sub-chapters on specific topics.

General approach in relation to respect for the human rights of consumers and/or end-users

The company recognizes the importance of providing affordable generic medicines to meet the health needs of the population and to contribute to global health goals.

- **United Nations (UN) Goals:** Company policies are aligned with the United Nations Sustainable Development Goals (SDGs), particularly SDG 3, which aims to ensure health and well-being for all.
- **Universal Declaration of Human Rights:** According to Article 25 of the Universal Declaration of Human Rights, access to health care and medicines is a fundamental human right.
- **WHO Global Strategy on Access to Essential Medicines and Health Products:** The company supports the World Health Organization's (WHO) efforts to ensure access to essential medicines for all.

Objectives of the Access to Medicines Policy:

- **Ensure availability** - The Company is committed to ensuring the availability of high-quality generic medicines to meet the health needs of local and global populations;
- **Affordability** - Adopting transparent pricing policies to make generic medicines produced by the company affordable for all categories of patients;
- **Quality and safety** - Maintaining high quality and safety standards in all manufacturing and distribution processes to ensure the efficacy and safety of medicines;

- **Innovation and Development** - Continuing research and development to introduce new generic medicines and improve existing medicines to meet the health needs of the population;
- **Promote education and awareness** - Develop educational programs for the community and healthcare professionals to increase awareness of the correct and safe use of medicines.

To respond effectively to today's health challenges, our strategy focuses on four priority areas: ensuring availability, maintaining quality and safety, stimulating innovation and development, and promoting education and awareness. These areas are fundamental to ensuring access to safe and effective medicines that meet emerging needs, and to educating healthcare professionals and the community about the responsible and effective use of treatments.

In addition to these key objectives, the company's strategy includes several complementary commitments:

- Working with NGOs and humanitarian organizations to facilitate the distribution of generic medicines in areas affected by humanitarian crises or marginalized communities.
- Promoting access to medical education through patient-focused programs to increase patient understanding of the benefits, correct dosing, and appropriate use of generic medicines.
- Supporting circular economy initiatives by implementing sustainable manufacturing practices that reduce environmental impact and optimize resource use.
- Gathering patient feedback through dedicated mechanisms to understand and improve their experience with generic medicines and to adapt processes and products to meet their needs.

Engagement with consumers and end-users

Customer Satisfaction Assessment

Based on its commitments, the company conducts an annual "Customer Satisfaction Assessment" and a periodic "Company and Product Notoriety" survey.

The "Customer Satisfaction Assessment" market research is conducted in accordance with the requirements of ISO 9001/2015 on the implementation of the quality management system, according to the *Customer Satisfaction Assessment* procedure. This research is addressed to direct and indirect customers of the company, namely:

- Pharmacists
- Physicians
- Distributor Managers
- National Chain Managers
- Mini-chain Managers

Since this research also includes Healthcare Professionals (HCPs), who determine the consumption behavior of the end user, their feedback contributes to the evaluation and improvement of the quality of medicines.

"Level of satisfaction" indicator

It is calculated in one of two ways:

- Absolute rating (1 to 5)
- Relative score (percentage from 1 to 100%)

Based on the level of satisfaction (%) the following is established:

1. Type of customers
    - 80% - 100%: Satisfied Customers (SC)
    - 60% - 79%: Partially Satisfied Customers (PSC)
    - < 60%: Unsatisfied Customers (NC)
2. Type of intervention
    - 80% - 85%: Preventive Actions (PA)
    - < 80%: Corrective Actions (CA)
    - > 85%: No interventions needed, customers are considered satisfied (CS)

The results of the "Customer Satisfaction Survey" in 2024

- RETAIL pharmacists (independent pharmacies)
    - Overall level of satisfaction: 96.1% in 2024, up +0.8% on 2023 (95.3%)
    - Result: Satisfied Customers
- Physicians
    - Overall level of satisfaction: 94.8% in 2024, down -0.7% compared to 2023 (95.5%)
    - Result: Satisfied Customers
- Distribution Managers
    - Overall satisfaction level: 92.0% in 2024, up +2.8% from 2023 (89.3%)
    - Result: Satisfied Customers
- National Chain Managers
    - Overall satisfaction level: 83.8% in 2024, up +3.8% compared to 2023 (80.0%)
    - Result: Satisfied Customers
- Mini-chains Managers
    - Overall satisfaction level: 92.2% in 2024, up +4.2% on 2023 (88.8%)
    - Result: Satisfied Customers

The average level of satisfaction for the 5 categories of customers in 2024 is 91.8%, an increase of +2.2% compared to 2023 (89.6%).

All of Antibiotice's representative customers scored above 80%, which means they are satisfied customers.

Company and Product Reputation

The market research "Company and Product Awareness" is conducted according to the Marketing Research procedure and targets the following customer categories:

- Doctors
- Pharmacists
- Patients and end consumers (residents)

The objectives of the study include measuring the company's awareness and the recognition of selected brands from the portfolio. Since this research also targets end users, the feedback obtained contributes to improving the quality of medicines.

Performance metrics

1. Notoriety
    - The "Level of awareness" indicator is calculated as absolute scores (1-10) and relative scores (1-100%)
2. Health Check Index (HCI)
    - It is calculated by averaging the following 3 indicators:
        - Overall opinion of the company *(Net Satisfaction)*
        - Likelihood to purchase the company's products in the future *(Net Retention)*
        - Likelihood to recommend the company to friends *(Net Support)*

Results of the "Level of awareness" survey

- Physicians Indicators:
    - HCI: 9.2
    - Net Satisfaction: 9.2
    - Net retention: 9.2
    - Comment: Antibiotice has the best ratings, slightly outperforming the next two ranked companies.
- Pharmacists Indicators:
    - HCI: 8.9
    - Net Satisfaction: 8.9
    - Net retention: 8.9
    - Comment: Antibiotice is one of the best-rated companies, with a superior image to its competitors.
- Patients and end-users (residents) Indicators:
    - HCI: 8.7
    - Net satisfaction: 8.6
    - Net retention: 8.8
    - Net Support: 8.6
    - Comment: Antibiotice has the best HCI, outperforming even the most well-known competitor.

In its day-to-day work, the company maintains an ongoing dialogue with healthcare professionals and consults with regulatory authorities to ensure that portfolio innovation, treatment access, and the uptake of new products meet patient needs in a timely manner.

General approach in relation to measures to provide and/or enable remedy for human rights impacts

The company adopts a systematic approach to ensure the protection of consumer rights and to remedy negative impacts when they occur, in accordance with national and international standards and relevant legislation. The measures implemented are designed to ensure transparency, accountability, and protection from abuse.

Means used to communicate complaints and adverse effects within the company are:

- Complaint form available on the company's website;
- Adverse reaction reporting form available on the company's website and through the field sales force logistics;
- Dedicated telephone number for reporting adverse reactions;
- Dedicated e-mail address for reporting adverse reactions;
- Inquiries received through the company's general e-mail and telephone contacts regarding claims/complaints handled by a team within the medical department, which manages the documentation and provides the response in collaboration with all departments involved.

The company regularly monitors the functionality of the adverse event reporting form.

In addition, the company encourages the reporting of adverse events by healthcare professionals through the sales force. Pharmacists and physicians are trained to report adverse events and are supported in documenting them. The information collected is immediately forwarded to the evaluation teams for further investigation.

Antibiotice actively cooperates with pharmaceutical regulatory authorities such as the Romanian National Agency for Medicines and Medical Devices (ANMDMR), the European Medicines Agency (EMA), the UK Medicines and Healthcare Products Regulatory Agency (MHRA), and the US Food and Drug Administration (FDA).

Alignment of policies with international standards and internationally recognised instruments relevant to consumers and/or end-users and human rights

The company takes responsibility for respecting and promoting human rights throughout its value chain, both upstream (suppliers and production) and downstream (distribution and end-users). This is in line with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

With regard to distribution and end-users, the company monitors how its generic medicines and dietary supplements are marketed and used, ensuring that consumers' rights are respected.

The main issues audited include:

- Accessibility of medicines to vulnerable groups through fair pricing and equitable distribution;
- Responsible marketing and avoidance of misleading advertising practices through compliance with specific legislation and recommendations in force, including non-binding ones;
- Product safety and transparency of information provided to consumers and healthcare professionals.

During the reporting period, there were no cases of non-compliance with these principles.

DR S4-2 – Processes for engaging with consumers and end-users about impacts

The company takes into account the views of consumers and end-users when making decisions to manage risks or impacts on them.

The company uses satisfaction studies, questionnaires, and direct meetings with credible patient representatives (doctors, pharmacists) to adapt product specifications, information campaigns or safety measures.

In 2024, the company conducted evaluation studies of the Clafen and Saliform brands, in which direct meetings with physicians and pharmacists analyzed the specifications of our products and advertising to adjust their positioning.

The general objectives for pharmacists centered on pharmacists' perceptions and deconstructing the meaning of topical categories (needs, benefits, myths, product expectations, tensions, unmet needs, etc.) and testing Clafen communication in a competitive context (spontaneous vs. assisted).

The objectives for clinicians were related to patient medication use and deconstructing the meaning of topical categories (needs, benefits, myths, product expectations, tensions, unmet needs, etc.).

The study also sought to assess Saliform's brand image concerning its competitors, examining key strengths and weaknesses, consumer triggers and barriers, trust levels, benefits, needs, and suggestions for improvement.

Working with consumers and end-users

The company's approach to collaboration with consumers and end-users primarily involves health professionals.

Below, you will find a description of how this collaboration is carried out.

Collaboration stages

- **Product portfolio planning:** consultation with health professionals (physicians and pharmacists) to identify therapeutic opportunities and unmet treatment segments for certain diseases;
- **Product impact and safety assessment:** conducting observational studies coordinated and implemented by health professionals. Based on the results of these studies, we analyze the opportunity to adapt products;

- **Product improvement:** integrating feedback from health professionals and patients into the reformulation, packaging, or administration of medicines.

How the collaboration is carried out:

1) Formal consultations with groups of physicians or pharmacists, such as advisory boards or focus groups;
2) Active involvement of consumers/end-users in clinical trials, bioequivalence studies, and product testing groups in observational studies;
3) Partnerships with medical associations and authorities, such as working with the National Medicines Agency to adapt packaging based on user feedback (e.g., we modified the packaging foil on suppositories because users were having difficulty retrieving the product from the primary packaging. In the case of topical products, we reduced the size of the secondary packaging by 10-20%, depending on the product, in response to feedback from patients.

Frequency of collaboration:

1) Periodic (annual consultations with health professionals to regularly review the product portfolio);
2) Ad hoc, in response to changes in therapeutic guidelines or legislative changes.

Responsibilities and competencies required:

1) The portfolio working team, which includes members from Portfolio Management, Medical Advisor, Business Marketing Analyst, Research-Development, Business Development, Regulatory Affairs, and Divisional Managers, is responsible for analyzing therapeutic trends and market potential to develop portfolio proposals;
2) The Portfolio Working Group, overseen by the Executive Director of Strategic Planning and Portfolio Management, analyzes and validates the teams' proposals.

Concurrently, the company assesses and quantifies the efficacy of its collaborative efforts with consumers and end-users. This process includes the collection of feedback and the qualitative and quantitative analysis of Medical Inquiries. Periodically, it analyzes complaints or suggestions received and implements corrective measures where necessary. The results of these efforts are then reviewed on an annual basis by multidisciplinary teams, who use this feedback to identify strategic improvements.

Antibiotice also undertakes initiatives to understand the perspectives of vulnerable or marginalized consumers through direct collaborations with and feedback from healthcare professionals and patient associations. For instance, the company is collaborating with family physicians and pharmacists to understand the barriers to delivering treatments to patients with chronic diseases or in rural areas, as well as other medical specialties that treat conditions where the role of the caregiver is very important.

As a result of these initiatives, the company has modified its product packaging to facilitate use and updated the medical education of the promotion teams. The updated education now includes information to support vulnerable patient and caregiver communities.

DR S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The company is careful to manage the negative impacts on consumers and patients. This includes identifying problems and finding solutions.

To quickly detect potential problems, the company uses:

- Pharmacovigilance system, which monitors and collects data on adverse reactions reported by patients and healthcare professionals;
- Complaint reporting channels, including hotlines, online platforms, and partner pharmacies;
- Internal audits and inspections to verify compliance with regulations and safety standards.

If a negative impact on consumers is identified, the company implements corrective measures.

- Responds promptly and in a timely manner to inquiries/requests from the consumer/end-user or their representative;
- Trains promotion and sales teams to ensure ethical and responsible communication;
- Collaborates with regulators to align promotional messages with legal requirements.

Following the implementation of these solutions, the company assesses their impact through a series of evaluations.

- Continuous monitoring of product safety through the pharmacovigilance system;
- Regular internal reviews to prevent the recurrence of problems and improve safety protocols.

Communication channels for consumers/end-users include:

- Company website where the Complaint Submission Form and Adverse Reaction Reporting Form can be downloaded;
- Door-to-door visits to the consumer/end-user's representative (PDS);
- Dedicated telephone number for reporting adverse reactions;
- Dedicated e-mail address for adverse reaction reporting;
- General company email addresses/phone contacts;
- Consumer channels are developed directly by the company.

The company asks all its collaborators (doctors and pharmacists) and offers them support in the reporting of adverse reactions using the adverse reaction form, as well as in the reporting of any situation that may affect the consumer/end user.

Communication channels used:

- Have legitimacy by ensuring appropriate accountability for fair behavior and building stakeholder trust.
- Are known and accessible to stakeholders.

- Provide appropriate access to sources of information, advice, and expertise.
- Provide transparency by providing sufficient information both to complainants and, where appropriate, to respond to a targeted public interest.
- Ensure that the outcomes of the channels are consistent with internationally recognized human rights.

The company identifies information from the channels that support continuous learning, both in terms of improving the channels and preventing future impacts. The company focuses on dialogue with complainants as a means of reaching agreed solutions.

Assessment of awareness and trust of consumers and/or end-users on channels available to them to raise concerns and have them addressed

The company ensures that end-users/consumers can contact its representatives through various channels: the company's website (head office contact details, pharmacovigilance, contact forms, and online fillable complaints), product leaflets, secondary packaging, and social media campaigns. At the same time, they can receive information indirectly through legal mandates (healthcare professionals) who receive this information from company representatives.

Providing this access to information was confirmed by the 2023 Patient's Voice survey, which found that 66.1% of respondents search for product/product safety information on the company website or the National Agency for Medicines and Medical Devices website.

Medical Inquiries (Medical Advisor and Medical Documentation)

(Complaints/questions from patients/consumers, answers to questions from PDS, answers from external partners)

- Consumers/End-users/Patients: 2
- Health professionals: 33
- Partners: 4

Pharmacovigilance

(Collection of adverse reactions information from patients/consumers, health professionals, and partners)

- Consumers/End-users/Patients: 4
- Health professionals: 3
- Partners/Contracts: 8

Quality

A total of 62 complaints were registered during 2024. Following internal reviews, 26 of these were confirmed as justified complaints.

The company provides a transparent and confidential mechanism for reporting any violation of the law or ethical rules, including by consumers, end users, or their credible representatives, in accordance with Law

No. 361/2022 on the Protection of Whistleblowers in the Public Interest. Any third party who has information or knowledge of possible irregularities in the conduct of the company's business has the right to make a report to the Ethics and Integrity Board.

The Ethics and Integrity Committee is required to protect the identity of the whistleblower as well as those involved in the report throughout the handling of the case. Their identity may only be disclosed with the express consent of the person concerned.

Any form of retaliation against public interest whistleblowers is strictly prohibited. This includes, but is not limited to: dismissal, disciplinary action, intimidation, harassment, discrimination, demotion, unilateral change in working conditions, or any other action that could adversely affect the whistleblower.

The company is committed to providing a safe environment in which any concern or wrongdoing can be raised without risk of retaliation.

S4-4 – Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

The company is implementing a range of initiatives to prevent, mitigate, and remedy significant negative impacts on consumers and end-users, addressing issues such as access to quality information, health and safety, child protection, non-discrimination, access to products and services, and responsible marketing practices.

Under the WHO theme for 2024, "Educate. Advocate. Act now", the company supported a series of activities on European Antibiotic Awareness Day (EAAD) - 18 November - and Global Antimicrobial Resistance Awareness Week - 18-24 November - through the Antibiotics for the Third Millennium program:

- Workshops organized at the Clinical Hospitals for Infectious Diseases in Iași and Cluj-Napoca, aimed at resident doctors from the specialties of Infectious Diseases, Paediatrics, ENT, and Pneumology. The sessions focused on the prevention and management of infections caused by multidrug-resistant (MDR) pathogens through the analysis of complex clinical cases encountered in hospitals. These sessions were part of the "Treat Antibiotics with Care for a Care-Free Future" campaign, launched in 2022, which aims to raise awareness about antibiotic use and the phenomenon of antimicrobial resistance. During these workshops, interactive dialogues were held between infectious disease experts and medical microbiology specialists, hospital pharmacists, and resident physicians to promote best practices in antibiotic use.
- Advertorial in Medical Life magazine, published on the occasion of European Day and World Antibiotic Awareness Week. The articles were published in the issues of 29 November, 13 December, and 27 December, reaching approximately 4,800 subscribers, and health professionals (print + PDF). The advertorial was also published online on the viata-medicala.ro platform.

The campaign also included a series of key Antibiotice social media posts aimed directly at consumers/end users:

- November 18: AMR - Is there still time to act?
- November 20: Time to act faster for a future with effective antibiotics!

- November 22: National strategies to combat antibiotic resistance
- November 24: Antibiotics Deserve Respect

Access to quality information is supported through the Antibiotics for the Third Millennium platform, where information is also shared on other company-managed platforms, including the official website, product pages, and social media.

Additional actions relevant to patient safety

Safe access to and use of medicines is a global challenge recognized by the WHO, as medication misuse and errors are a leading cause of preventable harm in healthcare systems worldwide. To help prevent these risks:

- The company developed a toolkit with tips for medication handling at home to improve the safety of patients and their families. This material was promoted on World Patient Safety Day;
- The report analyzing the results of the "Patient Voice" mini questionnaire was presented by an ANMDM representative to doctors and pharmacists attending a national conference.
    - The main objective was to determine the level of awareness of the concept of "medication safety" among consumers.

Actions and initiatives to prevent, mitigate or remediate the material negative impacts on consumers and/or end-users and achieve positive material impacts for them

The company has taken steps to address the real impact of inaccessible packaging on older and disabled people by improving the accessibility of its products. Measures include redesigning packaging to make it easier to use, including optimizing the protective film on suppositories to make it easier to open. The company has also decided to voluntarily include Braille codes on the packaging of supplements for the visually impaired, although this is not a legal requirement. This initiative builds on the company's commitment to meet accessibility standards, having already implemented Braille codes on medicines before the requirement became mandatory.

At the same time, the company is constantly carrying out educational and awareness-raising initiatives, the main aim of which is to have a positive impact on consumers and end-users. These initiatives contribute to health information and prevention.

These initiatives include:

1. Online Patient Guide - "Medication Safety at Home"
    - Available on the company's Facebook page on World Patient Safety Day
2. Collection of expired medication
    - During the Sustainability Day in Romania, an event dedicated to the company's employees, 98 kg of medicines were collected, 3% more than in the first edition.

- This campaign reflects a growing sense of responsibility towards the environment and may encourage similar behavior among consumers and end users.

3. World Heart Day

   - Tips for a healthy heart - promoting a balanced lifestyle to maintain cardiovascular health;
   - Participation in sports and medical-educational events dedicated to this day, both as partners and active participants;
   - Colleagues from the company joined the residents of Iasi in the demonstrations organized in front of the Palace of Culture in Iasi;
   - Event: "Antibiotice A+ - Cardio-respiratory system evaluation by fast walking test 1.6 km" ▫ This involved walking a distance of 1.6 km at a brisk pace to calculate an indicator of the fitness level of each participant.
   - Cycling competition organized to promote cycling as a physical activity beneficial for the prevention of cardiovascular diseases;
   - Medical event with lectures and interactive discussions on the health benefits of physical activity, held by lecturers from the Faculty of Physical Education and Sport and renowned doctors from Iasi.

4. World Breastfeeding Week

   - Mothers and fathers in Iasi had the opportunity to receive valuable information about breastfeeding, caring for babies, and overcoming specific challenges from doctors, lactation consultants, and other specialists.

5. World Blood Donor Day

   - Promoted the day by congratulating corporate donor champions and highlighting the benefits of donating blood.

6. World Hypertension Day

   - Promoted to raise awareness of the importance of regular and accurate blood pressure measurement and to encourage the use of methods to prevent high blood pressure.

7. World Water Day

   - An event to draw attention to the problems of access to safe drinking water and the need for sustainable management of freshwater resources.

8. World Tuberculosis Day

   - Awareness-raising activities to inform the public about the risks, prevention, and importance of proper treatment.

Identifying what action is needed and appropriate in response to a particular actual or potential negative impact on consumers and/or end-users

The company takes a proactive approach to managing significant impacts on consumers and end-users by implementing concrete measures to improve the safety and affordability of its products. Actions taken include modifying product formulations where necessary to improve efficacy, safety or tolerability. These adjustments are made based on feedback from consumers, healthcare professionals and regulators.

The company has also made packaging changes to improve both consumer convenience and safety. These include optimizing the design of the packaging to make it easier to open and use, particularly for older people and people with disabilities, and adding clearer instructions on how to use the products.

In addition, the company continuously monitors the impact of its products on consumers and, where necessary, works with regulators and health organizations to ensure industry-wide solutions.

At the same time, the company ensures that processes to address significant adverse effects on consumers and end-users are accessible and efficient and that complaints are responded to promptly and appropriately. Consumers are responded to promptly, using existing communication channels, particularly the channel through which the complaint was submitted, to facilitate direct and effective dialogue. Depending on need, applicability, and legal requirements, the company implements relevant changes, and the results of these adjustments are visible either when the revised products are placed on the market or through updated commercial offers.

The analysis process for consumer misinformation incidents consists of:

- Incident identification and collection;
- Monitoring consumer complaints through call centers, physicians, pharmacies, and online channels;
- Monitoring pharmacovigilance reports of product misuse;
- Analyzing feedback from healthcare professionals and distributors;
- Determining the source of errors;
- Reviewing internal promotional materials: assess compliance of marketing messages with local and international regulations;
- Evaluating distribution partners: analyses how information is communicated to pharmacies and points of sale;
- Examining how healthcare professionals such as physicians and pharmacists communicate information to patients;
- Implementing corrective and preventive actions:
    - Reviewing marketing materials to ensure clarity and compliance of drug information;
    - Implementation of a system for approval of promotional materials by an internal regulatory committee;
    - Conducting consumer education campaigns to explain the correct use of medicines and prevent inappropriate self-medication.

Reducing the risks associated with consumer impacts

The company is implementing several measures to reduce the risk of consumer impact and manage consumer dependency. Our strategy includes:

Development of safer products

- Continuous monitoring of adverse effects through the pharmacovigilance system, with reporting to national and international regulatory authorities;
- Adapting product formulations to reduce potentially allergenic excipients or substances that pose a risk to patients with chronic diseases in accordance with guidelines and legislation.

Crisis communication and reputation management plans

- Implementation of internal procedures in the event of safety incidents or product recalls;
- Communication channels with healthcare professionals and consumers to provide essential information on the correct use of medicines;
- Training of field and customer service teams to effectively manage adverse events and consumer concerns.

Support for vulnerable consumers

- Medicine affordability programs;
- Educational campaigns to improve adherence and responsible use of medicines.

Monitoring the effectiveness of measures

- Analyze and report safety incidents to improve communication strategies.
- Annual review of the number of complaints.

Through these initiatives, the company takes responsibility for protecting consumer health and maintaining a high standard of safety and ethics in the pharmaceutical industry.

Actions planned or underway to pursue material opportunities for the undertaking in relation to consumers and/or end-users

Antibiotice monitors the distribution of the products in its portfolio through dedicated teams and continuous actions based on long-term commercial relationships, based on its track record and continuous feedback from consumers and end users, measured through studies and ongoing dialogues with healthcare professionals.

Based on market studies, the company measures this distribution and anticipates improvement actions, proposing indicators to balance the current situation in line with the pace of development of the markets in which it operates and the therapeutic trends to which the products in its portfolio respond.

In addition to analyzing the market and optimizing product distribution, the company continually invests in ongoing communication with consumers and end-users, as well as in educational campaigns aimed at increasing awareness of and trust in its products. These initiatives include working with healthcare

professionals to provide up-to-date information on the correct use of medicines, as well as awareness campaigns on the importance of responsible treatment.

Through these efforts, the company strengthens its market position, improves patient access to essential products, and continuously adapts to patient needs.

To ensure that the company's practices do not cause or contribute to adverse effects on consumers and end-users from a business perspective, Antibiotice takes measures to prevent risks by implementing internal procedures that are reviewed annually or whenever necessary. In its commercial relationships with business partners, the company enters into contracts only after conducting a risk analysis and risk management, assessing aspects such as:

- Financial stability and solvency of partners;
- Insurance guarantees and territorial exposure;
- Distribution capacity, including available teams and own fleet;
- Ability of partners to fulfil orders for open and closed-circuit pharmacies.

From a promotional point of view, the company complies with current legislation on the promotion of pharmaceutical products, both prescription and non-prescription. Information submitted by the promotional team is reviewed for compliance with the Code of Ethics.

Feedback from patients and healthcare professionals is monitored by:

- Managing rapid responses to medical inquiries;
- Collecting and analyzing reported adverse reactions;
- Managing objections received from healthcare professionals through the SalesTeam.

Severe human rights issues and incidents connected to its consumers and/or end-users

During the reporting period, no serious human rights issues or significant incidents concerning consumers and end-users were identified or reported to the company.

Resources used in managing material impacts on consumers and/or end-users

To manage material impacts on consumers and end-users, Antibiotice allocates several categories of resources:

- A dedicated team of Customer Care Specialists to receive any complaint, suggestion, or relevant information from consumers and end-users;
- A dedicated e-mail address to receive comments and messages from users (office@antibiotice.ro);
- An online form available on the company's website to submit suggestions, complaints, or requests for information;
- Ongoing budgets for medical and sales representatives to provide:
    - Ongoing education for healthcare professionals;

- Ongoing communication about product benefits;
- Adherence to ethical principles in drug promotion.

DR S4-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Targets related to reducing negative impacts on consumers and/or end-users and advancing positive impacts on consumers and/or end-users

In terms of responsible business practices, Antibiotice has set as a performance indicator an average customer satisfaction score of over 80% according to the surveys conducted.

- If the score is positive, the company continues to implement specific strategies for each target group and product category;
- If the score is below the expected threshold, corrective and preventive actions are taken to improve feedback and reduce identified risks.

Engagement with consumers and/or end-users in setting targets

Every year, Antibiotice conducts the "Customer Satisfaction Assessment" market research, through which it consults, directly or through an intermediary, its target audience of pharmacists, doctors, distribution managers, national chains, and mini-chain pharmacies about its products, services, staff, and communication with Antibiotice.

To assess the level of satisfaction, specific questionnaires are developed for each category of target audience, with respondents rating each question from 1 to 5, where 1 represents minimum satisfaction and 5 represents maximum satisfaction.

The questions are grouped in different sections for each questionnaire, they are mostly closed questions, but there is also an open-ended question for each section, which allows the respondent to give feedback other than the standard one.

Product evaluation is performed in two ways:

- Product development in its physical form - refers to macroscopic and organoleptic characteristics. Production activity is evaluated for all products;
- Product usage - the questions assess the effectiveness of the drugs in treating diseases, affordability in terms of price and safety of use of the drugs through Antibiotice's prompt response to reports of adverse reactions.

Service evaluation

- Supply activity - the level of satisfaction of pharmacists with the supply of medicines is assessed. The supply is provided by the distributors with whom Antibiotice cooperates.
- The questions in this section concern:

- Availability and presence of Antibiotice's medicines in the required quantities at the main distributors;
- Information of the pharmacy about (Antibiotice's) commercial offers by the distributor;
- Timely delivery of orders to the pharmacy by the distributor.

Staff evaluation

- Promotional activity of medical representatives and commercial activity of sales representatives are evaluated by pharmacists who express their level of satisfaction with:
  - Frequency and duration of visits of Antibiotice medical/sales representatives;
  - Ethical way of promoting the company's products;
  - Information on the size and type of commercial benefits offered.

Communication evaluation

- The communication/information activities on new products are evaluated by retail pharmacists. Due to its particular importance for the development of the company, the image of new products is considered as an independent dimension among the representative aspects of Antibiotice.
- Pharmacists' satisfaction with information about Antibiotice's new products is assessed:
  - Communication in product presentations
  - Medical and commercial information provided to them

Similarly, physicians are consulted on assessments of product and product use, personnel, and communication.

Antibiotice is monitoring the evolution of company and product notoriety (2018, 2022, and 2024) through the "Company and Product Notoriety" study, which aims to:

- Measure Antibiotice's corporate notoriety;
- Analyze a selection of brands from its portfolio;
- Identify the perceptions of different audiences regarding Antibiotice;
- Monitor performance indicators over time (Notoriety and Health Check Index).

In 2024, Antibiotice conducted qualitative market research to determine physicians' and pharmacists' perceptions and recommendations of two pain management products that are part of the Quality of Life portfolio.

A series of focus groups and in-depth interviews were conducted with physicians and pharmacists from leading academic centers.

Focus groups and interviews with primary care physicians addressed issues of importance to them and end-users from the perspective of:

- Efficacy of the dosage form;
- Patient adherence;

- Factors influencing adherence;
- Non-adherence;
- Concerns leading to avoidance;
- Cost.

Questions were also asked about product quality and suggestions for improvement.

The results of the research were shared and discussed in a group that included all departments involved in product development and promotion, in order to adapt the strategies to the needs of consumers and their legal representatives.

Identifying lessons or improvements

The company worked with healthcare professionals through consultative meetings (collective or individual) to identify drug affordability issues. The results were analyzed in decision-making working groups and served as a starting point for concrete improvement actions.

8.3.5. Specific material topics

The double materiality analysis led to the identification of specific material themes for the pharmaceutical industry, reflecting the impacts, risks, and opportunities characteristic of this sector. These themes are essential for ensuring a sustainable impact on consumers and end users, and complement the chapter dedicated to these topics. Thus, Antibiotice addresses key aspects such as clinical studies, research and development, which contribute to innovation and therapeutic effectiveness; access to medicines, through measures ensuring their availability and affordability for all categories of patients; combating counterfeit medicines and parallel trade, through strict traceability and safety mechanisms to protect public health; and preventing drug abuse, through education and awareness programs on the correct and responsible use of pharmaceutical treatments. These themes are integrated into the company's strategy to manage industry-specific risks and capitalize on opportunities for improving public health.

8.3.6. Clinical Studies

Policies adopted to manage the topic

The Clinical Studies Policy outlines the conduct of clinical trials with a focus on ethical considerations and participant safety, in compliance with international guidelines for clinical trials and the provisions set forth in the Declaration of Helsinki.

This policy applies to all clinical trials conducted by Antibiotice, whether carried out within its own center or through external partnerships. It is tailored for studies conducted on human subjects, regardless of geographical area or population type.

The responsibility for conducting clinical studies in accordance with harmonized European guidelines, protocols, and the adopted policies extends to the entire team involved in the execution of these studies.

The company's policy regarding clinical trials complies with both national and international legislation, and the authorization of Antibiotice's Clinical Studies Center for conducting Phase I trials and bioequivalence studies is carried out in accordance with current national legislation:

- GOVERNMENT DECISION No. 2/22.04.2014 issued by ANMDMR, regarding the approval of regulations for the authorization of units that can conduct clinical trials in the field of human medicinal products;
- GOVERNMENT DECISION No. 24/03.07.2015, which approves the amendments to the annex of HCS No. 2/22.04.2014 regarding regulations for the authorization of units conducting clinical trials in the field of human medicinal products;
- ORDER No. 3390/08.11.2022, approving the Methodological Norms for the implementation of the provisions of art. 3 para. (10), art. 4 para. (3), and art. 6 para. (2) of the Government Emergency Ordinance no. 29/2022, which establishes the institutional framework and the necessary measures for the implementation of Regulation (EU) No. 536/2014 of the European Parliament and the Council of 16 April 2014 on interventional clinical trials with human medicinal products and the repeal of Directive 2001/20/EC, as well as for amending certain health-related regulations.

Clinical trials are conducted in compliance with European and international legislation and standards:

- Regulation (EU) No. 536/2014 of the European Parliament and the Council;
- ICH E6 Good Clinical Practice (GCP), along with other specific requirements of relevant National Medicines Agencies.

The ethical principles applicable to clinical trials conducted within the Clinical Studies Center are:

- The ICH Harmonized Guideline for Good Clinical Practice (GCP), adopted in June 2017;
- The Declaration of Helsinki by the World Medical Association, regarding the ethical principles for medical research involving human subjects (Helsinki 1964, last amended in Brazil in 2013).

The company periodically conducts information campaigns within the local and academic community through specialized medical staff (company-employed doctors, collaborating doctors, family doctors), who provide information about the clinical trials conducted by the company, presenting the advantages and risks associated with participating in such studies and answering questions. Furthermore, the importance of participating in such studies is emphasized, as they contribute to the development of medical research, enabling the discovery of new and innovative treatments, as well as the authorization of affordable medicines with the same therapeutic benefits and safety in administration. The content of the informational materials is first submitted for evaluation to the National Commission of Bioethics of Medicines and Medical Devices. Upon approval of the materials, their accuracy, comprehensiveness, and objectivity are certified.

The clinical trials policy is published on the official website of Antibiotice and distributed to the population, clinical partner centers, regulatory authorities, and ethics committees.

Actions

Among the key actions planned by the company for the Clinical Studies Center are:

1. Development of phase II-IV clinical trials for the company's portfolio products through external partnerships.
2. Initiation of collaborations with the academic environment.
3. Strengthening collaborations with professionals in the medical field.

The Clinical Studies Center within Antibiotice is authorized to conduct phase I clinical trials and bioequivalence studies. Clinical trials for topical products (ointments, creams, gels) are conducted to demonstrate their efficacy and safety in administration, carried out in specialized clinics under the direct supervision of specialist doctors.

Increasing the number of external partnerships – This action aims to identify contract research organizations, both nationally and internationally, that can provide the expertise and logistics necessary for planning and conducting phase II-IV clinical trials for products in the research phase.

Expanding collaborations with the academic environment – This involves identifying partnerships and professionals in clinical pharmacology and biostatistics.

Expanding collaborations with medical professionals – Expanding the medical team aims to maintain safety standards for participants in clinical trials by providing highly specialized medical assistance.

The time frame for implementing these actions is until the end of 2025.

In the case of identified negative impacts, that is, if non-compliance, deviations from working protocols, or legislative provisions are identified, these are addressed according to the internal procedures developed at the company level. These procedures include the development of corrective action plans and, where necessary, retraining of staff, provision of additional resources, increasing the frequency and level of monitoring, etc.

For the clinical trials conducted by the company, no serious adverse events have been recorded that would require immediate reporting, premature study closures, or significant deviations from the approved study protocols.

Targets

The Clinical Studies Center has set the following targets:

- Conducting clinical studies in a safe environment for participants, without significant deviations from protocols and working procedures.
- Timely execution of clinical studies to meet the company’s needs.
- Increasing the number of external collaborators (medical professionals) by 10%, ensuring that the stages of clinical trials are not contingent on the availability of these professionals to participate in the studies. This target is related to the Clinical Studies Center's objective of providing participants

with continuous medical assistance at the highest standards. The target timeline for implementation is between 2025 and 2026, with 2024 as the reference year.

These targets apply to studies conducted internally within the Clinical Studies Center for Antibiotice or for external sponsors (Phase I and bioequivalence clinical trials), as well as to outsourced studies conducted through third parties (Phase II-IV clinical trials).

For increasing the number of external partnerships, it is important to establish criteria for selecting partners, as well as to collect and analyze information related to human resources, logistics, and the experience of each identified CRO (Contract Research Organization).

The intermediate steps for implementing the targets will be as follows: contacting potential partners, organizing meetings, creating presentation materials that summarize the objectives, auditing the specific authorizations for conducting clinical studies under safe conditions.

The targets were established based on previous experience, taking into account data previously reported regarding adverse events and reactions in clinical trials, as well as the number and nature of deviations from protocols and internal operating procedures.

The company collaborates with the academic and medical environment to promote the Clinical Studies Center and expand the database of enrolled subjects.

Performance metrics

Metrics used to evaluate the performance and effectiveness of the policy

The clinical trials conducted by the company are carried out according to a study protocol approved by the National Agency for Medicines and Medical Devices of Romania and the National Bioethics Committee of Medicines and Medical Devices.

This protocol is developed in accordance with national and international legislation on clinical trials, legislation transposed into a set of standard operating procedures that cover all operations related to the clinical trial.

For the trials conducted by the company, no significant deviations from the working protocol have been recorded, with no impact on the study results. Clinical trials are part of drug authorization documentation, and to date, there have been no rejections of authorization requests caused by the clinical documentation submitted.

The performance and effectiveness of clinical trials are evaluated by regulatory authorities through the review of the clinical documentation submitted during the drug authorization process.

Additionally, compliance with the applicable legislation and its implementation in the execution of clinical trials is certified through periodic inspections and audits.

The clinical trial activities carried out by Antibiotice are validated by the National Agency for Medicines and Medical Devices through the authorization of the clinical unit for conducting Phase I and bioequivalence

studies, as well as the GLP (Good Laboratory Practice) recertification of the bioanalytical laboratory within the Clinical Trials Center.

Furthermore, during the market authorization process for medicines, regulatory authorities verify the clinical documentation supporting the authorization request.

Process management of quality assurance and patient safety during clinical trials

The Antibiotice Clinical Trials Center represents an integrated organizational structure, which includes a clinical unit authorized to conduct Phase I and bioequivalence studies, with the capacity to admit up to 32 subjects simultaneously, a GLP-certified bioanalytical unit, and a secondary packaging flow for clinical investigation drugs, certified under GMP.

Additionally, the Clinical Trials Center has an internal quality assurance unit consisting of trained monitors and auditors who ensure that clinical trials comply with harmonized European legislation (ICH), Good Clinical Practice (GCP) guidelines, Good Laboratory Practice (GLP), and the Helsinki Declaration on human rights.

The specialists of the Center have developed a set of standard operating procedures, which are periodically updated to improve quality and efficiency, reduce costs, and enhance the capacity to react and correct any potential dysfunctions.

The clinical monitor, a physician trained in clinical trials, plays a central role, ensuring communication with the sponsor's site and promptly resolving any issues related to the conduct of clinical trials.

For Phase II-IV studies, Antibiotice collaborates with third-party partners, ensuring that these collaborations adhere to the highest ethical, legal, and quality standards. All clinical trials conducted through third parties are aligned with the relevant legislation and regulations in Romania and the European Union, including the Helsinki Declaration and the Good Clinical Practice (GCP) guidelines.

Third-party partners involved in clinical trials are responsible for:

- Implementing safe and compliant practices at all sites where the study is conducted;
- Maintaining and updating the necessary authorizations for carrying out the activities;
- Adopting appropriate measures to prevent risks and minimize the impact on health, safety, and the environment.

The studies conducted by Antibiotice adhere to fundamental ethical principles, including the protection of human subjects and data confidentiality.

Antibiotice promotes an approach based on transparency and effective collaboration within partnerships with third parties. The guidelines include:

- Alignment with the objectives set for each clinical study;
- Effective and prompt communication regarding the conduct of activities;
- Compliance with Antibiotice's policies and ensuring the quality of services.

The process of obtaining informed consent from participants

The participation of subjects in clinical trials conducted within the Clinical Studies Center is governed by the principles outlined in international legislation, which are transposed into a comprehensive set of standard operating procedures:

- ICH Harmonized Tripartite Guideline. Guideline for GCP (adopted in June 2017),
- World Medical Association - Declaration of Helsinki, Ethical Principles for medical research involving human subjects (Recommendations Guiding Physicians in Biomedical Research involving Human Subjects, Helsinki 1964, amended Brazil 2013)

Bioequivalence clinical trials involve the participation of healthy subjects, primarily recruited from the younger population. Participation in the studies is open and non-discriminatory to any person who meets the specific criteria.

In the clinical trials conducted within the Clinical Studies Center, no vulnerable subjects are enrolled. Vulnerable people are those whose willingness to volunteer for a clinical study may be influenced by benefits associated with participation or by reprisals from hierarchical supervisors in the case of refusal to participate.

Inclusion of the subjects in the study is carried out after providing information and obtaining informed consent from each participant. The process of obtaining informed consent is initiated after obtaining favorable approvals from the national regulatory authorities for clinical trials, ANMDMR (National Agency for Medicines and Medical Devices) and CNBMDM (National Bioethics Committee of Medicines and Medical Devices), at the Clinical Studies Center's office, in the investigator's office.

Confidentiality is ensured for the subjects, with information sessions being held individually. Individuals interested in participating in the clinical trials are given sufficient time, at their discretion, to review the details of the study, understand its content, and make an informed decision about whether to participate or not in the study. The investigating doctor provides the subject with sufficient time and the opportunity to get informed about the study details and decide whether to participate or not in the study:

- Responds to all questions raised by the subject about the study.
- Provides comprehensive, concise, clear, relevant, and easily understandable information for the subjects (non-specialists).
- Verifies that the subject has reviewed the provided information by having each page of this document signed.
- Verifies that the subject has given consent to participate in the study by signing and dating the Informed Consent Form.
- Hands a copy of the form to the subject.
- Requests the subject to confirm the receipt of a copy.

The Informed Consent Form for participation in bioequivalence clinical trials includes clear information that the subject has been provided with all relevant study data, including the fact that the subject can withdraw at any time during the study without facing any consequences and without being required to provide a reason.

The participation of subjects in the study is confidential, and all personal data is anonymized using unique identification codes automatically generated by a computer application.

Clinical Trials Terminated Due to Non-Compliance with Good Clinical Practice (GCP) Standards

During the reporting period, no instances of non-compliance with Good Clinical Practice (GCP) standards were recorded that would have led to the premature termination of any clinical trials or trials terminated at the request of investigators. All studies conducted by Antibiotice, either through its own clinical studies center or through external partnerships, were carried out according to the initial plans.

The number of inspections related to clinical trial management and pharmacovigilance that led to corrective actions or sanctions

The Antibiotice Clinical Trials Center is authorized to conduct Phase I and bioequivalence clinical trials every 3 years by the National Agency for Medicines and Medical Devices of Romania. To obtain the clinical authorization, the documentation certifying the implementation of the quality management system, organizational and functional structure, equipment, spaces, workflows, and utilities is evaluated. The most recent reauthorization was on January 29, 2025.

Additionally, the Clinical Trials Center is inspected every 2 years by the National Agency for Medicines and Medical Devices of Romania for GLP (Good Laboratory Practice) recertification. Compliance with the specific clinical trial legislation and Good Laboratory Practice (GLP) principles is verified. The most recent recertification was in January 2025.

During the reporting period, no issues were identified regarding the protection of participants in clinical trials, the accuracy, integrity, completeness, and traceability of data, or violations of clinical trial legislation. No corrective actions were required, and no sanctions were imposed by authorities.

Additionally, the company did not incur financial losses as a result of legal processes or actions related to clinical trials.

Ongoing Clinical Trials During the Reporting Period

Number of studies carried out (2023-2024)	3	2	
Location	Romania, Clinical Studies Center Antibiotice	Romania through external partnerships	Romania și Hungary through external partnerships
Type of study	bioequivalence clinical trials	phase II- III study	phase IV study
Type of product	tablets	ovule	cream
Therapeutic indications	anti-inflammatory antibacterial antibacterial	antibacterial	antifungal
Study Status	completed	ongoing	completed

8.3.7. Research and Development

Policies adopted to manage the topic

Research is an important pillar of the company's activity, aimed at developing products intended to ensure effective and safe treatments for patients, as well as products aimed at improving quality of life.

The research and development policy of Antibiotice involves several stages and strategic objectives, namely: pharmaceutical development, development of analytical methods and their validation, clinical testing, production implementation, and collaboration with regulatory authorities.

This policy aims to continuously improve the product portfolio, reduce medical treatment costs through real competition between generic and original medicines.

The research and development policy applies, without exception, to the processes of developing generic drugs and unique combinations, medical devices, cosmetics, dietary supplements, and biofertilizer products. The same development policy also applies to active substances obtained through biosynthesis processes.

The responsibility for implementing the policy lies with the Director of Research, Development, and Innovation, a key role in coordinating relevant activities. The organizational structure of research projects also includes other key roles such as executive managers, operational managers, and project managers.

The policy complies with internal standards and initiatives from international organizations. For example, the company follows guidelines from the FDA, EMA, and ICH for research. Additionally, it adheres to national and international regulations in the pharmaceutical field, ensuring that the development and production of medicines meet safety and efficacy standards.

The company collaborates with academic partners and research institutions to strengthen the relationship between research, development, and production, leading to increased innovation in the pharmaceutical sector.

The main large-scale project of these partnerships focuses on the development of a new Research and Development Center, Inova a+.

The policy is published on the company's official website, ensuring that all stakeholders, including regulatory authorities, have access to the necessary information for policy implementation.

Actions

For the development of products through internal research, the company undertakes and plans, according to internal procedures, key actions that ensure the success of the research process and market launch, are as follows:

1. Identifying and selecting molecules (API)

Measure: Analysis and selection of active pharmaceutical ingredients (API) that are potential candidates for the development of generic drugs.

Contribution: This action establishes the foundation for research, ensuring that the selected molecules are viable from a technical, commercial, and legal standpoint (after the expiration of the original patent).

2. Product formulation and development

Measure: Development of a stable and effective formula, similar to the reference product, including the selection of excipients and manufacturing processes.

Contribution: Ensures that the generic product is similar to the original product, meeting quality and safety standards.

3. Manufacturing Process Validation

Measure: Validation and documentation of manufacturing processes to ensure the quality of the finished product.

Contribution: Ensures compliance with GMP (Good Manufacturing Practices) standards and reduces the risk of variations in product quality.

4. Clinical Trials

Measure: Conducting clinical trials to demonstrate that the generic product has the same efficacy and/or pharmacokinetic and pharmacodynamic profile as the reference product.

Contribution: These studies are essential to demonstrate the efficacy similarity to the reference product, as well as safety in administration.

The key actions identified in the product research and development process focus on the company's internal activities, which are proprietary operations carried out in the company's own laboratories and facilities.

Bioequivalence studies are conducted both internally and through partnerships with medical centers.

According to internal procedures, the key actions have an appropriate monitoring system and a clearly defined deadline to ensure the efficient implementation of the research and development plan, minimizing risks and maximizing the success of the projects.

In case of failure to achieve key actions in the development of pharmaceutical products, specific corrective measures include:

a) Optimizing existing operational procedures by adapting them to the specific project needs;

b) Rigorous internal control by activity managers as a tool for identifying the causes of unmet objectives and establishing improvement measures for the research process;

c) Corrective actions based on the identification of risks associated (e.g., risk register for research activities) with failure to meet objectives and the implementation of specific corrective actions.

Identification and initiation of research projects

In 2024, **15 new product projects** were identified and launched, which will directly contribute to the development of the company's portfolio by providing viable therapeutic alternatives within the healthcare system.

Action 2 - Product formulation and development

In 2024, research and development actions were completed for 9 projects. Of these, 4 products received authorization/notification to be marketed.

Action 3 - Scaling and validating manufacturing processes

In 2024, 2 process validations were performed according to GMP standards, reducing variations and thus improving the quality of finished products, adapting production technologies to optimize future manufacturing costs.

Action 4 - Bioequivalence Studies

In 2024, 2 bioequivalence studies were conducted for new products. The clinical phase of these 2 studies was successfully completed. The studies will continue in 2025 with the bio-analytical phase.

Registered progress and future perspectives:

- Increasing the success rate of research projects by establishing a research project monitoring structure within the Department.
- Ongoing investments in research infrastructure, including the development of the new Research and Development Center, Inova a+, which will enhance the company's innovation and testing capacity.
- Increasing competitiveness on the international market by aligning with global standards and diversifying products for external markets.

These results demonstrate significant progress toward the company’s strategic objectives, ensuring a sustainable and competitive development of the product portfolio.

Targets

Monitoring the effectiveness of policies and actions through targets

Considering the objective of the company's research and development policy, namely the continuous development of the product portfolio and the reduction of medical treatment costs through access to generic medicines, the following two targets are set for the research and development topic:

Target 1: Completion of at least 10 new generic medicines and their market entry by 2030

The company aims to finalize and launch a minimum of 10 new generic medicines by 2030, thereby contributing to the diversification of its portfolio and reducing treatment costs for patients. This target is measurable through the number of pharmaceutical products developed through in-house research for which marketing authorization will be obtained. Applicable to all regions where the company operates, this initiative uses 2023 as the baseline year, during which three products were developed and launched on the market. To achieve this goal, in 2024, the clinical phase of bioequivalence studies for two generic medicines will be carried out, and the research and development process will be completed for nine other products, including obtaining marketing authorization. In 2025, bioequivalence studies started in the previous year will be completed, and five new products will be launched on the market. In developing these medicines, the company will consult with doctors and patient associations to identify unmet needs and prioritize essential treatments for patients. Performance against this target will be monitored quarterly, and in the event of regulatory changes, the number of pharmaceutical products launched will be adjusted according to the new requirements.

Target 2: Streamlining the Research and Development Stages of Medicines by 2028

Starting from 2025, the company plans to introduce a chapter dedicated to streamlining the research and development process in the management plan, which will include reducing the duration of the development process for generic medicine. This target is measurable through the duration of the development process, with 2023 serving as the baseline year, when the development time was 18 months for dietary supplements and 36 months for generic medicines with a bioequivalence stage. The goal is to achieve a 5% reduction in the total development time of a pharmaceutical product. To achieve this, in 2024, the company will focus on reducing the formulation and development time for a dietary supplement by 0.9 months, and by 2026, a reduction of 1.8 months will be implemented for the development of a pharmaceutical product. Progress will be evaluated in 2027, and the strategy will be adjusted to ensure the final goal is met. This target is applicable in the company's Research Center, in collaboration with regulatory authorities (EMA, FDA) and academic partners, to accelerate the development process. Performance will be assessed at the end of each stage, and in the case of unforeseen difficulties in the research process, the time reduction period may be adjusted to maintain the feasibility of the target.

Performance metrics

Metrics used to evaluate the performance and effectiveness of the policy

Performance evaluation of research activities in relation to associated risks is conducted on a quarterly and annual basis, integrating specific indicators for risk monitoring. This involves comparing actual indicators with the planned ones, as well as analyzing critical deviations. Identified risks (e.g., budget overruns, implementation delays, etc.) are assessed through dedicated performance indicators such as budget utilization percentage and progress rate against set deadlines. Significant deviations trigger analysis reports and strategy adjustments to minimize impact.

Performance indicators are established and evaluated through management plans. These performance indicators overlap to ensure interdepartmental collaboration in achieving the annual goals set according to the Revenue and Expenditure Budget and the business plan "The Future Together."

Middle management performance indicators are aligned with top management indicators, so that achieving the former implicitly leads to achieving the latter.

The performance evaluation of research activities is conducted through monitoring the progress of research projects (budget vs. research stages). This evaluation is carried out quarterly and annually by the Strategic Planning and Portfolio Management Department (internal body).

Annually, the projects are evaluated in terms of compliance with the specific legislation applicable to the research field (Government Ordinance 57/2002) by an external body: the Ministry of Research and Innovation.

The percentage of the total expenses allocated to research and development (R&D)

- Total R&D Expenses: The total amount of money spent by the company on research and development activities.

The research program is one of the key factors driving the company's dynamism and growth, ensuring sustainable growth by continuously renewing the portfolio with effective and safe generic medicines and optimizing and refining manufacturing technologies in line with technological progress. In 2024, the value of investments in research and development is 21,785,369.84 RON, which represents 3.69% of total expenses. Of the total amount invested in research and development, 50.1% was capitalized in accordance with the requirements for recognizing intangible assets under International Accounting Standard (IAS) 38 - Intangible Assets.

- Total company expenses: The total of all expenses incurred by the company during the reporting period (including salaries, production, marketing, etc.).

The total expenses of the company in 2024 - 589,603,024 RON.

Research and development in the pharmaceutical field is an ongoing activity at the company. The implementation of research and development projects requires going through procedurally defined stages, each stage having its own duration and associated costs. The portfolio of research and development projects, as well as their different stages, implies variable costs from one period to another. On average, the company invests about 4% of its total expenses in research and development.

Developed and approved medicinal products

The multi-annual nature of research and development projects highlights the complexity of creating a new product in line with the applicable international regulations in the pharmaceutical field.

In 2024, research stages were conducted for a total of 49 projects, and for 10 of these, the development stages were successfully completed. The completed research projects are handed over to the company's internal Regulatory Affairs team, which manages the authorization process for the products in the target countries. The actual market launch of a new product can only take place after obtaining the necessary market authorization/notification, as applicable.

The remaining projects planned by the research department are ongoing according to the schedule, in various stages.

The distribution of the 49 projects across divisions is as follows:

- Topical Products Division – 28 projects.
- Oral Solid Forms Division – 11 projects.
- Injectable Sterile Products Division – 10 projects.

8.3.8. Access to Medicine

Policies adopted to manage the topic

The right to health not only entails access to medical services and treatments but also to the necessary medicines for the prevention, treatment, and management of various conditions. Access to medicines is a crucial element of any healthcare system and is influenced by factors such as price, availability, distribution, applicable regulations, and the level of education and awareness among the population.

Improving this access requires an integrated approach and the involvement of multiple stakeholders, including manufacturers, local agents, distributors, and national contracting authorities (hospitals, health centers, insurance companies, etc.). The significant presence of Antibiotice products in certain markets, as evidenced by market share, demonstrates the effectiveness of measures that have allowed for the establishment of competitive prices globally, increasing the availability of medicines, and collaborating with relevant partners to meet the specific needs of each region or vulnerable group. On these markets, at least one in five patients has benefited from treatment with Antibiotice Romania medicines for acute infectious diseases.

This approach is also reflected in projects conducted in countries with low-income populations or where people do not have health insurance, as well as in regions where healthcare systems face difficulties in funding national programs for combating infectious diseases.

As a manufacturer of generic medicines, we recognize their fundamental role in improving access to treatments. Generic medicines are not only modern and effective but also contribute to the financial sustainability of healthcare systems, ensuring that patients from all social categories have access to necessary treatments.

Antibiotice, as a strategic partner of the healthcare system in Romania, is the main producer of first-line antituberculosis medicines, being prequalified by the World Health Organization (WHO) to supply the necessary treatment for this condition, which is considered by WHO as one of the main public health issues.

Domestically, the company is a market leader in the segment of systemic antibacterial medicines, being the primary supplier to hospitals in Romania and offering an extensive range of antibiotics for the treatment and prevention of various infections.

In addition to our strategy for international expansion and investments in research, development, and innovation, we also focus on targeted interventions to facilitate access to medicines in critical situations.

Antibiotice's portfolio includes 27 essential medicines, according to the World Health Organization's list, and 50 critical medicines according to the European Medicines Agency's list, medicines used to treat the most common diseases and address the health needs of most of the population.

As part of the effort to expand access to medicines, in 2024, Antibiotice positively responded to the request from the European Medicines Agency (EMA) and the Health Emergency Preparedness and Response Authority (HERA) to participate in a joint exercise at the European Union level. This exercise was aimed at assessing the capacity to supply critical medicines for European health systems.

HERA, a body established by the European Commission to strengthen the response to health crises and prevent shortages of critical medicines, coordinates such initiatives to ensure the security of supply in medical emergencies. By participating in this exercise, Antibiotice reaffirmed its commitment to supporting European efforts to strengthen the supply chain of essential medicines, contributing to identifying solutions to increase the availability of treatments during critical periods.

Starting from March 2024, Antibiotice became a member of the Critical Medicines Alliance (CMA).

Founded in January 2024, CMA is an advisory mechanism that brings together relevant stakeholders from EU member states, key industries, civil society, and the scientific community. The Alliance aims to identify key areas and action priorities, proposing solutions to strengthen the supply of essential medicines in the EU, ultimately enhancing efforts to prevent and effectively address shortages of medicines in the market.

The CMA's goal is to provide an inclusive and transparent advisory platform for the European Commission and other EU decision-makers, focusing on critical medicines facing the greatest vulnerabilities. The Alliance will play a key role in strengthening industrial competitiveness in the EU and enhancing its open strategic autonomy, in the interest of EU citizens.

The way the company manages the issue of access to medicines is described in the Medicine Access Policy, available on the company’s website. This policy outlines the company’s objectives regarding the promotion of access to medicines, the international frameworks underlying the policy, as well as the specific measures and targets through which the company aims to increase its positive impact in this regard.

Pricing policy

At the European level, prices for human medicines are regulated to ensure an adequate supply of medicines at a reasonable cost to maintain public health, support the efficiency of drug production, and encourage the research and development of new medicines.

Antibiotice’s pricing policy complies with the applicable legislation, respecting competitive practices and ethical business conduct, in accordance with the company’s internal codes: the Code of Ethics and the Code of Good Practices for the promotion of prescription medicines and interactions with healthcare professionals.

Antibiotice markets the following categories of products: prescription and over-the-counter medicines, medical devices, dietary supplements, cosmetics, veterinary medicines, biocides, and biofertilizers. The pricing of these products is set differently depending on the category, as follows:

- for prescription medicines (Rx), the price is set according to the Minister of Health’s Order no. 368/2017 for the approval of the rules on the calculation method and procedure for approving the maximum prices of human medicines. This order transposes into national legislation the provisions of Articles 1-4 of the European Council Directive 89/105/EEC from December 21, 1988, regarding the transparency of measures governing the pricing of human medicines and their inclusion in the national

health insurance system. According to this order, to set the price of a prescription medicine, the proposed price is compared with the price of the same medicine in the source catalogues of 12 comparison countries: Czech Republic, Bulgaria, Hungary, Poland, Slovakia, Austria, Belgium, Italy, Lithuania, Spain, Greece, and Germany. The proposed manufacturer's price must be lower than or equal to the lowest price of the same medicine in the comparison countries. If the medicine does not have a registered price in the comparison countries, the proposed price is approved. For generic medicines (such as those produced by Antibiotice), the price cannot exceed the reference generic price, which is the maximum manufacturer's price that will be approved only once, at the time of submitting the price approval application for the first generic medicine in the respective international non-proprietary name (INN), concentration, and pharmaceutical form. The comparison with the generic reference price does not apply between two successive corrections if the medicine in question is the only medicine for that INN, concentration, and pharmaceutical form with an approved price in CANAMED (the National Catalogue of Prices for Human Medicines Prescribed and Authorized for Market Entry);

- for over-the-counter (OTC) medicines, medical devices, dietary supplements, veterinary products, cosmetics, biofertilizers, and biocides under the Antibiotice brand, the prices are set through the company's strategy, taking into account the rules of free trade concerning supply and demand, as well as market requirements and the feasibility of manufacturing these products;
- for medicines sold on the international market, prices are set through negotiations with external partners, under competitive conditions and in compliance with the applicable legislation in the respective countries. Participation in public tenders for medicines, through distributors, ensures that all medical institutions have access to the medicines produced by Antibiotice, under conditions of competitiveness and transparency, with the company also assuming flexibility in reducing prices within profitable limits.

Actions

In 2024, 4 new critical anti-infective medicines and one essential medicine for treating cold and flu symptoms in children were launched in Romania. Additionally, 1 critical medicine for treating endocrine disorders received market authorization and is expected to be available in the first quarter of 2025. Currently, 7 critical medicines (6 anti-infectives, 1 product for treating cold and flu symptoms in children, and 1 sedative necessary for intensive care units) and 6 essential medicines (5 anti-infectives and 2 products for the musculoskeletal system) are under evaluation by the National Agency for Medicines and Medical Devices of Romania.

On the international market, 5 critical medicines (including one essential) were launched in 8 new territories in 2024. These medicines are part of the systemic anti-infective class.

In 2024, Antibiotice continuously monitored the competitiveness of its products in the target market, and no actions were taken that would have a major impact on the end consumer or the company's indicators.

Targets

To meet the therapeutic needs of European healthcare systems, the company aims to complete its portfolio by 2030 with 10 new essential products and 20 critical products, covering a diverse range of therapeutic areas and indications.

Regarding the pricing policy, Antibiotice aims to implement a competitive pricing strategy that ensures the maximization of market share, revenue, and profit indicators.

Performance metrics

Metrics used to evaluate the performance and effectiveness of the policy

1. **Educating and encouraging reporting adverse reaction**

   This indicator measures the impact of awareness initiatives on the reporting of adverse reactions by patients and healthcare professionals. It analyzes the increase in the number of reports following these initiatives and compares them with previous years to evaluate the effectiveness of awareness campaigns. Information is disseminated through various communication channels, and educational materials are developed to be accessible and easy to understand. Limitations of this indicator include the reluctance to report from both patients and professionals, as well as the risk of underreporting due to lack of information or fear of consequences. External validation is conducted by relevant pharmaceutical authorities (EMA, FDA, ANMDMR) as well as independent auditors specializing in pharmaceutical compliance.

2. **Average response time to medical inquiries**

   This indicator tracks the average time between receiving a medical inquiry and providing a complete response, considering its impact on the quality of clinical decisions and patient safety. The indicator helps optimize the management process of requests and reduce delays. However, some complex requests may require additional investigations, which could extend the response time. Furthermore, reliance on external sources (e.g., regulations, other departments) may delay the process. This indicator does not benefit from external validation.

3. **Analysis and implementation of responses to inquiries from healthcare professionals, patients, and partners**

   This indicator evaluates the effectiveness of the process for collecting and managing inquiries from various sources (HCPs, patients, partners), analyzing trends based on the frequency and nature of the questions. The response time and post-interaction satisfaction level are tracked. In the case of frequent inquiries on a specific topic (e.g., dosage, adverse effects), actions such as revising educational materials or improving professional training may be initiated. Limitations of this indicator include unclear requests and the possibility that some inquiries may not be directly related to safety and efficacy (e.g., commercial aspects). This indicator does not benefit from external validation.

4. **Number of essential medicines in the portfolio**

   This indicator reflects the company's contribution to public health by monitoring the medicines included in the World Health Organization (WHO) list of essential medicines. It tracks the availability of these medicines on the market, with inclusion criteria based on WHO standards. Limitations of the indicator

include regulatory changes that may affect the classification of medicines, and supply issues that may influence their availability. Validation is ensured by the WHO and the Ministry of Health.

5. **Informing and educating healthcare professionals on the correct use of prescription and over-the-counter products**

   The effectiveness of educational programs for healthcare professionals is evaluated by monitoring the number of workshops and participants, as well as assessing the level of understanding post-training. Increasing the level of knowledge contributes to safer and more efficient use of medicines, although the actual application of the information in medical practice may vary. Additionally, not all professionals attend these sessions, which may limit the overall impact. External validation is provided by regulatory authorities (EMA, FDA, ANMDMR), the Ministry of Health, Public Health Department, medical universities, professional associations, and national and international medical societies.

6. **Periodic review of promotional materials to prevent incorrect information**

   This indicator measures the compliance of promotional materials with local and international regulations (e.g., EMA, ANMDMR, EFSA) and with the company's Code of Ethics. The review process involves internal checks and medical and scientific validation, with updates made periodically or following legislative changes. Limitations include the subjectivity of interpreting regulations, the duration of the approval process, and the need for quick adaptation to legislative changes. External validation is carried out by regulatory authorities and industry ethics bodies.

7. **Number of regulatory inspections passed successfully**

   Regulatory inspections (e.g., GMP, pharmacovigilance, distribution, labeling) are monitored, and their results are analyzed to ensure compliance with legal requirements. This indicator reflects the company's ability to maintain quality and safety standards, and comparisons with previous years help identify trends. Limitations include frequent changes in regulations and their variable interpretation by inspectors. This indicator is externally validated by the relevant regulatory authorities.

Critical medicines in the portfolio

The diversified portfolio of Antibiotice reflects the company's commitment to the health and well-being of patients, contributing to ensuring access to effective treatments and improving the quality of medical care in hospitals. Through its production capacity and extensive network of international partnerships, the company has the ability to respond quickly and efficiently to critical medicine demands, contributing to medical security and the capacity to respond in emergency situations.

The Antibiotice portfolio includes **27 essential medicines**, according to the World Health Organization (WHO) list, and **50 critical medicines**, according to the European Medicines Agency (EMA) list, medicines aimed at treating the most common conditions and meeting the health needs of the majority of the population.

List of Products on the WHO Prequalified Medicines List

Antibiotice is WHO prequalified for the products used in the treatment of tuberculosis:

- Sinerdol (rifampicin) 150 mg capsule
- Sinerdol (rifampicin) 300 mg capsule
- Sinerdol Iso (rifampicin/Isoniazid) 300 mg/150 mg capsule
- Etambutol Atb 400 mg film-coated tablets
- Izoniazida Atb 300 mg tablets
- Izoniazida Atb 300 mg tablets
- Pirazinamida Atb 500 mg tablets

Percentage Change in the Average List Price and Net Average Price in the Product Portfolio Compared to the Previous Reporting Period

Antibiotice's product portfolio consists of various pharmaceutical forms with diversified unit prices—at the lower end, there are tablets, and at the higher end, there are pharmaceutical forms such as parenteral drugs and ointments. Thus, if there were no sales price influence in the analyzed year compared to the previous year, but the sales volume of tablets increased, the average unit price per total would decrease. Conversely, if the sales volume of higher-priced pharmaceutical forms, such as parenterals or ointments, increased, the average unit price per total would increase.

In this context, we consider that an analysis of this parameter is not relevant.

In 2024, the weighted average unit price increased by 14%, with this evolution being driven by the sales structure and territorial distribution.

8.3.9. Combating counterfeit medicines and parallel trade

Policies adopted to manage the topic

Antibiotice company has implemented the Procedure for Serialization of Medicines in order to ensure traceability and authenticity of pharmaceutical products throughout the supply chain. This procedure is essential for compliance with European and international regulations, preventing the falsification of medicines, and protecting patient safety.

The general objectives of the procedure include maintaining a robust serialization system, in accordance with regulatory requirements, as well as increasing transparency and safety in the pharmaceutical supply chain. The implementation of this policy addresses risks such as the spread of counterfeit medicines in the market and non-compliance with regulations, which could lead to sanctions and financial losses. Expected benefits include strengthening the company's reputation by increasing trust in its products and optimizing logistics processes through more precise monitoring of the flow of medicines.

The scope of the procedure is limited to prescription-only medicines, in accordance with the requirements of the Delegated Regulation (EU) 2016/161 and other international regulations. It covers all stages of the supply chain, from production and packaging to distribution and final verification before release to the patient.

The responsibility for implementation is shared among several departments. The serialization system administrators manage the technical process and intervene in case of problems, the Quality Assurance department supervises compliance with regulatory requirements, while system users operate within their competencies and inform administrators in case of technical difficulties.

The procedure is aligned with international standards and third-party initiatives, adhering to the regulations of the Delegated Regulation (EU) 2016/161 regarding the prevention of falsified medicines, Directive 2011/62/EU, GxP (Good Manufacturing Practice) guidelines for the production and packaging of medicines, as well as the US Drug Supply Chain Security Act (DSCSA).

The interests of stakeholders have been considered through a collaborative and consultative approach. Regulatory authorities such as EMA, FDA, and WHO have imposed compliance requirements, and employees involved in production, storage, and quality control have been trained and actively involved in the development and implementation of the procedures.

To ensure transparency and accessibility, the procedure is available through multiple channels. Business partners (distributors, suppliers, and collaborators) receive the document through official serialization agreements, and employees have internal access to this procedure to ensure compliance at all stages of the process.

Actions

For the continuous and efficient management of the serialization process, Antibiotice carries out a series of actions aimed at ensuring compliance with regulations and the proper functioning of the system. These measures target both internal operations and the supply chain, contributing to the prevention of counterfeit medicines entering the market and maintaining patient safety.

Regular verification of regulatory compliance

Regular inspections are conducted to ensure compliance with external regulations (e.g., EU, FDA) and the alignment of internal processes with legal standards. This verification covers both operations carried out in production and storage facilities, as well as the supply chain, considering that all parties involved in distribution must adhere to the serialization requirements set at the international level. Through this action, the risk of sanctions or product recalls is minimized.

Continuous staff training

The company organizes periodic training sessions for employees involved in serialization management, ensuring that they are up to date with the latest procedures and regulations. A solid understanding of the serialization system at all levels of the organization helps minimize the risk of operational errors and ensures the effective implementation of legal requirements.

Internal audits and verifications

To maintain the integrity of the serialization process, regular internal audits are conducted to verify the accuracy of unique codes and the compliance of related documentation. These audits help identify any discrepancies and implement necessary measures to optimize the process.

The actions carried out are directly applied to the production units (Capsule Site, Parenteral Products Site, Topical Products Site, and Tablets Site), as well as the Finished Goods Warehouse, with the goal of ensuring compliance with serialization standards.

If discrepancies or deviations from working protocols and applicable regulations are identified, they are addressed with corrective actions. These include the development of specific action plans, retraining staff, allocating additional resources, increasing monitoring, and enhancing the frequency of checks to prevent the recurrence of issues.

In terms of results, in 2024, the company recorded four falsification alerts reported by the European Medicines Verification Organisation (EMVO), highlighting the importance of monitoring processes and quick intervention to combat counterfeit medicines.

Targets

Although there are no specific targets set, Antibiotice aims to identify and resolve technical issues in the serialization system quickly, ensuring regulatory compliance, patient safety, and operational efficiency. Through proactive management of these issues, the company maintains its ability to trace medicines, reducing the risk of errors and preventing non-compliance.

Performance metrics

The methods and technologies used to maintain the traceability of products throughout the supply chain and prevent counterfeiting

The European Union has established a series of measures under Directive 2011/62/EU (also known as the Falsified Medicines Directive – FMD) to prevent the entry of falsified medicines into the legal distribution chain. The European Commission published additional technical details to define security elements in Commission Delegated Regulation (EU) 2016/161 (Delegated Regulation – DR) in the Official Journal of the EU. Starting from February 9, 2019, medicines dispensed on prescription (with very few exceptions) can only be placed on the market by manufacturers if they bear the new security features. These security elements consist of a unique identifier to allow the verification of the authenticity of the medicine and identify each individual package, and a tamper-evident device to verify if the secondary packaging has been illicitly altered. The unique identifier consists of a sequence of numeric or alphanumeric characters that are unique to a specific medicine package.

The security elements include a unique identifier for verifying the authenticity of the medicine, identifying each individual package, and a tamper-evident device against illicit alterations.

At the production sites and finished goods warehouse level, dedicated equipment ensures compliance with these requirements (printing, printing verification, sealing, and aggregation).

The serialization equipment is connected to a software solution provided by Advanco, which serves as the interface with Tracelink. Tracelink, a cloud-based solution, ensures the connection with Antibiotice's partners (Europe, USA, Asia) as well as the reporting of data to the regulatory hubs (EMVS).

On each commercial unit or complete collective box, the following information is printed:

1 = DMC Code, 2D data matrix code.

2 = PC Product Code, the product code, GTIN-14, a unique global commercial number made up of 14 digits.

3 = SN Serial Number, the serial number, a string of characters assigned to a commercial unit/complete collective box, which, along with the GTIN, forms the Unique Identifier.

4 = EXP expiry date, formatted with 7 characters: for the Romanian market, LL. AAAA, for the US market, AAAA-LL.

5 = LOT product lot/series, in accordance with the lot number assignment procedures specific to each manufacturing site.

The printing quality must be at least grade C (1.5), according to ISO/IEC 15415:2011, in compliance with the requirements of the Commission Delegated Regulation (EU) 2016/161. The quality of the printing is checked for all serialized commercial units and is carried out by Bosch serialization equipment and the Microscan LVS 9510 equipment in the Quality Control department.

Preventing and reducing the risk of counterfeit products infiltrating supply chains is essential, having a major impact on critical aspects such as patient and consumer health and safety, public health, and trust in the healthcare system and the pharmaceutical industry.

According to the definition of counterfeit medicine (from Law no. 95/2006 republished - Title XVIII, Medicinal Products) "Counterfeit medicine" – any medicine that falsely presents:

a) identity, including packaging and labelling, name or composition regarding any of its ingredients, including excipients and the concentration of those ingredients;

b) source, including manufacturer, country of manufacture, country of origin, or the holder of the marketing authorization;

c) history, including records and documents related to the distribution channels used.

The probability that the serial number can be guessed should be negligible and, in any case, less than one in ten thousand. The character sequence must remain unique for a specific medicine packaging for at least one year after its expiration date or for five years from the moment it is placed on the market or distributed.

In Romania, the verification of the authenticity of a unique identifier is done by scanning the barcode and confirming its existence in the SNVM (National Medicines Verification System), a platform that allows pharmacies and wholesalers to check the authenticity of medicines.

For all the batches of medicines in the Antibiotice portfolio, qualified personnel also verify the implementation of serialization activities according to internal procedures. By certifying and releasing the batch, they confirm that the product batch moves into the saleable stock. In the case of products manufactured under contract for Antibiotice, specific details are established with partners (within the technical capabilities of the equipment), according to agreements between the parties.

Antibiotice has developed procedures through which it manages, documents, and reports complaints/alerts of counterfeit medicines in its portfolio. Counterfeit medicines can be identified by checking the packaging

characteristics and/or by verifying the unique identifier (in the case of serialized products) and through physicochemical testing.

In 2024, four counterfeiting alerts were recorded.

Within Antibiotice, there are clear procedures describing the management of counterfeiting alerts and the investigation process to identify their root cause. Suspected counterfeit products can be detected from both internal and external sources.

In Antibiotice, counterfeiting alerts can be received in writing, by phone, via email, or through the company's website. We request that the entity reporting the alert send samples of the suspected product. Experts assess its authenticity according to internal procedures, analyzing the packaging, manufacturing data, holograms, and physicochemical parameters. If the suspicion is confirmed, the product is placed in quarantine, and the regulatory agency is informed for a decision on blocking or withdrawal.

For products manufactured by Antibiotice intended for the Romanian market but delivered to Europe through parallel imports or special needs, the company ensures safety elements in compliance with regulations. Agreements with these clients define responsibilities regarding the decommissioning of serialized products, and each client must present the corresponding import authorization. In the agreements, clients confirm the decommissioning option (either by Antibiotice or by the client) to comply with the company's policy.

The process of alerting clients and business partners about the risks associated with counterfeit products

The decision to block/withdraw and the recommended actions to minimize risks are scanned and sent via email to the Finished Goods Warehouse/International Market Sales and Marketing Department - Finished Products Sales/Active Pharmaceutical Ingredients Sales, to be forwarded to business partners (distributors, pharmacists, hospitals).

The request for blocking/withdrawal can be made at the following levels: company warehouse, distributors, pharmacies, patients.

The form is transmitted to beneficiaries within a maximum of 24 hours after receiving the decision from the Regulatory Agency.

Once the decision to block/withdraw a product is sent, partners are requested to communicate, as quickly as possible, the stock of the product and batch(es) as of the date of the decision.

In 2024, there were no actions leading to raids, confiscations, arrests, or criminal charges related to counterfeit products.

8.3.10. Preventing drug abuse

Policies adopted to manage the topic

Drug abuse is a major public health issue, with significant consequences for patients, the healthcare system, and society as a whole. Misuse of medications, whether through excessive administration, use without a

prescription, or for non-therapeutic purposes, can lead to addiction, severe adverse effects, and ineffective treatments.

Although we do not yet have a formal policy dedicated to this issue, we undertake concrete actions to support the responsible use of medications and reduce the risks associated with inappropriate consumption. The company takes responsibility for contributing to the prevention of this phenomenon through proactive measures, such as educating healthcare professionals and patients, promoting the correct and responsible use of medications, and ensuring compliance with regulations regarding their dispensing. Through close collaboration with regulatory authorities, distributors, and healthcare professionals, the company aims to limit uncontrolled access to medications with a risk of abuse, improve their traceability, and reduce the risks associated with inappropriate consumption.

This approach supports the responsible use of medications and contributes to protecting public health, while also ensuring that patients have access to the treatments they need.

Performance metrics

The company implements measures to prevent the abuse and improper use of medications, focusing on release control, public education and awareness, as well as the quality of information provided in pharmaceutical product documentation.

Implementation of control measures to prevent abuse and improper use of high-risk medications

Strict control measures are applied to medications identified as having a high risk of abuse, including antibiotics, anti-inflammatory drugs, analgesics, corticosteroids, and psychotropic medications.

The methodology used involves identifying medications with the potential for abuse and misuse, applying legislative aspects regarding the control of these substances, and collaborating with healthcare partners to assess the proper use of products. Additionally, active dialogue is maintained with regulatory authorities to ensure alignment with national and international legislative requirements.

It is assumed that controlled access reduces the risk of abuse and misuse, and restrictive measures do not affect patients who genuinely need treatment. Furthermore, it is based on the assumption that healthcare professionals adhere to and implement the rules imposed by authorities.

The main limitations of this indicator include reliance on local regulations, which can vary significantly between countries, and the difficulty of monitoring final use, as there is no direct control over how medications are administered. Additionally, incomplete or inaccurate reporting of abuse cases can affect the reliability of the collected data.

Education and awareness of risks

The company runs informational campaigns and workshops for healthcare professionals and patients, aiming to promote the proper use of medications and reduce the risks associated with abuse.

The methodology includes establishing appropriate communication channels (online platforms, social media, media campaigns, workshops) and tailoring messages based on the target audience - either healthcare professionals or end consumers. Educational materials are also developed in compliance with current regulations.

It is based on the assumption that proper education for patients and healthcare professionals can reduce the misuse of medications, and awareness campaigns have a positive impact on the behavior of those involved in prescribing and administering medications.

Limitations of this approach include the varying levels of public awareness, cultural and socio-economic differences that may influence the receptiveness of educational messages, and the ability of patients to integrate this information into their daily behavior.

Quality and completeness of information regarding abuse risks in SPCs/Leaflets

The monitoring and improvement of how abuse and misuse risks are described in the SPCs (Summary of Product Characteristics) and leaflets for medications with potential for excessive use are conducted, ensuring clarity and compliance with international regulations.

For this indicator, periodic checks of pharmaceutical product documentation are carried out to ensure that information regarding abuse risks is up-to-date and compliant with European and international regulations. Guidelines issued by international and national regulatory authorities are used to standardize the content of leaflets.

The basic hypothesis is that a clear and detailed SPC (Summary of Product Characteristics) contributes to reducing drug abuse by providing essential information to both patients and healthcare professionals. Including details about dependency symptoms and correct medication usage will lead to stricter control over drugs with abuse potential.

The main limitations include differences between national and international regulations, which may affect the consistency of information in leaflets, the challenge of adapting technical language for patients, and the need for periodic updates, which may be delayed due to administrative requirements.

External validation of indicators

Implementation of control measures – Validated by regulatory authorities from the EU and non-EU (EMA, ANMDMR), Ministry of Health (according to Ordinance No. 183/2024 on antibiotic prescribing), and the Ministry of Justice (Law No. 339/2005 on the legal regime of controlled substances).

Education and awareness of risks – Validated by the Ministry of Health, ANMDMR, and other national and international regulatory authorities.

Quality and completeness of information in SPC/leaflet – Validated through international guidelines and official sources from regulatory authorities.

Percentage of pharmaceutical products in the portfolio considered to have a risk of abuse and for which preventive measures are applied

In the company's portfolio, 0.5% of products are psychotropic drugs with a risk of abuse, while 37% are products with a risk of improper use (antibiotics). Preventive measures are applied for these products, including prescription monitoring, distribution restrictions, and clear labelling of risks.

Number of educational campaigns held annually

In 2024, Antibiotice company published 24 editions of the bi-weekly newsletter "Antibiotics of the 3rd Millennium," aimed at healthcare professionals, as well as a national campaign on the occasion of European Antibiotic Awareness Day and World Antibiotic Awareness Week. The campaign was conducted across multiple levels: three sub-campaigns for healthcare professionals and one sub-campaign for end consumers.

8.4. Governance

8.4.1. Governance, ethical conduct and transparency

DR G1-1 - Business conduct policies and corporate culture

Business ethics refers to the principles and moral values that guide the behavior and decisions of the Board of Directors at Antibiotice.

The ethical principles are embraced both by the Board and the entire management of the company, with integrity, professionalism, responsibility, and transparency forming the foundation of business decisions made. These ethical principles are applied in all company activities, from relationships with employees, customers, and business partners to the way the company conducts its operations and fulfils its responsibilities.

The Board of Directors and company management prioritize the rules set out in the Code of Ethics, which aim to determine professional and honest conduct and create an organizational culture based on integrity standards, in compliance with applicable legislation. Any violation of the Code is considered an ethical incident, and failure to comply with the Code may result in disciplinary sanctions.

At Antibiotice, the Ethics and Integrity Council operates, monitoring compliance with the provisions of the Code of Ethics and implementing specific ethical principles and norms. The Council supports the company's management in making decisions regarding business conduct and the ethical promotion of prescription-only medications by employees in the promotion and sales departments.

Additionally, the Ethics and Integrity Council reviews all ethical incidents it has been notified of, or those it has self-identified.

The expertise of the administrative, executive, and supervisory bodies regarding professional conduct is strengthened through the annual participation of the Board of Directors and the Executive Board in training sessions dedicated to business ethics and conduct. These sessions present the fundamental principles of professional conduct, as well as any updates to relevant regulations regarding business ethics. These measures

ensure a strong governance framework and contribute to maintaining high standards of integrity and responsibility in strategic decision-making.

Policies in place to manage the material impact, risks, and opportunities related to business conduct and corporate culture

Antibiotice has developed and implemented procedures and policies that establish rules related to professional conduct and corporate culture.

Regarding sustainability, the relevant policies and procedures include:

1. Corporate culture

The Code of Ethics and the Corporate Governance Code establish principles and rules designed to ensure honest professional conduct and to create an organizational culture based on integrity standards, in accordance with applicable laws. The Code of Ethics and the Corporate Governance Code are key elements of the corporate governance framework, setting standards and expectations regarding good corporate governance practices, encouraging the balanced exercise of authority and responsibilities, as well as accountability and transparency.

The Code of Ethics and Integrity outlines the fundamental ethical values assumed by Antibiotice S.A., the principles and rules of integrity applicable to the company's administrators and employees, and the expectations the company has regarding the implementation of these values and principles. It also addresses how the company deals with conflicts of interest, incompatibility, and their resolution rules, responsibilities for ensuring compliance with the provisions of the Code of Ethics and Integrity, as well as sanctions for violations of the code. Additionally, the code includes the procedure for declaring gifts by the company's administrators.

The Corporate Governance Code describes the management and responsibilities in overseeing the company, the risk management system, and internal control, aspects related to the rewarding and motivating of administrators, transparency in relations with investors, and the organizational and operational rules of the board of directors.

The Internal Regulation establish the normative framework that governs the activities and behavior of employees within the company. Its purpose is to ensure an effective, safe, and respectful working environment, promoting compliance with applicable laws and ethical standards. The Internal Regulation is an essential tool for human resource management, providing clarity to employees regarding the organization's expectations and helping to prevent and manage conflicts when they arise. It details, among other things, the rights and obligations of both the employer and employees and provides specific guidelines on various aspects of professional life, including working hours and rest time, rules on workplace protection, hygiene, and safety, work norms, confidentiality policies, disciplinary sanction procedures, and the procedure for receiving, examining, and resolving complaints.

The policies and governance documents described above apply to all operations of Antibiotice, its administrators, and employees.

The oversight of the implementation and enforcement of the provisions of the Code of Ethics and the Corporate Governance Code falls under the responsibility of the Board of Directors and, subsequently, the Executive Board. These two governing bodies ensure that the aforementioned documents are in full compliance with the relevant and applicable legal regulations.

The responsibility for ensuring compliance with and the implementation of the Internal Regulations lies with the directors and managers of the structures.

The Code of Ethics and Integrity, the Corporate Governance Code, and the Internal Regulations comply with the applicable legal regulations. The Corporate Governance Code was developed considering the principles and recommendations of the Corporate Governance Code of the Bucharest Stock Exchange (BVB).

Compliance with the provisions of the Code of Ethics and the Corporate Governance Code ensures the protection of the interests of shareholders, business partners, employees, and the local community.

To ensure transparency and accessibility, the Code of Ethics, the Corporate Governance Code, and the Internal Regulations are public documents, made available to potentially affected stakeholders by publishing them on the company's website.

Establishing, developing, promoting and evaluating the company's corporate culture

Antibiotice has developed a corporate culture based on principles of integrity, collaboration, and social responsibility, consistently promoting its values through clear professional conduct policies, internal communication programs, and evaluation mechanisms.

1. Establishing and developing the company's corporate culture

   The corporate culture is defined by internal policies and procedures (Code of Ethics and Integrity, Internal Regulations, etc.), which set expectations for ethical behavior, collaboration between teams, and responsibility toward the environment and community. This code is periodically reviewed by the board of directors, which provides strategic guidance for updating it based on the company's challenges and priorities.

2. Promoting the company's corporate culture

   Main topics communicated: Integrity, professional ethics, sustainability, and innovation are core values constantly promoted through informational sessions, internal newsletters, quarterly meetings, and events organized by the company.

   Management involvement: Board members and executive leadership participate in internal communication events, where they provide practical examples of how the company's values are integrated into strategic and operational decisions. Additionally, feedback sessions are organized where employees can directly discuss with company leaders the challenges and solutions regarding corporate culture.

3. Evaluating the company's corporate culture

Periodically, the company assesses the integration of corporate values through:

- Internal satisfaction and engagement surveys, which include questions about employees' perception of the corporate culture.
- Performance evaluations and individual feedback, where behaviors aligned with the company's values are considered in the annual evaluation process.
- Internal and external audits to ensure compliance with ethical and conduct policies.

4. Tools and incentives for promoting corporate culture

The company offers the following tools and incentives:

- Employee recognition programs, through which those who promote the company's values and contribute to the development of the corporate culture are rewarded.
- Ongoing training programs, including training sessions on ethics, diversity, and sustainability.
- Digital internal communication platforms, which enable the rapid exchange of information, and the dissemination of key messages related to organizational culture.

Mechanisms for identifying, reporting, and investigating concerns regarding illegal behavior or behavior that violates the code of conduct or internal regulations

Any employee of Antibiotice, as well as any of its administrators, shareholders, interns, or individuals collaborating in any form with the company, who have obtained or are aware of information regarding potential breaches of the law within the company or by the company, have the right to report such matters to the company’s Ethics and Integrity Council.

The Ethics and Integrity Council is obligated, throughout the entire procedure for addressing reports, not to disclose and to protect the identity of the person who made the report, as well as any information that would allow the direct or indirect identification of that person, except in cases where express consent has been given for such disclosure. Additionally, the Ethics and Integrity Council is obligated, throughout the entire procedure for addressing reports, not to disclose and to protect the identity of the person concerned and any third parties mentioned in the report, as well as any information that would allow the direct or indirect identification of these individuals.

Reports to the Ethics and Integrity Council can be made through one of the following methods:

- In paper format, sent in any manner to the company's registry, ensuring the full confidentiality of the report. The employee-registrar within the company is trained not to open the envelopes and to hand them directly to the Ethics and Integrity Council.
- In electronic format, by sending an email to: etica.integritate@antibiotice.ro
- By phone communication at the following numbers: 0232.209.567/0727.024.582
- Through a face-to-face meeting with the President of the Ethics and Integrity Council, upon request by the person making the report.

If the reports meet the required formal and content conditions, within a maximum of seven days from their receipt by the Ethics and Integrity Council, this structure will confirm in writing the receipt of the reports to the sender. The Ethics and Integrity Council will analyze the facts it has been informed about through reports, as well as the related evidence, if provided, and will issue a written report proposing the measures it deems necessary.

Any form of retaliation from the company or its representatives against whistleblowers is prohibited. Retaliation may include, but is not limited to, the following actions: a) any suspension of the individual employment contract or service relationship; b) dismissal; c) modification of the employment contract; d) reduction of salary and changes to the work schedule; e) demotion or hindering career advancement and professional development, including through negative performance evaluations; f) the application of any other disciplinary sanction; g) coercion, intimidation, harassment; h) discrimination, creation of any disadvantage, or subjecting the individual to unfair treatment; i) refusal to convert a fixed-term contract into a permanent contract, where the worker had legitimate expectations of being offered a permanent position; j) refusal to renew a fixed-term contract or premature termination of such a contract.

In accordance with the provisions of the Code of Ethics, the Corporate Governance Code, and the Codes of Good Practice in sales and promotion of medicines, the company has procedures in place that allow for the prompt and objective investigation of incidents related to professional conduct, including incidents of corruption and bribery.

Protection of whistle-blowers

The procedure for receiving, examining, and resolving reports regarding legal violations, drafted in accordance with the provisions of Law No. 361/2022 on the protection of public interest whistleblowers, is designed as a tool that allows any interested party who has obtained or knows information regarding potential legal violations within or by the company to report them to the Ethics Council for analysis and resolution, in accordance with applicable legal provisions.

The procedure includes several essential components:

- Purpose of the Procedure: Establishes the mechanisms for handling reports of legal violations, identifying responsible individuals, and decision-making processes.
- Relevant Definitions: Clarifies key terms such as whistleblower, legal violation, internal reporting, and retaliation.
- Reporting Process: Describes how whistleblowers can make internal or external reports, the methods of reporting (electronic, paper, phone, or face-to-face), and measures for ensuring the confidentiality of the whistleblower's identity and the individuals involved.
- Handling and Resolution of Reports: Includes the steps taken by the Ethics and Integrity Council in reviewing reports, confirming receipt, analyzing the report details, preparing a report with proposed necessary actions, and informing the whistleblower of the progress of actions.
- Prohibition of Retaliation: Emphasizes the protection of whistleblowers from any retaliation by the company or its representatives, detailing actions considered retaliation.

- Sanctions for False Reports: Provides penalties for reports made with the knowledge that the information is false.

The procedure for the protection of integrity whistleblowers applies both within the company and in its interactions with third parties.

The oversight of the implementation and enforcement of this procedure is the responsibility of the company's Ethics Council and the General Director.

Political engagement and lobbying activities

According to the company's approach and in line with internal regulations, Antibiotice does not engage in political activities or lobbying. This approach ensures that we operate independently of external political influences, focusing solely on our business objectives and compliance with applicable legislation. We do not sponsor political campaigns, make donations to political parties or candidates, and we do not have structures dedicated to influencing political decisions.

DR G1-5 - Political influence and lobbying activities

During the reporting period, no members of the administrative, management, or supervisory bodies were appointed who held a comparable position in public administration in the two years prior to their appointment.

Furthermore, Antibiotice did not engage in political influence or lobbying activities, nor did it make any political contributions, either financial or in kind.

However, the company is registered in the European Union Transparency Register, with registration number 400921752830-83. Detailed information can be consulted by accessing the following link: EU Transparency Register.

Cyber security

The cybersecurity policy aims to ensure the integrity, confidentiality, and availability of information, as well as to protect users, collaborators, and their data against any type of attack (intentional or unintentional). The objective of the policy is to protect the image of Antibiotice and its investments in the development of its information and communication systems.

The policy defines common security requirements for all individuals and systems that create, maintain, store, access, process, or transmit information. This policy also applies to information resources owned by others, such as collaborators and entities from the private or public sector.

The responsibility for implementing the cybersecurity policy lies with the company’s management, supported by the Security Operation Center department.

The cybersecurity policy is based on the provisions of DIRECTIVE (EU) 2016/1148 of the European Parliament and Council of July 6, 2016, regarding measures for a high common level of security of networks and information systems in the Union ("NIS Directive"), the NIST SP 800-53/2023 standard - Security and Privacy Controls for Information Systems and Organizations, as well as the SM EN ISO/IEC 27001:2017 standard - Information Technology. Security Techniques, Information Security Management Systems.

The cybersecurity policy is designed based on the history of stakeholder interactions and the identified risks, and it is approved by the company's management.

The "Cybersecurity Policy" document is available internally for all employees who are trained from the moment of hiring. Collaborators and third parties are informed about this policy and must accept it during their first interaction with the company.

Antibiotice is classified as an operator of essential services in the national economy and is obligated to align with the national strategy regarding the security of networks and information systems. It is subject to the provisions of Law no. 362/2018 on ensuring a high common level of security of networks and information systems.

An important component of corporate governance is the management of cybersecurity threat risks, along with the set of rules regarding the security of the IT system to comply with legal requirements.

Continuous monitoring of the internal IT infrastructure highlights any missing or inadequate protection and defence measures, allowing security teams to implement necessary mitigation controls and prioritize risk remediation.

In 2024, 3 system procedures (out of a total of 24 procedures) were updated, regulating the company's working methods and ensuring cybersecurity in compliance with the requirements of the National Cybersecurity Directorate, the national authority responsible for overseeing the application of Law no. 362/2018. Additionally, the implementation of Law no. 362/2018 and cybersecurity best practices was verified through the annual internal audit.

In 2024, 618 individuals were trained on the 24 cybersecurity procedures.

Throughout 2024, approximately 100 workstations that no longer received security support from the operating system provider were replaced, infrastructure and laboratory software were upgraded, and new security solutions were implemented at the infrastructure level.

In 2024, no cybersecurity incidents were recorded.

The company has set the objective for 2025 to secure remote access for all employees and collaborators of Antibiotice by implementing a new, more secure VPN solution than the current one, and limiting access to informational resources only through VPN connection.

In 2024, efforts began to obtain ISO 27001 certification for the IT infrastructure, with a completion target by 2026. In this regard, the analysis and design of the IT system started, and it will be enhanced to meet the requirements set by the ISO 27001 standard.

Thus, by 2026, the company aims to obtain ISO 27001 certification for its IT infrastructure.

Another goal for 2025 is to carry out an external NIS audit with no non-conformities and improve the security of communications with external parties of the Antibiotice infrastructure by implementing a new, more secure VPN solution for at least 100 workstations of sales agents, remote workers, and collaborators who need access to the company's internal IT infrastructure.

Animal welfare

In the process of obtaining marketing authorization for the company's products, animal testing is not involved. Antibiotice uses animal-derived products in its manufacturing processes, adhering to regulations regarding their quality and safety for human consumption. Some of these are obtained without animal sacrifice (e.g., bee wax, lanolin from sheep wool), while others are obtained as by-products from other industries after animal sacrifice (e.g., gelatin derived from bone treatment). Currently, the company does not have animal welfare standards for suppliers from whom it acquires such raw materials; these are rather by-products resulting from production processes associated with the livestock industry. Although the company does not have a dedicated policy addressing animal welfare aspects, in 2023, we developed the Code of Conduct for Partners (published on the company's website and to be sent to suppliers for signature in 2025), which highlights our expectations regarding animal welfare standards and regulations in all research, testing, and production processes.

According to Article 6.3. Animal Welfare in the Code of Conduct for Partners, all of the company's partners must adhere to strict animal welfare standards and regulations in all research, testing, and production processes related to pharmaceutical products. Partners must comply with all applicable laws, regulations, and industry guidelines that govern the ethical use of animals in research and testing processes. Antibiotice encourages the exploration and adoption of alternative methods, such as in-vitro testing and computer modelling, to reduce and replace animal testing while ensuring the safety and efficacy of pharmaceutical products. The objective for the partners selected by Antibiotice is to reduce the number of animals used in research and testing processes at the partner level.

Corruption and bribery

As an entity committed to upholding the principles of corporate governance established by GEO no. 109/2011 regarding corporate governance of public enterprises, Antibiotice has adopted the Declaration of Adherence to the fundamental values, principles, objectives, and monitoring mechanism of the National Anti-Corruption Strategy (SNA) for the period 2021–2025, in accordance with the provisions of HG no. 1269/2021. This strategy is aligned with the requirements of the Treaty on the Functioning of the European Union, which mandates member states to adopt effective measures to combat fraud and any other illegal activities that affect both the financial interests of the European Union and the financial interests of the member states.

The SNA 2021–2025 emphasizes the promotion of integrity through the implementation of a robust legal and institutional framework designed to prevent corruption in Romania. The strategy is distinguished by specific objectives, well-defined deadlines, and a rigorous monitoring mechanism, overseen by the Ministry of Justice.

In this context, Antibiotice has developed an Integrity Plan, which includes concrete measures for the implementation of the national strategy. The plan is coordinated by a member of the management team and contains initiatives aimed at increasing the transparency of the company's activities, such as periodic self-

assessments of compliance with the plan's provisions and the organization of training sessions designed to raise awareness and anti-corruption education among employees.

The Integrity Plan for 2021-2025 identifies risks and vulnerabilities related to corruption, and includes the following related documents:

- The Policy on the protection of integrity whistleblowers, which establishes the methods for reporting legal violations committed by the company and the procedure for resolving these incidents;
- The Procedure for managing conflicts of interest and incompatibilities;
- The Procedure for declaring gifts by the company's administrators.

This plan applies both within the company and in relationships with third parties.

The implementation and application of the provisions of the Integrity Plan 2021-2025, the Policy on the Protection of Integrity Whistleblowers, the Procedure for Managing Conflicts of Interest and Incompatibilities, and the Procedure for Declaring Gifts are overseen by the Board of Directors, the company's Ethics Council, and the General Director.

The company is committed to respecting and implementing the principles and objectives of the National Anti-Corruption Strategy 2021-2025 as an integral part of its anti-corruption policies.

Compliance with the provisions and measures included in the Integrity Plan ensures the protection of the interests of shareholders, business partners, employees, and the local community. The Integrity Plan 2021-2025, the Policy on the Protection of Integrity Whistleblowers, the Procedure for Managing Conflicts of Interest and Incompatibilities, and the Procedure for Declaring Gifts are public documents, available to interested parties through their publication on the company's website.

Anti-corruption or anti-bribery policies in accordance with the United Nations Convention against Corruption

Antibiotice is an ethical partner that cultivates respect and fairness in its relationships with both internal collaborators (employees) and external partners (suppliers, clients, etc.), and consequently, it has implemented measures to prevent situations of abuse regarding asset management and fund administration.

As an entity that adheres to the principles of corporate governance established by Government Emergency Ordinance no. 109/2011 regarding the corporate governance of public enterprises, Antibiotice has adopted the Declaration of adherence to the fundamental values, principles, objectives, and monitoring mechanism of the National Anti-Corruption Strategy (SNA), thus complying with the provisions of Government Decision no. 1269/2021, which approves the National Anti-Corruption Strategy 2021-2025 (SNA) and its associated documents.

The National Anti-Corruption Strategy addresses the requirements set out in the Treaty on the Functioning of the European Union regarding the fight against fraud and any illegal operations that harm the financial interests of the Union, while also transposing some of the principles of the United Nations Convention against Corruption. Member states are required to take the same measures to combat fraud affecting the financial interests of the Union, as well as to fight fraud that harms their own financial interests.

In this regard, the goal of the National Anti-Corruption Strategy 2021-2025 (SNA) is to promote integrity through the application of the legal and institutional framework for preventing corruption in Romania. It stands out from other such strategies through the definition of very detailed and tangible objectives and timelines, as well as a monitoring mechanism overseen by the Ministry of Justice.

Training policy within the organization on business conduct

Annually, training sessions are conducted to disseminate the content of the Integrity Plan, the Whistleblower Protection Procedure, the Code of Ethics, and the Codes of Good Practices in the sale and promotion of medicines to employees with relevant functions.

In 2024, training sessions were organized for the Board of Directors and operational management. The number of employees with relevant functions who attended these courses was:

- Antibiotics Integrity Plan – 71 employees trained (internal training).
- ESRS/ European Sustainability Reporting Standards – 22 employees trained (training with an external provider), with the second part of this course scheduled for 2025.

At-risk functions regarding corruption and bribery

The main risks related to corruption and bribery identified within the company include: exercising duties in violation of company procedures, employees contacting partners/collaborators without following specific working procedures, engaging in illegal expenses, favoring a participant in the procurement contract awarding procedure for personal gain, and setting criteria and participation conditions for recruitment competitions to potentially favor certain candidates.

Given these risks, the company structures most exposed to the risk of corruption and bribery are: the sales and procurement departments, accounting and finance departments, investment department, and human resources department.

For all employees in these structures, regular training sessions are organized to reiterate working procedures and increase compliance with internal rules and applicable regulations. Additionally, specific audit missions are conducted to identify potential vulnerabilities in processes and procedures, thereby strengthening mechanisms for preventing and controlling risks associated with corruption and bribery.

DR G1-3 - Prevention and detection of corruption and bribery

Antibiotice has developed and implemented the Code of Ethics, the Integrity Plan, and the Whistleblower Procedure, documents that establish clear rules for reporting corruption incidents and managing them. These documents are made known to employees, administrators, and third parties the company interacts with, through publication on the company's website and training sessions.

To ensure compliance with ethical standards, the company has established the Ethics and Integrity Council, an independent and autonomous entity tasked with guaranteeing and monitoring the application of ethical

principles and standards by employees and administrators. The Council is composed of four members, appointed by the General Director for a four-year term. Before being appointed, members must declare any direct or indirect relationships, whether familial, professional, or financial, with individuals or entities involved in cases reviewed by the Council. If a member is in such a situation, they are replaced by an alternate member and cannot participate in meetings concerning that specific case. The Council is led by a president elected by secret vote from among its members.

The responsibilities of the Ethics and Integrity Council include:

- Resolving ethical incidents reported to the company.
- Analyzing ethical vulnerabilities and proposing preventive measures to the General Director to avoid ethical incidents.
- Reviewing the Internal Regulations from an ethical standpoint and proposing amendments or additions.
- Formulating and submitting proposals to mitigate the risks of ethical incidents.
- Approving official communications addressed to petitioners in response to their complaints.
- Analyzing cases of violation of ethical norms and behavior standards.
- Evaluating complaints regarding potential employee abuse.
- Referring matters to the relevant state authorities when there are reasonable suspicions that an ethical incident could constitute a crime.

The Council has the right to request relevant documents and information for the cases under review and can invite individuals who can contribute to resolving the case. Any individual or legal entity interested can report an ethical incident.

The annual activity reports prepared by the Ethics and Integrity Council are presented for information to the Executive Board or the Board of Directors, as appropriate.

Measures to prevent and detect corruption and bribery

The procedures for combating corruption and bribery are communicated to relevant individuals through:

- Permanent publication on the company's website;
- Periodically organized training sessions with specific themes;
- Training sessions and educational platforms.

Annually, the company organizes training sessions for employees with relevant functions, as well as for members of the Executive Board and operational managers. The training is conducted both in person and online, through the internal e-learning platform, where interactive educational modules, case studies, and knowledge verification tests are available.

The training sessions on combating corruption and bribery are mandatory and cover topics such as:

- Recognizing suspicious behaviors;

- Reporting incidents;
- Legal obligations and preventive measures;
- Case studies tailored to the company's specific activities.

New employees are automatically enrolled in the training program within the first three months of their employment. Participation is monitored digitally, and employees must pass a final test to obtain the completion certificate.

The effectiveness of the program is evaluated annually through feedback surveys and analysis of reported incidents to identify additional training needs. This educational framework contributes to strengthening an organizational culture based on integrity and transparency.

In 2024, 100% of the functions exposed to risk were covered by the training programs, with both members of the Board of Directors and company managers being trained.

Training sessions on topics related to preventing corruption and bribery (both giving and receiving) were organized for both the Board of Directors and relevant operational management.

In the future, the company will continue its efforts to implement and enforce measures aimed at preventing corruption and bribery. In this regard, both newly published legislative acts that have legal effects in the field of combating bribery and corruption, as well as amendments to existing legislation, will be monitored. If necessary, existing codes, policies, and procedures will be harmonized with any legislative changes.

The company will continue to conduct training sessions for the members of the Board of Directors, the Executive Board, operational managers, as well as employees holding relevant positions within the company.

During the reporting period, members of the Board of Directors, the Executive Board, and operational managers were trained on the content of the Code of Ethics, the Corporate Governance Code, the Integrity Plan, as well as other procedures and policies that establish measures to combat corruption and bribery.

In the future, the company aims to increase the number of employees trained and tested on these topics, thus strengthening the organizational culture based on integrity and compliance.

	At-risk functions	Managers	AMSB*	Other own workers
Training coverage				
Total	77	20	51	6
Total receiving training	77	20	51	6
Delivery method and duration	Face to face, 1h30min	Face to face, 1h30min	Face to face, 1h30min	Face to face, 1h30min
Classroom training	x	x	x	x
Frequency				
How often training is required	Annually	Annually	Annually	Annually
Topics covered				

Presentation of the Integrity Plan developed in accordance with Government Emergency Ordinance no. 1269/2021, regarding the National Anti-Corruption Strategy.	x	x	x	x
Presentation of the Whistleblower Reporting Procedure.	x	x	x	x

*Divisional managers, departmental managers classified in the category of staff whose duties are exposed to risks

DR G1-4 - Incidents of corruption or bribery

During the reporting period, there were no convictions for violations of anti-corruption and anti-bribery legislation within the company. Additionally, no fines were applied for such violations.

8.4.2. Relationships with suppliers

DR G1-2 - Management of relationships with suppliers

Antibiotice recognizes the importance of maintaining a strong and trustworthy relationship with its suppliers, ensuring that financial obligations towards them are met on time. To prevent payment delays to suppliers, the company implements the following measures:

- Effective liquidity risk management: Antibiotice constantly monitors cash flows to ensure that it has the necessary resources to meet its short-term financial obligations. This practice helps prevent difficulties in making payments to suppliers.
- Synchronization of import and export activities: The company correlates payment and collection deadlines, as well as the currencies used, so that payments to suppliers are made as close as possible or simultaneously with collections from exports. This approach minimizes the risk of discrepancies between payments and receipts, contributing to maintaining a balanced cash flow.

By implementing these measures, Antibiotice aims to maintain stable and reliable business relationships with its suppliers, ensuring that payments are made on time and avoiding any potential delays.

Addressing supplier relationships, supply chain risks and impact on sustainability issues

At Antibiotice, the procurement process plays a crucial role in achieving sustainability goals. As a pharmaceutical manufacturer, we take responsibility for integrating sustainable, ethical, and transparent practices into our supply chain. Our Sustainable Procurement Policy reflects our commitment to minimizing environmental impact, promoting high ethical standards, and contributing to the development of the communities where we operate.

The objectives of our sustainable procurement policy focus on reducing environmental impact by prioritizing suppliers who offer products and services with a low carbon footprint, recyclable materials, and sustainable packaging. We focus on optimizing transportation and responsibly managing waste in the supply chain, actively collaborating to reduce greenhouse gas emissions and conserve natural resources.

We promote ethical practices by selecting partners who comply with international and national legislation regarding human rights, fair labor, and the prohibition of forced labor or child exploitation, with regular checks through audits and rigorous evaluations. Additionally, we emphasize the importance of transparency and accountability by implementing an open supplier selection process and by monitoring and reporting progress to stakeholders.

Antibiotice takes a proactive approach in managing supplier relationships, focusing on optimizing the supply chain and integrating sustainability principles into its operations.

To improve operational efficiency, optimize the supply chain, and reduce associated risks, the company has initiated a digital transformation process in collaboration with a well-established company. The implementation of the digital solution aims to increase productivity by up to 25% and accelerate decision-making processes through real-time data access. This digitization enables better coordination with suppliers and efficient resource management, contributing to a more robust and transparent supply chain.

Antibiotice guides its activities by the principle of responsible investment in the health of future generations. The company prioritizes human health not only through the medicines it produces but also by focusing on the production process and its environmental impact. Resources are dedicated to supporting education projects, energy efficiency initiatives, reducing the carbon footprint, and health prevention programs. These efforts, made together with partners and suppliers, contribute to building a sustainable future based on responsibility and sustainable development.

As part of our ongoing efforts to optimize sustainability practices and manage both risks and negative impacts in the supply chain, the company has initiated a process of evaluating suppliers from a sustainability perspective. This step was also prompted by the recent double materiality analysis, which highlighted the need for a deeper understanding and precise data to effectively evaluate these aspects.

To fulfil this information need, we plan to carry out the evaluation throughout 2025, targeting suppliers who account for approximately 80% of our total procurement expenditures. The evaluation will be conducted through a dedicated platform for measuring the sustainability performance of companies, as well as through specialized questionnaires.

To date, social and environmental criteria have not been integrated into the supplier authorization process. We aim to enhance this approach by explicitly including these criteria in our future evaluations.

This report is prepared based on the data from the individual financial statements prepared in accordance with the International Financial Reporting Standards and the European Sustainability Reporting Standards (ESRS), which have been audited as required by law by S.C. Deloitte Audit S.R.L.

12.03.2025

CEO,

Ec. Ioan NANI

CFO,

Ec. Paula Luminita COMAN

ANNEX 1: Disclosure requirements for information covered by the sustainability statement

The table below presents the disclosure requirements under ESRS 2 and the nine topic standards relevant to Antibiotice, indicating where information related to each specific requirement can be found.

GENERAL DISCLOSURES		Page number
BP-1	General basis for preparation of sustainability statements	48
BP-2	Disclosures in relation to specific circumstances	49
GOV-1	The role of the administrative, management and supervisory bodies	50
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	57
GOV-3	Integration of sustainability-related performance in incentive schemes	59
GOV-4	Statement on due diligence	60
GOV-5	Risk management and internal controls over sustainability reporting	60
SBM-1	Strategy, business model and value chain	63
SBM-2	Interests and views of stakeholders	76
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	94
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	147
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	161
E1	**CLIMATE CHANGE**	**178**
E1.GOV-3	Integration of sustainability-related performance in incentive schemes	178
E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	178
E1.IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	180
E1-1	Transition plan for climate change mitigation	178
E1-2	Policies related to climate change mitigation and adaptation	182
E1-3	Actions and resources in relation to climate change policies	183
E1-4	Targets related to climate change mitigation and adaptation	186
E1-5	Energy consumption and mix	188
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	189
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	193
E1-8	Internal carbon pricing	193
E2	**POLLUTION**	**193**
E2.IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	194
E2-1	Policies related to pollution	196
E2-2	Actions and resources related to pollution	200
E2-3	Targets related to pollution	203
E2-4	Pollution of air, water and soil	205

ST4	Combating counterfeit medicines and parallel trade	292
ST5	Preventing drug abuse	296

ANNEX 2: List of datapoints that derive from other EU legislation

The table below includes all the ESRS datapoints that derive from other EU legislation and indicates where the information can be found if deemed material.

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / Not material	Page number
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	53
ESRS 2 GOV-1 Percentage of independent board members paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	51
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	60
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex I		Not material	N/A
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A

ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1	Material	178
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not material	N/A
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book - Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	186
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	188

ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	188
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Material	189
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book - Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	189
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book - Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	193
ESRS E1-7 GHG removals and carbon credits paragraph 56				Delegated Regulation (EU) 2021/1119, Article 2(1)	Material	193
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Regulation (EU)		Phase-in	N/A

			2020/1816, Annex II			
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) **ESRS E1-9** Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk			Phase-in	N/A
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phase-in	N/A
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phase-in	N/A
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3				Material	205

	Table #2 of Annex 1					
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Material	213
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	N/A
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	N/A
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Material	218
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Material	219
ESRS 2-SBM 3 - E4 Paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material	N/A
ESRS 2-SBM 3 - E4 Paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material	N/A
ESRS 2-SBM 3 - E4 Paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material	N/A
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 11 Table #2 of Annex 1				Not material	N/A
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material	N/A
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator 15 din Table #2 of Annex 1				Not material	N/A
ESRS E5-5 non-recycled waste paragraph 37 (d)	Indicator number 13				Material	231

	Table #2 of Annex 1					
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Material	232
ESRS 2-SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not material	N/A
ESRS 2-SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not material	N/A
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	235
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21		Delegated Regulation (EU) 2020/1816, Annex II			Material	236
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Not material	N/A
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	236
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	237
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	243
ESRS S1-14 Number of days lost to injuries, accidents,	Indicator number 3		Delegated Regulation (EU)		Not material	N/A

fatalities or illness paragraph 88 (e)	Table #3 of Annex I		2020/1816, Annex II			
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	**Indicator number 12** Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material	244
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	**Indicator number 8** Table #3 of Annex I				Material	245
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	**Indicator number 7** Table #3 of Annex I				Material	245
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	**Indicator number 10** Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	245
ESRS 2-SBM3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	**Indicators number 12 and n. 13** Table #3 of Annex I				Material	245
ESRS S2-1 Human rights policy commitments paragraph 17	**Indicator number 9 Table #3 and Indicator n. 11** Table #1 of Annex 1				Material	245
ESRS S2-1 Policies related to value chain workers paragraph 18	**Indicator number 11 and n. 4** Table #3 of Annex I				Material	245
ESRS S2-1 non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	**Indicator number 10** Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	245
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International			Delegated Regulation (EU) 2020/1816, Annex II		Material	245

Labor Organisation Conventions 1 to 8, paragraph 19						
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex I				Material	245
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Material	251
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	251
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex I				Material	254
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	257
ESRS S4-1 non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	258
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex I				Material	267
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex I				Material	300

ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	**Indicator number 6** Table #3 of Annex I				Not material	N/A
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	**Indicator number 17** Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	311
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	**Indicator number 16** Table #3 of Annex I				Material	311

Acronyms

- ADEME - Agence de la Transition Écologique (The French Agency for Ecological Transition)
- AFI - Active Pharmaceutical Ingredients
- AGDMR - Association of Generic Drug Manufacturers in Romania
- AMR (Industry Alliance) - Antimicrobial resistance
- API – Active Pharmaceutical Ingredient
- AR16 – Application requirements 16 from ESRS 1
- ASHRAE - American Society of Heating, Refrigerating and Air-Conditioning Engineers
- BCMPMD - Bioethics Committee on Medicinal Products and Medical Devices
- BEIS - Department for Business, Energy and Industrial Strategy
- BP – Basis of preparation
- BSE – Bucharest Stock Exchange
- BWR – Basin Water Risk
- CAS - County Ambulance Service
- CBA – Collective Bargaining Agreement
- CFR21 (din FDA) – Code of Federal Regulation Title 21
- CGI – County gendarme Inspectorate
- CLP - Classification, Labelling and Packaging of chemicals
- CMA - Critical Medicines Alliance
- CPI - County Police Inspectorate
- CSRD – Corporate Sustainability Reporting Directive
- DEFRA - Department for Environment, Food & Rural Affairs
- DNSH - Do No Significant Harm
- DPH – Directorate of Public Health
- DR – Disclosure Requirement
- DSCSA – Drug Supply Chain Security Act
- EAAD - European Antibiotic Awareness Day
- EC – European Commission
- EDQM - European Directorate for the Quality of Medicines & HealthCare
- EEW – Electrical and electronic waste
- EFSA - European Food Safety Authority
- EMA - European Medicines Agency
- EMVO - European Medicines Verification Organisation
- EMVS - European Medicines Verification System
- E-PRTR - European Pollutant Release and Transfer Register
- ERU - Emergency Reception Unit
- ESF+ - The European Social Fund Plus

- ESG – Environmental, Social, Governance
- ESRS - European Sustainability Reporting Standards
- EU – European Union
- EURO VE – Emission standard for vehicles
- FDA – Food and Drug Administration
- FMD - Falsified Medicines Directive
- FTE – Full-time Equivalent
- G.D. (G.D.R.) – Government Decision
- G.E.O. – Government Emergency Ordinance
- G.O. – Government Ordinance
- GAMP-5 - Good Automated Manufacturing Practice Revision 5
- GCP – Good Clinical Practices
- GHG/GES – Greenhouse Gases
- GIES – General Inspectorate for Emergency Situations
- GLP – Good Laboratory Practice
- GMP – Good Manufacturing Practices
- GMS – General Meeting of Shareholders
- GO – Guarantee of Origin Certificate
- GOV – Governance
- GRI – Global Reporting Initiative
- GWP - Global Warming Potential
- HCI - Health Check Index
- HERA - Health Emergency Preparedness and Response Authority
- HFC – Hydrofluorocarbons
- IAS - International Accounting Standards
- ICH - International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
- IED - Industrial Emissions Directive
- IFRS - International Financial Reporting Standards
- ILO - International Labour Organization
- INN – International Non-proprietary Name
- IOS – International Organization for Standardization
- IPCC - The Intergovernmental Panel on Climate Change
- I-REC – International Renewable Energy Certificate
- IRO – Impacts, Risks and Opportunities
- ISPE – International Society for Pharmaceutical
- IUCN - International Union for Conservation of Nature

- KOL – Key Opinion Leader
- KPI – Key Performance Indicator
- LED – Light-emitting Diode
- MDR – Multidrug Resistance
- MHRA - UK Medicines and Healthcare Products Regulatory Agency
- NACE – Statistical classification of economic activities
- NACS - National Anti-Corruption Strategy
- NAEP – National Agency for Environmental Protection
- NAMMDR – National Agency for Medicines and Medical Devices of Romania
- NDVS - National Drug Verification System
- NERA – The National Energy Regulatory Authority
- NGO – Non-Governmental Organization
- NHIH – The National Health Insurance House
- NIA - The National Integrity Agency
- NIS – National Institute of Statistics
- NIS – National Institute of Statistics
- NIST - National Institute of Standards and Technology
- NPLPM - National price list of prescription medicines for human use authorized for placing on the market
- NTPA – Technical standards on water
- ODD – United Nations Sustainable Development Goals
- OECD – Organisation for Economic Co-operation and Development
- OHSC - Occupational Health and Safety Committee
- OTC – Over-the-counter drugs
- PBT – Polibutilen Tereftalat
- PDS - Public Distribution System
- PM10/PM2.5 – Suspended particulate matter
- PPA – energy purchase agreement
- PSCI - Pharmaceutical Supply Chain Initiative
- R&D – Research and Development
- RAMPM - Romanian Association of Manufacturers of Non-Prescription Medicines, Food Supplements and Medical Devices
- REACH – Registration, Evaluation, Authorisation and Restriction of Chemicals
- REC – Renewable Energy Certificate
- REP - Extended Producer Responsibility
- RM – Medical Representative
- RV – Sales Representative

- SASB – Sustainability Accounting Standards Board
- SBM – Strategy and Business Model
- SBTi - Science Based Targets initiative
- SCD – Scientific Council Decisions
- SCI - Site of Community Importance
- SHC – Substance of High Concern
- SMURD - Mobile Emergency, Resuscitation and Rescue Service
- SoC – Substances of Concern
- SOP – Standard Operating Procedures
- SPF - Summary of Product Features
- SSM - Occupational safety and health
- SVHC - Substance of Very High Concern
- TCFD - Task Force on Climate-related Financial Disclosures
- TRP - Transfer of responsibility for packaging waste
- UM – Unit of measurement
- UMF – University of Medicine and Pharmacy
- UN – United Nations
- UNFCCC - United Nations Framework Convention on Climate Change
- USA – United States of America
- USD – American Dollar
- USP - The United States Pharmacopeia
- VPN - Virtual Private Network
- WHO –World Health Organization

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INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

ON THE SUSTAINABILITY STATEMENT

FOR THE FINANCIAL YEAR 2024

To the Shareholders of
ANTIBIOTICE S.A.

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the Sustainability Statement included in the Sustainability Statement section of the Administrators' Report of ANTIBIOTICE S.A. (hereafter the "Entity") as at 31 December 2024 and for the period from 1 January 2024 to 31 December 2024 (the "Sustainability Statement"), prepared by the Entity, with social premises registered in Romania, Iași, Valea Lupului Street No.1, Fiscal Identification Number RO1973096, Trade Register number J22/285/1991.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement of ANTIBIOTICE S.A. is not prepared, in all material respects, in accordance with the Ministry of Finance Order No. 2844/2016, as revised, Chapter 7, sections 7^1.1 and 7^1.2 implementing the article 19(a) of the EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Entity to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in notes 1.3 and 1.4 of the Sustainability Statement; and

- compliance of the taxonomy disclosures detailed in the Environmental Section of the Sustainability Statement, subsection Taxonomy related information, with the applicable reporting requirements of Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the *Auditor's Responsibilities* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Matters – Comparative Information

Our assurance engagement does not extend to comparative information in respect of earlier periods. Our conclusion is not modified in respect of this matter.

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Identification of Applicable Criteria

The Sustainability Statement was prepared by the Board of Directors of the Entity, in order to satisfy the requirements of the Ministry of Finance Order No. 2844/2016, as revised, Chapter 7, sections 7^1.1 and 7^1.2 implementing the article 19(a) of the EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Entity to identify the information reported in the Sustainability Statement is in accordance with the description set out in notes 1.3 and 1.4 of the Sustainability Statement; and

- compliance of the taxonomy disclosures detailed in the Environmental Section of the Sustainability Statement, subsection Taxonomy related information, with the applicable reporting requirements of Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Inherent Limitations in Preparing the Sustainability Statement

The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward looking information in accordance with ESRS, the Administrators of the Entity is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Entity. Actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, the Administrators of the Entity interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

We draw your attention to the following specific limitations discussed in:

- Environmental reporting as applied by all companies includes information based on climate-related scenarios that are subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing, or effect of possible future physical and transitional climate-related impacts. For the avoidance of doubt, the scope of our engagement and our responsibilities will not include performing work necessary for any assurance on the reliability, proper compilation, or accuracy of the prospective information.

- Any supply chain emissions metrics listed in the Sustainability Statement may include information provided by suppliers and third-party sources. Our procedures will not include obtaining assurance over the information provided by suppliers or third parties.

- The Sustainability Statement may include metrics that are derived from reported events relating to employees and subcontractors. As such, our testing may not identify misstatements relating to completeness, for example in instances where events may have occurred but have not been reported.

Responsibility of the Administrators of the Entity

Administrators of the Entity are responsible for designing, implementing, and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in notes 1.3 and 1.4 of the Sustainability Statement.

This responsibility includes:

- understanding the context in which the Entity's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Administrators of the Entity are further responsible for the preparation of the Sustainability Statement, in accordance with the Ministry of Finance Order No. 2844/2016, as revised, Chapter 7, sections 7^1.1 and 7^1.2 implementing the article 19(a) of the EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- preparing the taxonomy disclosures of the Sustainability Statement, in the Environmental Section, subsection Taxonomy related information, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the sustainability reporting process of ANTIBIOTICE S.A.

Auditor's Responsibility

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;

- Designing and performing procedures to evaluate whether the Process is consistent with the Entity's description of its Process, as disclosed in notes 1.3 and 1.4 of the Sustainability Statement.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the entity's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error.

- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our Independence and Quality Management

We complied with the applicable independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "Code"), together with the ethical requirements that are relevant to our assurance engagement of the Sustainability Statement in Romania, including Law 162/2017 with subsequent amendments, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:

    - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and

    - reviewing the Entity's internal documentation of its Process; and

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- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Entity was consistent with the description of the Process set out in notes 1.3 and 1.4 of the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Entity's reporting processes relevant to the preparation of its Sustainability Statement by:
    - performing inquiries to understand the Entity's control environment, processes and information systems relevant to the preparation of the sustainability statements;
- Evaluated whether material information identified by the Process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Inquires of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performed substantive assurance procedures based on a sample basis on selected disclosures in the Sustainability Statement;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Ioana Alina Mirea, Audit Partner

For signature, please refer to the original Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under number AF 1504

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under number FA 25

The Mark Building, 84-98 and 100-102 Calea Griviței, 9th Floor, District 1
Bucharest, Romania
12 March 2025

The state of compliance with the provisions of the new Corporate Governance Code of BVB [1] on December 31 2024	Compliance YES / NO	
Section A – Responsibilities		
A.1. All the companies must have an internal regulation of the Council that includes terms of reference/responsibilities of the Council and the key management functions of the company, and which applies, among other things, the General Principles of this Section.	YES	https://www.antibiotice.ro/wp-content/uploads/2023/03/code-of-governance.pdf/
A.2. The provisions for managing conflicts of interest should be included in the Council Regulation.	YES	https://www.antibiotice.ro/wp-content/uploads/2023/03/code-of-governance.pdf
A.3. The Council must consist of at least five members.	YES	https://www.antibiotice.ro/wp-content/uploads/2015/06/Statut-eng-14.11.2024.pdf
A.4. Most members of the Council must not have executive functions. In the case of Premium Category companies, not less than two non-executive members of the Council must be independent. Each independent member of the Council shall make a declaration at the time of his nomination for election or re-election and when any change of his status occurs, indicating the elements on the basis of which he is considered to be independent in terms of his character and judgment.	YES	The Administrative Board has four independent members https://www.antibiotice.ro/wp-content/uploads/2015/06/Statut-eng-14.11.2024.pdf
A.5. Other relatively permanent commitments and professional obligations of a member of the Board, including executive and non-executive positions in the Board of Nonprofit Companies should be disclosed to shareholders and potential investors prior to the nomination and during their term of office.	YES	https://www.antibiotice.ro/en/investors/corporate-governance/governance-structure/
A.6. Any member of the Council must provide to the Council information on any report with a shareholder directly or indirectly owning shares representing more than 5% of all voting rights.	YES	https://www.antibiotice.ro/en/investors/managements-transactions/
A.7. The company must designate a secretary of the Council responsible for supporting the work of the Council.	YES	
A.8. The statement concerning the Corporate Governance provides information whether an evaluation of the Council has	YES	Fulfillment of performance criteria and objectives for the year.

taken place under the chairmanship of the President or the nomination committee and, if so, will summarize the key measures and the resulting changes. The society must have a policy/guidance on the Council's assessment of the scope, criteria and frequency of the assessment process.		
The state of compliance with the provisions of the new Corporate Governance Code of BVB [1] on December 31 2024	**Compliance YES / NO**	
A.9. The statement concerning the Corporate Governance should contain information on the number of the Council and committee meetings over the past year, the administrators' participation (in person and in their absence) and a report by the Council and committees upon their activities.	YES	https://www.antibiotice.ro/en/investors/financial-information/annual-reports/ https://www.antibiotice.ro/investitori-php/corporate-governance/rapoarte/
A.10. The corporate governance statement should include information on the exact number of independent members of the Council.	YES	The Administrative Board has four independent members
A.11. The Board of the Premium Companies must establish a nomination committee made up of non-executive members, who will direct the nomination procedure of new members to the Council and will make recommendations to the Council. Most members of the nomination committee must be independent.	YES	https://www.antibiotice.ro/investitori-php/corporate-governance/rapoarte/
Section B – The Risk management and internal control system		
B.1. The Council should set up an audit committee in which at least one member should be a non-executive and independent. In the case of Premium Category companies, the audit committee must be composed of at least three members and the majority of the members of the audit committee must be independent.	YES	https://www.antibiotice.ro/en/investors/corporate-governance/governance-structure/
B.2. The chairman of the audit committee must be an independent non-executive member.	YES	https://www.antibiotice.ro/en/investors/corporate-governance/governance-structure/
B.3. Within its responsibilities, the audit committee must carry out an annual assessment of the internal control system.	YES	https://www.antibiotice.ro/wp-content/uploads/2015/06/REGULATIONS.pdf
B.4. The assessment should take into account the effectiveness and coverage of the internal audit function, the	YES	https://www.antibiotice.ro/en/investors/corporate-governance/reports/

degree of adequacy of the risk management and internal control reports submitted to the Council's audit committee, the promptness and effectiveness with which the executive management addresses the deficiencies or weaknesses identified in the audit Internal and the submission of relevant reports to the Council.		
The state of compliance with the provisions of the new Corporate Governance Code of BVB [1] on December 31 2024	**Compliance YES / NO**	
B.5. The Audit committee should assess the conflicts of interest in relation to the transactions of the company and its subsidiaries with the affiliated parties.	YES	
B.6. The audit committee must assess the effectiveness of the internal control system and the risk management system.	YES	https://www.antibiotice.ro/en/investors/corporate-governance/reports/ https://www.antibiotice.ro/wp-content/uploads/2015/06/REGULATIONS.pdf
B.7. The Audit Committee should monitor the application of the general standards and the generally accepted legal standards and internal audit standards. The audit committee must receive and assess the internal audit team reports.	YES	https://www.antibiotice.ro/wp-content/uploads/2015/06/REGULATIONS.pdf
B.8. Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad hoc reports to be submitted to the Council.	YES	https://www.antibiotice.ro/wp-content/uploads/2023/03/code-of-governance.pdf https://www.antibiotice.ro/en/investors/corporate-governance/reports/
B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements concluded between the company and shareholders and their affiliates.	YES	https://www.antibiotice.ro/wp-content/uploads/2023/03/code-of-governance.pdf
B.10. The Council should adopt a policy to ensure that any company transaction with any of the companies with which it has close relationships with a value equal to or greater than 5% of the company's net assets (according to the latest financial report) is approved by the Council following a mandatory opinion of the audit committee.	YES	https://www.antibiotice.ro/wp-content/uploads/2023/03/code-of-governance.pdf

B.11. The internal audits should be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party.	YES	https://www.antibiotice.ro/wp-content/uploads/2023/03/code-of-governance.pdf
B.12. In order to ensure the main functions of the internal audit department, it must report functionally to the Council through the audit committee. For administrative purposes and within the management's responsibility to monitor and mitigate risks, it must report directly to the General Director.	YES	https://www.antibiotice.ro/wp-content/uploads/2023/03/code-of-governance.pdf
Section C - Fair reward and motivation		
The state of compliance with the provisions of the new Corporate Governance Code of BVB [1] on December 31 2024	**Compliance YES / NO**	
C.1. The company must publish the remuneration policy on its website and include a statement on the implementation of the remuneration policy in the annual report during the annual period which is subject of the analysis. Any essential change occurred in the remuneration policy must be published in a timely manner on the company's website.	YES	www.antibiotice.ro/wp-content/uploads/2015/06/THE-REMUNERATION-POLICY-1.pdf
Section D - Adding value through investor relations		
D.1. The company must organize an Investor Relations Service - indicating to the general public the responsible person(s) or the organizational unit. In addition to the information required by the law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all the relevant information of interest to investors, including: **D.1.1.** The main corporate regulations: the constitutive act, the procedures regarding the general meetings of shareholders; **D.1.2.** The professional CVs of members of the company's management bodies, other professional commitments of the Board members, including the executive and non-executive positions in boards of directors in companies or non-profit institutions;	YES	https://www.antibiotice.ro/en/contact-for-investor-relations/ https://www.antibiotice.ro/en/investors/corporate-governance/reference-documents/ https://www.antibiotice.ro/en/investors/corporate-governance/governance-structure/ https://www.antibiotice.ro/en/investors/financial-information/financial-reporting/

D.1.3. The current reports and periodic reports (quarterly, half-yearly and annual); D.1.4. Information concerning the general meetings of shareholders; **D.1.5.** Information concerning corporate events; **D.1.6.** The names and contact details of a person who will be able to provide relevant information upon request; **D.1.7.** The company presentations (e.g., investor presentations, quarterly results presentations, etc.), the financial situations (quarterly, half-yearly, annual), audit reports and annual reports.		https://www.antibiotice.ro/en/investors/financial-information/archive-of-the-general-meeting-of-shareholders/ https://www.antibiotice.ro/en/investors/financial-information/meeting-with-investors/ https://www.antibiotice.ro/en/presentations/ https://www.antibiotice.ro/en/investors/financial-information/
D.2. The company will have a policy on the annual distribution of dividends or other benefits to shareholders. The principles of the annual distribution policy to shareholders will be published on the company's website.	YES	https://www.antibiotice.ro/wp-content/uploads/2015/06/The-dividend-policy.pdf
The state of compliance with the provisions of the new Corporate Governance Code of BVB [1] on December 31 2024	**Compliance YES / NO**	
D.3. The company will adopt a policy regarding the forecasts, whether they are made public or not. The forecasting policy will be published on the company's website.	YES	https://www.antibiotice.ro/wp-content/uploads/2015/06/THE-FORECASTING-POLICY.pdf
D.4. The rules of general shareholders' meetings should not limit the participation of shareholders to general meetings and the exercise of their rights. The changes to the rules will enter into force at the earliest, starting with the following shareholders meeting.	YES	https://www.antibiotice.ro/en/investors/financial-information/archive-of-the-general-meeting-of-shareholders/
D.5. The external auditors will be present at the general shareholders' meeting when their reports are presented at these meetings.	YES	
D.6. The Board will provide the annual general meeting of shareholders with a brief assessment of the internal control and risk management systems as well as opinions on matters subject to the decision of the general meeting.	YES	https://www.antibiotice.ro/en/investors/financial-information/archive-of-the-general-meeting-of-shareholders/
D.7. Any specialist, consultant, expert, or financial analyst may attend the shareholders' meeting on the basis of a prior	YES	

invitation from the Board. The accredited journalists may also participate in the general meeting of shareholders, unless the President of the Council decides otherwise.		
D.8. The quarterly and half-yearly financial reports will include both Romanian and English information concerning the key factors that affect the changes in sales, the operating profit, the net profit and other relevant financial indicators from quarter to quarter, and from one year to another.	YES	https://www.antibiotice.ro/en/investors/financial-information/
D.9. A company will hold at least two meetings/teleconferences with analysts and investors each year. The information presented on these occasions will be published in the Investor Relations section of the company's website at the dates of the meetings/teleconferences.	YES	https://www.antibiotice.ro/en/investors/financial-information/meeting-with-investors/
D.10. If a company supports different forms of artistic and cultural expression, sporting activities, educational or scientific activities and considers that their impact upon the innovative character and the competitiveness of the company is part of its mission and development strategy, it will publish the policy on the activity in this area.	YES	https://www.antibiotice.ro/en/responsibility/

ANTIBIOTICE S.A.

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ON

DECEMBER 31, 2024

Prepared in accordance with the International Financial Reporting Standards ("IFRS")

as adopted by the European Union

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INDEPENDENT AUDITOR'S REPORT

To ANTIBIOTICE S.A. shareholders

Report on the audit of Individual Financial Statements

Opinion

1. We audited the financial statements of Antibiotice S.A. ("The Company"), with its registered office in Iași, 1 Valea Lupului St., identified by the tax identification number RO1973096, comprising the financial position statement as of December 31, 2024 and statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year ended on this date as well as notes to the financial statements that include material information on the accounting policies.

2. The financial statements as of December 31, 2024 are identified as follows:

   - Net assets/ Total equity: 894,308,823 Lei
   - Net profit of the fiscal year: 102,202,828 Lei

3. In our opinion, the attached financial statements give a true and fair view, in all material respects, of the financial position of the Company on December 31, 2024, as well as of its financial performance and cash flows for the fiscal year ended on the above-mentioned date in accordance with the Order of the Minister of Public Finance no. 2844/2016 for approving the Accounting Regulations in accordance with the International Financial Reporting Standards, with the subsequent amendments.

Basis for opinion

4. We conducted our audit in accordance with the International Standards on Auditing ("ISA"), Regulation (EU) no. 537 of the European Parliament and of the Council (hereinafter referred to as the "Regulation") and Law no. 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and amending some normative acts (hereinafter referred to as "Law 162/2017"). Our responsibilities under these standards are described in detail in our report section "Auditor's responsibilities in an audit of financial statements". We are independent of the Company, according to the International Code of Ethics for Professional Accountants issued by the Ethics Committee of the International Federation of Accountants (including the International Independence Standards) (IESBA code), according to the ethical requirements that are relevant for the audit of financial statements in Romania, including the Regulation and Law 162/2017, and we fulfilled our ethical responsibilities according to these requirements and according to the IESBA Code. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

5. Key audit matters are those matters that, based on our professional judgment, were of greatest importance to the audit of the financial statements in the current period. These matters were addressed in the context of the audit of the individual financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key matters	**How our audit addressed the key matters**
Revenue recognition, including discounts granted The revenues generated from the sale of finished products and traded goods represent the Company's core activity. Recognition of revenues resulting from the sale of finished	Our audit procedures performed to address the risk of material misstatement of revenue recognition included the following: • We evaluated the Company's accounting policies on revenue recognition, including discounts granted. • We assessed the development and implementation of existing key

products and goods depends on the appropriate assessment of the amount of the contractual counterperformance, including discounts granted in some sales transactions and their registration in the period to which they refer, in accordance with the commercial clauses of the contracts with customers. We believe that revenue recognition is a significant audit area, as the Company's management may incorrectly account the revenue from the sale of finished products and goods due to the nature of the sales transactions and contractual clauses regarding the manner and date when control over the sold goods is transferred. In addition, revenue is one of the Company's most important key performance indicators. The Company's presentations of revenue are included in the Note 3 to the l financial statements.	internal controls regarding the sales transactions of finished products, goods and discounts granted. • We confirmed the revenue and discounts granted to the customers selected on the basis of a random sample on December 31, 2024 in order to evaluate the completeness of the transactions made by the Company with them. • We selected a random sample of revenue including the discounts granted, which we compared with the relevant supporting documents to ensure the accuracy and completeness of the recorded transactions, also validating the financial period in which they had to be recorded depending on the date on which the transfer of control over the finished products or goods sold was made from the Company as the seller to the customer as the buyer. • We performed analytical procedures that consisted in the analysis of revenue and discounts granted, comparing the current period with the previous one for: sales, customer volumes and margin. • We evaluated whether the information presented in the Explanatory Notes is appropriate.

Other information

6. Administrators are responsible for the preparation and presentation of other information. That other information includes the Management Report and Remuneration Report, but does not include the financial statements and the auditor's report thereon.

   Our opinion on the financial statements does not cover this other information and, unless expressly stated in our report, we do not express any assurance conclusion about them.

   In connection with the audit of the financial statements for the financial year ended 31 December 2024, our responsibility is to read that other information and, in doing so, to consider whether that other information is materially inconsistent with the financial statements, or with our knowledge obtained during the audit, or if they appear to be materially misstated.

   Other reporting responsibilities on other information – Management Report

   Regarding the Management Report, we read it and report whether it was prepared, in all material respects, in accordance with the Order of the Minister of Public Finance no. 2844/2016, with the subsequent amendments, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, with the subsequent amendments.

   Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

   a. The information presented in the Management Report for the financial year for which the financial statements were drawn up is consistent, in all material respects, with the financial statements;
   b. The Management Report was prepared in all material aspects, in accordance with the Order of the Minister of Public Finance no. 2844/2016, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union, with subsequent amendments, the items 489 - 492.

   In addition, based on our knowledge and understanding of the Company and its business environment, acquired during the audit of the financial statements for the financial year ended 31 December 2024, we are required to report whether we identified material misstatements in the Management Report. We have nothing to report on this matter.

   Reporting responsibilities regarding other Information – Remuneration Report

   As regards the Remuneration Report, we have read it to determine whether it presents, under all material respects, the information required by article 107, para. (1) and (2) of Law 24/2017 on issuers of financial instruments and market operations, as republished. We have nothing to report on this matter.

Responsibilities of the management and of the persons responsible for governance for the financial statements

7. The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, with subsequent amendments and for that internal control that the management considers it necessary to allow the preparation of financial statements free of material mistatements, due to fraud or error.

8. In preparing the financial statements, the management is responsible for assessing the Company's ability to continue its activity, presenting, if necessary, the aspects related to the continuity of the activity and using the going concern accounting, unless the management either intends to liquidate the Company or cease operations, or has no other realistic alternative.

9. The persons charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities in an audit of individual financial statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement, if any. Misstatements can be caused either by fraud or error and are considered material if they can reasonably be expected, individually or cumulatively, to influence the economic decisions of users, taken on the basis of these financial statements.

11. As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than that of not detecting a material misstatement due to error, because fraud may involve collusions, forgery, intentional omissions, misrepresentations and avoidance of internal control.

- We understand the internal control relevant to the audit, with a view to designing audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and of the related information presentations made by the management.

- We form a conclusion on the appropriateness of using the going concern accounting by the management and determine, based on the audit evidence obtained, whether a material uncertainty exists regarding events or conditions that could cast significant doubt on the Company’s ability to continue its activity. If we conclude that a material uncertainty exists, we must draw attention in the auditor's report on the related presentations in the financial statements or, if those presentations are inadequate, we have to change our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to stop operating on a going concern basis.

- We evaluate the presentation, structure and overall content of the financial statements, including the information presentations, and the extent in which the financial statements reflect the core transactions and events in a manner that achieves fair presentation.

12. We communicate to those charged with governance, among other things, the planned scope and timing of the audit, as well as the main audit findings, including any significant deficiencies in the internal control, that we identify during the audit.

13. We also provide those charged with governance with a statement that we complied with the relevant ethical requirements regarding independence and that we disclosed to them all the relationships and other matters that could reasonably be expected to affect our independence and, where applicable, the actions taken to eliminate risks or protective measures applied.

14. Among the issues communicated with the persons responsible for governance, we determine which are the most important matters for the audit of the financial statements for the current period and which therefore represent key audit matters. We describe these matters in the auditor's report unless laws or regulations prohibit public disclosure of the matter or unless, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because it is reasonably expected that the public interest benefits are outweighed by the negative consequences of this communication.

Report on other legal and regulatory provisions

15. We were appointed by the General Meeting of Shareholders held on April 27, 2023 to audit the financial statements of Antibiotice S.A. for the financial year ending December, 31 2024. The total uninterrupted term of our commitment is 2 years, covering the financial year ending December, 31 2024.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Company's Audit Committee, which we issued on the same date we issued this report. Also, in conducting our audit, we maintained our independence from the audited entity.

- Prohibited non-audit services referred to in Article 5 para.(1) of Regulation (EU) no. 537/2014 were not provided.

Report on other legal and regulatory provisions – Report on information relating to corporate income tax

16. For the financial year prior to the financial year for which the financial statements were prepared, the Company was not required, according to the Order of the Minister of Public Finance no. 2844/2016, as amended, for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, as amended, items 60.2-60.6, to publish a report on information relating to the income tax.

The engagement partner of the audit for which this independent auditor's report was prepared is Alina Mirea.

Report on compliance with Law no. 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending some normative acts ("Law 162/2017") and Delegated Regulation (EU) 2018/815 of the Commission on the Regulatory Technical Standard regarding the European Single Electronic Format ("ESEF").

We performed a reasonable assurance mission on compliance with Law 162/2017 and Delegated Regulation (EU) 2018/815 of the Commission applicable to the financial statements included in the annual financial report of Antibiotice S.A. as presented in the digital files that include this audit report **(the "Digital Files").**

(I) Responsibility of the management team and of those charged with governance for the Digital Files prepared in accordance with the ESEF

Management is responsible for the preparation of Digital Files in accordance with ESEF. This responsibility entails:

- designing, implementing and maintaining the relevant internal control for the application of ESEF;

- ensuring compliance between the Digital Files and the financial statements that will be submitted in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, with subsequent amendments.

Those charged with governance are responsible for overseeing the preparation of Digital Files in accordance with the ESEF.

(II) Auditor's Responsibility for Auditing the Digital Files

We have the responsibility to express a conclusion on the extent to which the financial statements included in the annual financial report comply with the ESEF requirements, in all material respects, based on the evidence obtained. Our reasonable assurance engagement was performed in accordance with International Standard on Assurance Engagements (ISAE 3000 Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

Our company applies the International Standard on Quality Management 1 ("ISQM 1") and, accordingly, maintains a comprehensive quality control system, including documented policies and procedures on the compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF. The nature, timing and extent of the procedures selected depend on the auditor's judgment, including the assessment of the risk of material deviations from the ESEF requirements, whether due to fraud or error. A reasonable assurance engagement involves:

Deloitte.

- obtaining an understanding of the Company's process of preparing the Digital Files in accordance with ESEF, including the relevant internal controls;

- reconciliation of the Digital Files with the audited financial statements of the Company that will be submitted in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, with subsequent amendments;

- evaluating whether the financial statements included in the annual report were prepared in a valid XHTML format.

We believe that the evidence obtained is sufficient and adequate to provide a basis for our conclusion. In our opinion, the financial statements for the financial year ended December 31, 2024 included in the annual financial report in the Digital Files comply, in all significant matters, with the ESEF requirements.

Ioana Alina Mirea, Audit Partner

Illegible signature and stamp

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under number AF 1504

On behalf of:

DELOITTE AUDIT S.R.L.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under number FA 25

Stamp

The Mark Building, 84-98 and 100-102 Calea Griviței, 9th floor, Sector 1
Bucharest, Romania
March 12, 2025

ANTIBIOTICE S.A.

INDIVIDUAL STATEMENT OF THE COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2024
(all amounts are expressed in lei ("RON"), unless otherwise specified)

	Note	Financial year ended on December 31 2024	Financial year ended on December 31 2023
Profit for the financial year		102,202,828	81,088,596
Other comprehensive income			
Items that will not be classified in profit or loss			
Revaluation of tangible assets	11	-	35,964,800
Deferred tax related to revaluation of tangible assets	8	-	(5,754,368)
Other comprehensive income		-	30,210,432
Total comprehensive income		**102,202,828**	**111,299,028**

Authorized by the Management Board on: **12.03.2025**.

General Director,
Ec. Ioan NANI

Financial Director,
Ec. Paula Luminita COMAN

ANTIBIOTICE S.A.

INDIVIDUAL STATEMENT OF THE FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2024
(all amounts are expressed in lei ("RON"), unless otherwise specified)

	Note	Financial year ended on December 31, 2024	Financial year ended on December 31, 2023
ASSETS			
Fixed assets			
Tangible assets	11	749,395,619	692,361,541
Intangible assets	12	55,168,937	45,526,698
Total fixed assets		**804,564,556**	**737,888,239**
Current assets			
Inventories	13	169,858,775	160,214,484
Trade and similar receivables	14,15	298,073,567	235,771,990
Prepaid expenses		4,078,280	3,489,615
Cash and cash equivalents	16	2,681,342	1,807,930
Total current assets		**474,691,964**	**401,284,019**
Total assets		**1,279,256,520**	**1,139,172,258**
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	17	67,133,804	67,133,804
Revaluation reserves	17	213,945,112	225,417,959
Legal and other reserves		412,159,000	324,877,598
Retained earnings		201,070,907	229,534,759
Total equity		**894,308,823**	**846,964,120**
Long-term liabilities			
Bank loans and debts	19	85,715,093	36,750,203
Subsidies for investments - non-current portion	20	5,145,731	1,586,415
Deferred tax liabilities	9	59,031,869	63,401,227
Total long-term liabilities		**149,892,693**	**101,737,845**
Current liabilities			
Trade and similar liabilities	18	169,233,444	150,780,362
Bank loans	19	54,994,289	29,552,092
Other liabilities	18	10,310,387	9,831,550
Subsidies for investments – current portion	20	516,884	306,289
Provisions		-	-
Total current liabilities		**235,055,004**	**190,470,293**
Total liabilities		**384,947,697**	**292,208,138**
Total equity and liabilities		**1,279,256,520**	**1,139,172,258**

Authorized by the Management Board on: **12.03.2025**.

General Director,
Ec. Ioan NANI

Financial Director,
Ec. Paula Luminita COMAN

ANTIBIOTICE S.A.

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED ON DECEMBER 31, 2024
(all amounts are expressed in lei ("RON"), unless otherwise specified)

31 DECEMBRIE 2023	Share capital	Legal reserves and other reservations	Revaluation reserves	Cumulative retained earnings	Total equity
Balance as of January 1, 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**
Result of the year	-	-	-	81,088,596	81,088,596
Other elements of the overall result	-	-	30,210,432	-	30,210,432
Total overall result	**-**	**-**	**30,210,432**	**81,088,596**	**111,299,028**
Reserves representing the surplus achieved from revaluation	-	-	(2,551,093)	2,551,093	-
Dividends distributed in 2023	-	-	-	(5,318,500)	(5,318,500)
Transfer from retained earnings 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**

During 2023, 19,282,832 RON of the retained earnings were transferred to other reserves according to the decision of the GMS. This amount represents the reserves for tax incentives from research activity, in the amount of 2,671,361 RON, and the difference of 16,611,471 RON is reinvested profit.
The initial balance of the period ended December 31, 2023 was modified as a result of the restatement of the balances of the previous financial year.

Authorized by the Management Board on: **12.03.2025**.

_____ _____

General Director,
Ec. Ioan NANI

Financial Director,
Ec. Paula Luminita COMAN

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

ANTIBIOTICE S.A.

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED ON DECEMBER 31, 2024
(all amounts are expressed in lei ("RON"), unless otherwise specified)

DECEMBER 31, 2024	Capital social	Rezerve legale si alte rezerve	Rezerve din reevaluare	Rezultat reportat cumulat	Total capital propriu
Balance on January 01, 2024	**67,133,804**	**324,877,598**	**225,417,959**	**229,534,759**	**846,964,120**
Result of the year	-	-	-	102,202,828	102,202,828
Other comprehensive income	-	-	-	-	-
Total comprehensive result	**-**	**-**	**-**	**102,202,828**	**102,202,828**
Reserves representing the surplus achieved from revaluation	-	-	(11,472,847)	11,472,847	-
Dividends	-	-	-	(55,669,264)	(55,669,264)
Transfer from retained earnings to other reserves	-	87,281,402	-	(87,281,402)	-
Balance on December 31, 2024	**67,133,804**	**412,159,000**	**213,945,112**	**201,070,907**	**894,308,823**

In the accumulated retained earnings, the value of 120,811,620 RON represents the amount resulting from the first-time application of IFRS according to OMFP 881/2012, whose amortized value until 31.12.2024 is 5,461,135.50 RON.

Authorized by the Management Board on: **12.03.2025**.

_____
General Director,
Ec. Ioan NANI

_____
Financial Director,
Ec. Paula Luminita COMAN

ANTIBIOTICE S.A.

INDIVIDUAL CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2024
(all amounts are expressed in lei ("RON"), unless otherwise specified)

Indirect method	Note	Financial year ended on December 31 2024	Financial year ended on December 31 2023
Pre-profit tax		**103.112.562**	**91.524.246**
Adjustments for:			
Depreciation related to intangible assets		3.934.578	2.243.686
Depreciation related to tangible assets		41.123.209	25.686.248
Expenses related to inventory provisions		(7.861.723)	1.522.444
(Revenues) related to customer provisions and assimilated accounts		3.001.202	(1.095.480)
Expenses related to adjustments for the depreciation of fixed assets		-	-
The net loss from the disposal of tangible assets		(163.499)	(1.500)
Revenues from subsidies		(439.209)	(270.907)
Interest expenses		4.541.505	4.145.607
Interest revenues		(1.798)	(4.374)
Cash flow generated from operating activity before changes in working capital		**147.246.827**	**123.749.970**
Increases of stocks		(1.782.568)	(19.046.654)
Increases of receivables		(65.302.780)	(30.643.294)
Increases of expenses in advance		(588.665)	(246.284)
Increases / (decreases) in debts		19.126.127	61.663.072
Income increases in advance		163.499	1.500
Interest collected		1.798	4.374
Profit tax paid		(3.716.895)	(13.023.231)
Net cash from operating activities		**95.147.343**	**122.459.453**
Cash flows from investment activities:			
Purchases of tangible assets		(98.774.675)	(83.025.003)
Purchases of intangible assets		(17.385.901)	(15.012.163)
Net cash from investment activities		**(116.160.576)**	**(98.037.166)**
Cash flows from financing activities:			
The use of the credit line, net		25.442.197	(4.456.024)
Long-term loan collection		59.750.136	-
Repayment of long-term loan		(10.785.246)	(10.223.298)
Dividends paid		(48.168.486)	(5.433.706)
Interest paid		(4.605.455)	(4.088.957)
Net cash from financing activities		**21.633.145**	**(24.201.985)**
(Decrease)/Net increase in cash and cash equivalents		619.913	220.302
Cash and cash equivalents at the beginning of the financial year	**16**	**1.807.930**	**1.727.454**
The effect of the exchange rate on the movement of cash and cash equivalents		253.499	(139.824)
Cash and cash equivalents at the end of the financial year	**16**	**2.681.342**	**1.807.930**

Authorized by the Management Board on: **12.03.2025**.

General Director,
Ec. Ioan NANI

Financial Director,
Ec. Paula Luminita COMAN

1. GENERAL COMPANY INFORMATION

1.1. Brief company profile

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

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

These financial statements are individual financial statements of Antibiotice S.A. drawn up on 31.12.2024, which were authorized on: **12.03.2025.**

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 drugs and non-RX products), active substances based on biotechnologies derived from streptomyces noursei for pharmaceutical use (in the form of compacted Nystatin, micronized Nystatin and standard Nystatin), biocidal products for disinfecting surfaces and hands, veterinary medicines and biofertilizers. The product portfolio consists of over 160 products from 11 therapeutic classes. The prescription products are mainly grouped by ATC1 therapeutic classes and they are intended for pathologies with increased incidence and the treatment of chronic conditions. The non-prescription products are grouped into portfolio concepts, for a more efficient communication to the target audience. The concepts include food supplements, medical devices, cosmetics, OTC drugs and OTX drugs (RX products with OTC behavior which are released from the pharmacy without a medical prescription). The products in the current portfolio are carefully monitored and action is taken to adapt to national requirements and international regulations, through the analysis of therapeutic trends, medical guidelines, new efficacy and safety studies. The expansion of the product portfolio makes a major contribution to the development of Antibiotice S.A. 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 business development (in-licensing contracts)
- has a diversified production capacity, organized on 3 production divisions as well as on 8 manufacturing flows on which: penicillin injectable powders; penicillin capsules; non-beta-lactam capsules; cephalosporin capsules; tablets; ointments, creams, gels; suppositories; 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;
- owns and operates a modern Research and Development Center;
- holds internationally recognized certifications and authorizations: the authorization from the US Medicines Regulatory Agency (FDA) for Nystatin and injectable penicillin products, the Certificate of Conformity with the European Pharmacopoeia (COS) for Nystatin, the Certificate of Good Manufacturing Practice (GMP) for all manufacturing flows, the TÜV Rheinland Certification for integrated management (quality, environment, occupational health and safety);
- is WHO prequalified and it has WHO certification for the range of essential antituberculosis drugs;
- is a traditional supplier of anti-infective drugs for hospitals in the U.S.A., Vietnam and European markets (the U.K., Denmark, The Netherlands, Serbia, Lithuania and Hungary);
- is the world market leader for the consumption of active substances based on biotechnologies derived from streptomyces 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.

2. GENERAL COMPANY INFORMATION (continued)

Corporate Governance Structure

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:

- The General Meeting of Shareholders;
- The Management 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 the management structures, the transparency and the quality of publicly presented information, as well as the protection of shareholders, including the 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 the Antibiotice S.A. shares in the long term, namely protecting the interests of interested parties and increasing the degree of trust in Antibiotice S.A.

The company's management considers the Corporate Governance Code to be an important tool for achieving sustainable performance for 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 supplements;
- The GEO no. 109/2011 regarding the corporate governance of public enterprises, with subsequent amendments and supplements;
- The Law no. 24/2017 regarding thr issuers of financial instruments and market operations;
- The ASF Regulation no. 5/2018 regarding the 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) is the company's highest decision-making body, the place where shareholders participate directly and make decisions. Among other duties, the GMS decides on the distribution of the profit, it elects the Management Board, it appoints the auditors and it establishes the remuneration of the Management Board.

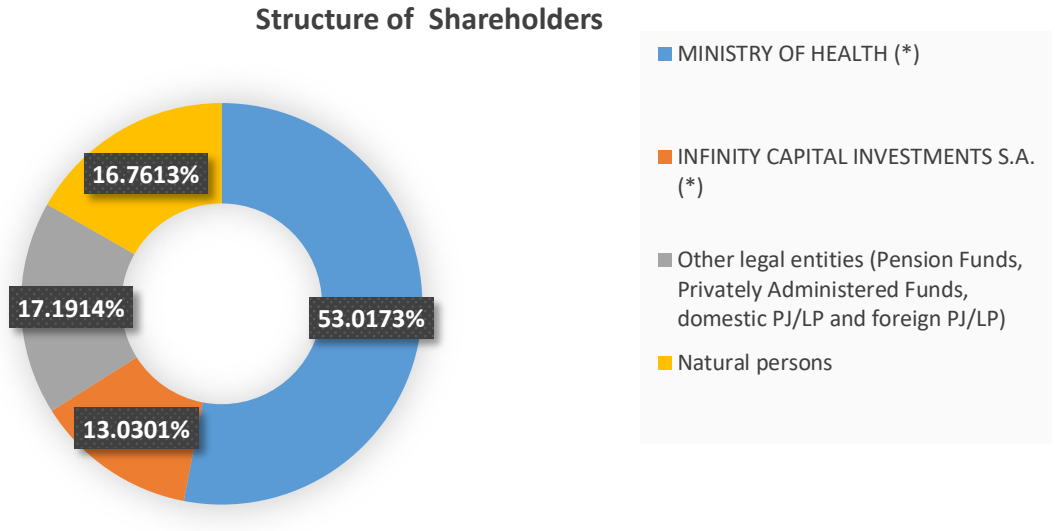
1. COMPANY RELATED INFORMATION (continued)

1.2. The Corporate Governance structures

https://www.antibiotice.ro/investitori-php/financial-information/adunari-generale-ale-actionarilor/?raport=2023#

The main shareholders of the company on 31.12.2024 (extract from the Register of Shareholders) are:

THE MINISTRY OF HEALTH (*)	53.0173%
INFINITY CAPITAL INVESTMENTS S.A. (*)	13.0301%
Other shareholders (52.680 shareholders)	33.9527%



Classes of shareholders:
- Legal persons – 83.2387 %
- Natural persons – 16.7613 %

Antibiotice S.A. on the capital market

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

At the beginning of 2024, the Antibiotice company was included in the BETPlus and BET-BK indices and it was subsequently added to the BET-XT, BET-XT-TR and BET-XT-TRN indices.
The BET-XT- index reflects the price evolution of the 30 most traded companies on the BSE regulated market, including financial investment companies (SIFs).
An important moment was the company's inclusion on September 23 in the BET index, the benchmark of the top 20 companies considered the best performing on the Romanian capital market.
With this inclusion, Antibiotice was also included in its gross and net total return variants, respectively in the BET-TR and BET-TRN indices. This reflects the fact that Antibiotice S.A. is a solid company, developed on a solid economic foundation.
The BET index is a free float capitalization weighted index of the most liquid Romanian companies on the BVB regulated market, which meet the highest quality standards. This index was designed to be a benchmark of performance and transparency of the regulated market managed by BSE.

1. COMPANY RELATED INFORMATION (continued)

1.2. Corporate Governance Structures

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 information and transparency;
- ensures the accountability of the Management Board towards the company and shareholders.

On the Antibiotice S.A. website at *www.antibiotice.ro/investitori/informatii actionari*, there is a section dedicated to shareholders, where documents related to the General Meetings of Shareholders can be accessed and downloaded: procedures regarding the access to and participation in meetings, the convening notice, the agenda, information materials, special powers of attorney, correspondence voting forms, draft resolutions, resolutions, voting results.

1.2. Corporate Governance Structures (continued)

The Corporate Governance Code

The basis of the good governance practices within 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 management structures, fair reward and motivation, investor relations, the risk management system and the internal control. The management of Antibiotice S.A. considers 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 equal access of all shareholders to relevant information about Antibiotice S.A.

The Code of Ethics

The Code of Ethics of Antibiotice S.A. is the basis of an organizational culture that respects the integrity standards and that complies with the specific legislation in force. The fundamental ethical values assumed by the company are the integrity, the professionalism, the responsibility and the transparency. Any violation of the code is considered to be an ethical incident, the 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 responsibilities 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 elaborate recommendations and they periodically submit reports on their activity to the Management Board.

The membership of the Advisory Committees can be read at the address *https://www.antibiotice.ro/en/investors/corporate-governance/governance-structure/*

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/REGULATIONS.pdf*

1. COMPANY RELATED INFORMATION (continued)

The executive management

Antibiotice S.A. is represented by the General Director, according to the prerogatives established by law and by the company statute. The Management Board retains the authority to represent the company in relations with the directors it appointed. The management team membership of Antibiotice S.A., on 31.12.2023, can be read at the address: *https://www.antibiotice.ro/en/investors/corporate-governance/governance-structure/*

GENERAL INFORMATION

2.1. The drawing-up basis

The individual financial statements were drawn up in accordance with the provisions of O.M.P.F. 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 financial statements were drawn up on the basis of the going concern principle.

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

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

2.2. The bases of evaluation

The individual financial statements are drawn up based on the historical cost with the exception of 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 with the exception of those for which the fair value cannot be reliably established.

These individual financial statements have been drawn up 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. Functional and presentation currency

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

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 are reflected in the individual statement of the overall result.

The foreign exchange differences are recognized in profit or loss in the period in which they occur, with the exception of the 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.

2. GENERAL INFORMATION (continued)

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

	December 31 2024	December 31 2023
EUR	4.9741	4.9746
USD	4.7768	4.4958

2.4. Crucial accounting and estimates

The Company makes certain estimates and assumptions regarding the future. The estimates and judgments are continuously evaluated based on historical experience and other factors, including forecasts of future events that are considered reasonable under the existing circumstances. In the future, actual experience may differ from these estimates and assumptions. The following are examples of evaluations, estimates, assumptions applied within the Company:

- The evaluation of land investments and company owned buildings - based on the evaluations made by external appraisers, the fair value of real estate investments and company 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.

- The 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.

- The 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 correspond from a qualitative viewpoint. 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 presentations from its financial statements. Among the factors considered in making decisions related to provisions there 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 progress after the date of the financial statements but before those statements are issued), the opinions of legal advisors, the experience in similar cases and any decision of the company's management related to how 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 year the exact values of some expenses committed by the company are not known (e.g.: marketing campaigns - sales promotion of products and sales stimulus campaigns). For this category of expenses, the preliminary expenses will be made, which will be actually recorded in the following periods.

- Taxation - The taxation system in Romania is undergoing 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 appear among 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 considers that the tax liabilities included in the financial statements are adequate.

2. GENERAL INFORMATION (continued)

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

The company presents the individual financial position of assets and liabilities based on the short-term/long-term classification.

An asset is current when:

- it is expected to be achieved or intended to be sold or consumed within 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 the other assets are classified as fixed assets.

A debt is a short-term debt when:

- it is expected to be paid in the normal operating cycle;
- it is held mainly for trading purposes;
- it is about to be 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 the 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.

The income assessment

The objective of IFRS 15 - Revenue from contracts with customers is to clarify the principles of the 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 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. The 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. 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 the 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 be applied for 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 the revenue recognition:

2. GENERAL INFORMATION (continued)

Income assessment (continued)

- the identification of the contract/contracts with a client;
- the identification of performance obligations from a contract;
- the 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 – The revenues from the contracts with customers focus on the identification of obligations and make a clear distinction between obligations that are satisfied "at a given point in time" and those that are satisfied "over a period of time"; 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.

The revenues from the sale of finished products, of 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 were 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 obligations;

b) the company can identify the rights of each party regarding the goods or services that will be transferred;

c) the company can identify the payment terms for the goods or services that will be transferred

d) the contract has commercial content;

e) it is likely that the Company will collect the counterperformance 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 counterperformance 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 considers 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 as follows: 150 days from the invoice date for non-prescription products, medical devices, food supplements and products for the treatment of the tuberculosis and 180 days from the invoice date for prescription products. In foreign markets, the payment terms vary from the advance payment, 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 revenues are 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, revenues will be recognized when a customer obtains control over the goods.

Revenue 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.

2. GENERAL INFORMATION (continued)

Revenues from the sale of products manufactured on partner sites

According to the requirements of Good Manufacturing Practices, the manufacturing of some products from the portfolio is carried out on partner manufacturing sites, the revenues from their sale 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, as the counterperformance 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 employees

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.

Benefits after concluding the employment contract

Both the Company and the employees have the legal obligation to contribute to the social insurance established at the National Pension Fund administered by the National Public Pensions House (contribution plan based on the "pay as you go" principle). The company has no other legal or implicit 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 Public Pensions House, it will have no obligation to pay the benefits earned by its own employees in previous years. The Company's contributions to the contribution plan are presented in the expenses chapter in the year to which it relates.

1.1. Accounting policies – fixed tangible assets

The 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 net cost of accumulated depreciation and/or accumulated depreciation losses, 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.

Evaluation after recognition

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

2. GENERAL INFORMATION (continued)

Post-recognition evaluation (continued)

After the recognition as an asset, an element of tangible assets whose fair value can be reliably assessed is accounted for at a revalued value and this is its fair value on the revaluation date. The revaluations are performed regularly enough 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 relates 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 shows a credit balance for that asset. The reduction recognized in other elements of the global result reduces the amount accumulated in the equity capital as revaluation surplus.

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

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

The revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ significantly from what would have been determined using the fair value at the end of the reporting period.

Subsequent costs

The daily maintenance and repair expenses related to the tangible assets are not capitalized. They are recognized as costs of the period during which they are produced. These costs consist mainly of labor and consumables and they 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 their capacity to generate economic benefits are capitalized (increase accordingly the accounting value of that asset).

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 operate in the manner desired by management.

The company-owned lands are not depreciated.

For the 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:

Depreciation of tangible assets (continued)

Category	Lifetime
Buildings and constructions	24-40 years
Equipment and installations	7-24 years
Means of transport	4- 6 years
Computing technology	2- 15 years
Office furniture and equipment	3- 15 years

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

1.2. 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.

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 establishing, 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 the commissioning. They have a fixed lifetime and they are subsequently accounted for at cost minus the accumulated depreciation and the 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 the licenses are amortized during their validity, which cannot exceed 5 years.

2. GENERAL INFORMATION (continued)

1.3. Accounting policies for intangible assets

The 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 during the research stage 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: the consumption of raw materials and consumables and the labor costs related to the hours worked for each project.

An internally generated intangible asset resulting from development (or from the development stage 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, the development expenses are recognized in profit or loss in the period in which they are incurred.

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 subsequent costs are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All the other expenses are recognized in profit or loss when incurred.

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

(a) the costs incurred when an asset capable of operating in the manner intended by the management has not yet been put into use; and

(b) the initial operating losses, such as those borne as the demand for the production achieved by that asset takes shape.

2. GENERAL INFORMATION (continued)

Internally generated intangible assets (development costs) (continued)

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

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

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.

1.4. 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 evaluation of stocks

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

The raw materials and consumables are valued at the purchase price, including the transport, the handling costs and the net of commercial discounts, the disposal of raw materials and consumables inventories is done using the weighted average price method. The work in progress and the 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 normal levels of consumption of raw materials and consumables, the labor, the efficiency and the capacity utilization. They are reviewed regularly and, if necessary, revised according to the current conditions.

The cost of stocks

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

2. GENERAL INFORMATION (continued)

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 the purchase costs.

Adjustments for inventory impairment - Inventory impairment assessment 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 inventories are based on the calculation performed at the end of the financial year for the specific value adjustment related to inventories of raw materials, consumables and finished products that no longer correspond 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.

1.5. Financial instruments

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

Financial assets

Recognition and initial evaluation

The financial assets are classified, upon the initial recognition, and subsequently evaluated at amortized cost, the 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 their management.

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

All the 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 also they incorporate other types of contractual monetary assets (advance payments granted to suppliers of goods and services, commercial effects not yet due).

The adjustments for the impairment of commercial receivables include adjustments for receivables in litigation and 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 loss (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.

The expected loss rates are based on the payment profiles of the sales for a period of 36 months before December 31, 2023 and January 1, 2023, and on the corresponding historical credit losses recorded during this period. Historical loss rates are adjusted to reflect the current and future information regarding the 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, among others, the fact that a debtor does not commit to a repayment plan and that a debtor 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 the operating profit. The subsequent recoveries of previously canceled amounts are credited to the same item.

Adjustments for the impairment of receivables – For trade receivables, a simplified approach is adopted in which the 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.

2. GENERAL INFORMATION (continued)

All the 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 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, the 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 have 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.

The cash and cash equivalents

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

1.6. Taxation

The income tax expense includes the current tax and the deferred tax.

The current tax

The current income tax assets and liabilities are valued at the amount expected to be paid or paid to the tax authorities. The tax rates and fiscal 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 that particular 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. The current tax credits and debts are offset only if certain criteria are met.

Taxation - The taxation system in Romania is undergoing 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 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 considers that the fiscal obligations included in the individual financial statements are adequate.

The 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 in 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, respectively, directly in equity.

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

2. GENERAL INFORMATION (continued)

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

The company 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 refer to the profit tax levied by the same fiscal authority.

1.7. Provisions

The provisions are recognized when the Company has a present obligation (legal or implicit) as a result of a past event; it is probable that an outflow of resources incorporating economic benefits will be necessary to settle the obligation and a reliable estimate of the obligation's value 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 the 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. The 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 obligation (legal or implicit) generated by a past event;

b) It s likely that for the settlement of the obligation an outflow of resources incorporating economic benefits will be necessary;

c) A credible estimate of the value of the obligation can be made.

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

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

1.8. 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.

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 (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.

1.9. Dividends

The 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 individual financial statements when their distribution is proposed after the reporting date and before the date of issuance of the individual financial statements.

2. GENERAL INFORMATION (continued)

2.14. Dividends (continued)

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.

The shareholders receive dividends proportional to the ownership share of the paid-up social capital of the company and no 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.

2.15 Capital si reserves

The capital and the reserves (equity) stand for the rights of the shareholders over the assets of an entity, after deducting 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.

2.16 Earnings per share

The company presents the basic and diluted result per share for ordinary shares. The result 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 which 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 view point of the activity segments, the company does not identify distinct components from the viewpoint of the associated risks and benefits.

2.17 Affiliated parties

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

(i) has control or joint control over the company;

(ii) has a significant influence over the company;

(iii) is a member of the 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 wages benefits granted to them as presented in Note 7 - Expenses with employee benefits and the remuneration of the members of the Management Board.

2. GENERAL INFORMATION (continued)

2.18. Affiliated parties (continued)

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

(i) the entity and the company are members of the same group (meaning that each parent company, subsidiary and subsidiary in the same group is related to the others);

(ii) the entity is an associated entity or joint venture of the other entity (or an associate or joint venture of a member of the group from which the other entity is a part);

(iii) both entities are joint ventures of the same third party;

(iv) the entity is a joint venture of a third entity, and the other is an entity associated to a third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of the reporting entity or of an entity affiliated with the reporting entity. If the reporting entity itself is such a plan, the sponsoring employers are also affiliated with the reporting entity;

(vi) the entity is controlled or jointly controlled by an affiliated person;

(vii) the affiliated person who holds control significantly influences the entity or is a member of the key management staff 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.

2.19. Contingent assets and liabilities

A contingent liability is:

a) a potential obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or

b) a current obligation that arises as a result of past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the value of the obligation cannot be measured reliably enough.

Contingent liabilities are not recognized in the financial statements, but are presented in the notes, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a potential asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. A contingent asset is not recognized in the financial statements, but is presented when an inflow of economic benefits is probable.

Risk management

The activities carried out by the Company may give rise to various risks. 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:

- credit risk;
- market risk, which includes the interest rate risk, currency risk and instrument price risk;
- liquidity risk.

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

2. GENERAL INFORMATION (continued)

2.18. Contingent assests and liabilities (continued)

Risk management (continued)

There were 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 the previous periods unless otherwise stated 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 and other debts.

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

Trade receivables, cash and cash equivalents at amortized cost	**Financial year ended December 31 ,2024**	**Financial year ended December 31, 2023**
Trade and similar receivables	298,073,567	235,771,990
Cash and cash equivalents	2,681,342	1,807,930
Total	**300,754,909**	**237,579,920**

The values by maturity intervals of financial assets are:

Financial liabilities at amortized cost	**Financial year ended December 31 ,2024**	**Financial year ended December 31 ,2023**
Trade and similar debts	169,233,444	150,780,362
Bank loans	54,994,289	29,552,092
Total	**224,227,733**	**180,332,454**

The values per maturity intervals of financial liabilities are presented under the liquidity risk

Calculation and analysis of net worth (equity)

Indicators (LEI)	**Financial year ended December 31, 2024**	**Financial year ended December 31, 2023**
Short-term credits and loans	54,994,289	29,552,092
Long-term credits and loans	85,715,093	36,750,203
Cash and cash equivalents	(2,681,342)	(1,807,930)
Net debt	**138,028,040**	**64,494,365**
Total equity	**894,308,823**	**846,964,120**
Net debt to equity (%)	**15.43%**	**7.61%**

2. GENERAL INFORMATION (continued)

2.18. Contingent assets and liabilities (continued)

Credit risk

Credit risk is the risk of financial loss to the company that occurs if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to credit risk resulting from its operational activity, mainly from the collection of trade receivables.

As regards cash and cash equivalents, the company analyzed the credit risk and determined that this one was not significant.

Receivables

Trade receivables come from commercial relations with distributors in the national pharmaceutical market and from commercial relations with partners in the international market.

The company has a Commercial Policy which clearly presents the commercial conditions of sale and includes conditions imposed for selecting the customers.

Within the company, the credit risk exposure is controlled. A specialized department permanently monitors each debtor in the commercial relations in the domestic market.

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

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

The credit risk profile of trade receivables is presented according to their maturity, receivables from the domestic and international markets being separately monitored. Historical default rates are analyzed.

Trade receivables are non-interest-bearing and, generally, have payment terms that vary between the advance payment and 180 days.

Trade receivables are considered to be in default when they are overdue for more than 90 days. Trade receivables are written off when management considers that collection is unlikely.

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

The Company did not include fair value information for financial assets and liabilities that are not measured 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 the expected credit loss for trade receivables related to third parties that did not contain a significant financing component.

The methodology used by the Company to assess expected losses on trade receivables can be described as follows:

- determining an appropriate surveillance period for tracking historical loss rates. The company selected 3 previous periods for data collection;
- collecting data on trade receivables and grouping them according to maturity in each analyzed period;
- analyzing the evolution of these balances over a 12-month period and determining the unpaid amounts in each group of balances to determine the proportion of balances in each debt category that was ultimately not collected;
- determining the weighted average loss rate (%) depending on maturity for the 3 periods analyzed;
- applying the loss rate thus determined to trade receivables as of December 31, 2024.

2. GENERAL INFORMATION (continued)

2.18. Contingent assets and liabilities (continued)

Payment risk

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

The main subcategories of market risk are the following:

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

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

The Company is mainly exposed to currency risk when purchasing raw materials, packaging and other materials from external suppliers. The suppliers from which the Company purchases these items necessary to support the production of medicines must hold quality documents, as stipulated in the European rules for the production and registration of medicines in the market.

As of December 31, 2024, the company's net exposure by currency type to foreign exchange risk was as follows:

	The financial year ended on	
	December 31, 2024	**December 31, 2023**
Assets/liabilities in EURO equivalent LEI		
Monetary financial assets	3,908,682	4,965,465
Monetary financial liabilities	(25,050,046)	(22,478,573)
Net financial assets	(21,141,364)	(17,513,108)
RON/EUR variation	**Gain/ Loss**	
RON appreciation against EUR by 5%	(1,057,068)	(875,655)
RON depreciation against EUR by 5%	1,057,068	875,655
Impact on result	-	-
Assets and liabilities in EURO	**December 31 2024**	**December 31 2023**
Monetary financial assets	785,807	998,164
Monetary financial liabilities	(5,036,096)	(4,518,669)
Net financial assets	(4,250,289)	(3,520,505)
Assets/liabilities in USD equivalent LEI		
Monetary financial assets	23,528,797	13,691,379
Monetary financial liabilities	(26,563,667)	(13,021,662)
Net financial assets	(3,034,870)	669,717
RON/USD variation		
RON appreciation against USD by 5%	(151,743)	33,486
RON depreciation against USD by 5%	151,743	(33,486)
Impact on result	**-**	**-**
Assets and liabilities in USD		
Monetary financial assets	4,925,640	3,045,371
Monetary financial liabilities	(5,560,975)	(2,896,406)
Net financial assets	**(635,335)**	**148,965**

2. GENERAL INFORMATION (continued)

2.18. Contingent assets and liabilities (continued)

Market risk (continued)

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

	The financial year ended on	
Assets / Liabilities	**December 31, 2024**	**December 31, 2023**
LEI	111,613,638	82,609,998
EUR	(21,141,364)	(17,513,109)
USD	(3,034,870)	669,717
Other currencies (CAD, GBP)	(11,176)	(4,969)
Net exposure	**87,426,229**	**65,761,637**

Liquidity risk

The company's policy is to ensure itself that it will have sufficient cash to meet its obligations as they fall due. To achieve this objective, the company seeks to maintain cash balances to meet payment needs.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company prepares budgets, analyses and estimates of cash flows, which allow the assessment of the level of financing required in the future periods.

The accounting values of the monetary assets and liabilities are presented below:

2024

December 31, 2024	**Up to 3 months**	**Between 3 and 12 months**	**Over 12 months**	**Total**
Trade and similar receivables	157,686,185	125,238,142	15,149,240	298,,073,567
Cash and cash equivalents	2,681,342	-	-	2,681,342
Total	**160,367,527**	**125,238,142**	**15,149,240**	**300,754,909**

December 31, 2024	**Up to 3 months**	**Between 3 and 12 months**	**Over 12 months**	**Total**
Trade and similar debts	123,800,989	45,432,455	-	169,233,444
Other debts	10,310,387	-	-	10,310,387
Short-term credits	2,673,493	52,320,796	-	54,994,289
Long-term credits	-	-	85,715,093	85,715,093
Total	**136,784,869**	**97,753,251**	**85,715,093**	**320,253,213**
Net position in 2024	**23,582,658**	**27,484,891**	**(70,565,853)**	**(19,498,304)**

2. GENERAL INFORMATION (continued)

2.18. Contingent assets and liabilities (continued)

Liquidity risk (continued)

2023

December 31, 2023	Up to 3 months	Between 3 and 12 months	Over 12 months	Total
Trade and similar receivables	113,909,596	106,711,418	15,150,976	235,771,990
Cash and cash equivalents	1,807,930			1,807,930
Total	**115,717,526**	**106,711,418**	**15,150,976**	**237,579,920**

December 31, 2023	Up to 3 months	Between 3 and 12 months	Over 12 months	Total
Trade and similar debts	82,696,971	68,083,391	-	150,780,362
Other debts	9,831,550	-	-	9,831,550
Short-term credits	2,673,493	26,878,599	-	29,552,092
Long-term credits	-	-	36,750,203	36,750,203
Total	**95,202,014**	**94,961,990**	**36,750,203**	**226,914,207**
Net position in 2023	**20,515,512**	**11,749,428**	**(21,599,227)**	**10,665,713**

The Company's management team closely monitors the situation and acts accordingly. The management team believes that, based on the cash flow outlook and support available from shareholders, the Company experiences a negative solvency position over the next 12 months. The management team is confident that sufficient resources will be available over the next 12 months to cover the payment needs.

2.20 New IFRS accounting standards and amendments to the existing standards, which are effective in the current year

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

- The new IFRS 17 standard "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 fiscal reform — Pillar II model rules*

** The exception mentioned in the amendments to IAS 12 (that an entity does not recognize and disclose information on deferred tax assets and liabilities related to deferred tax that is subject to OECD Pillar 2) is applicable immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The other disclosure requirements are mandatory for annual periods beginning on or after 1 January 2023.*

2. GENERAL INFORMATION (continued)

2.19. New IFRS accounting standards and amendments to existing standards, which are effective in the current year (continued)

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

At the date of approval of these separate financial statements, the Company has not applied the following amended 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 Leases - Lease liabilities in a sale and leaseback transaction, effective date from January 1, 2024
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities into Short-Term Liabilities and Long-Term Liabilities and Long-Term Liabilities 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 as adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards, which have not been adopted by the EU at the date of authorisation of these separate financial statements:

- Amendments to IAS 7 and IFRS 7 Financing Arrangements with Suppliers (effective date set by the IASB: January 1, 2024)

Not yet adopted by the EU:

- Amendments to IAS 21 Non-convertibility (effective date set by the IASB: 1 January 2025).

- IFRS 14 Deferral Accounts for Regulated Activities (effective date set at: 1 January 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 or Contribution of Assets between an Investor and its Associates or Joint Ventures and subsequent amendments (the effective date has been postponed indefinitely by the IASB, but early application is allowed).

The approval process has been postponed indefinitely until the research project on the equivalence method is completed.

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

Hedge accounting for 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 Measurement"** would not significantly affect the individual financial statements, if applied at the balance sheet date.

3. OPERATING INCOME

Below there is an analysis of the revenues:

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Sales of finished products	619,179,955	572,102,283
Sales of products made on other manufacturing sites	169,286,796	134,284,838
Income from other activities	888,981	1,304,436
Trade discounts granted	(114,344,761)	(106,910,732)
Total	**675,010,971**	**600,780,825**

According to geographical distribution, turnover is structured as follows:

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
In the Romanian market	421,785,427	382,398,442
In the external markets	253,225,544	218,382,383
Total	**675,010,971**	**600,780,825**

4. OTHER INCOME

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Income from the revaluation of tangible assets	-	564,611
Revenue from compensation, fines and penalties	39,681	4,178
Revenue from the sale of tangible and intangible assets	163,500	1,500
Other operating income	2,132,069	853,993
Total	**2,335,250**	**1,424,282**
Revenue from subsidies	439,209	270,907
Total	**2,774,459**	**1,695,189**

5. EXPENSES ON RAW MATERIALS, CONSUMABLES AND GOODS

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Raw material expenses	128,162,209	141,828,708
Consumables expenses	17,171,039	15,248,456
Expenses on goods	85,233,701	61,063,703
Consumed packages	16,048	27,590
Total	**230,582,997**	**218,168,457**

6. EMPLOYEE BENEFIT EXPENSES AND MANAGEMENT BOARD'S REMUNERATION

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Wages	148,898,485	133,922,841
Employment insurance contribution	3,615,053	3,030,715
Meal vouchers and other benefits granted to employees	12,871,826	9,406,446
Total employee benefit expenses	**165,385,364**	**146,360,002**

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

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Wages	589,596	6,806,579
Civil contracts	1,662,068	901,685
Taxes and social contributions	234,510	216,331
Variable benefits	6,162,261	3,108,018
Total	**8,648,435**	**11,032,613**

7. OTHER EXPENSES

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Expenses for services performed by third parties	18,320,014	14,141,264
Repair expenses	2,401,474	2,545,491
Expenses with other taxes and duties*	52,144,851	47,588,521
Protocol, advertising and publicity expenses	27,506,748	24,162,131
Insurance premium expenses	3,687,072	2,818,950
Consulting expenses	444,691	106,912
Other general expenses	8,589,938	3,986,392
Rent expenses	649,523	595,149
Travel expenses	1,708,513	1,643,571
Postal and telecommunications expenses	748,741	562,380
Expenses for compensation, fines and penalties	336,946	5,608
Expenses for revaluation of tangible assets	-	1,459,611
Total	**116,538,511**	**99,615,980**

Other general expenses amounting to 8,589,938 lei recorded in 2024 included:

- environmental protection expenses worth 1,410,289 lei;
- expenses for supporting international sales, amounting to 814,208 lei;
- professional training expenses, in value of 1,379,270 lei;
- expenses with bank commissions in value of 504,071 lei;
- other operating expenses in value of 4,482,099 lei included the projects from the development activity that were not continued for implementation, worth 3,809,084 lei.

Other general expenses in value of 3,986,392 lei recorded in 2023 included:

- environmental protection expenses worth 1.485,956 lei;
- expenses for supporting international sales, amounting to 1,039,541 lei;
- professional training expenses, in value of 955,676 lei;
- expenses with bank commissions in value of 504,921 lei;
- other operating expenses in value of 299 lei.

7. OTHER EXPENSES (continued)

Expenses with other taxes and duties

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Building tax expenses	2,088,047	1,523,139
Land tax expenses	681,639	570,498
Expenses with tax on means of transport	42,564	38,606
Expenses with other taxes and duties	9,847,717	8,390,952
Tax expenses for license registration	-	6,672
Customs duty expenses	49	-
Environmental fund expenses	61,017	40,522
Corporate tax and advertising expenses	6,220	5,472
Clawback tax expenses	39,417,598	37,012,660
Total	**52,144,851**	**47,588,521**

8. FINANCIAL RESULT

Financial income and expenses:

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Interest expenses	(4,541,505)	(4,145,606)
Interest income	1,798	4,374
Interest expenses, net	**(4,539,707)**	**(4,141,232)**
Income from exchange rate differences	7,613,145	11,456,207
Expenses from exchange rate differences	(7,349,194)	(12,401,364)
Exchange rate differences, net	**263,951**	**(945,157)**
Other financial expenses	**-**	**77,403**
Financial result	**(4,275,756)**	**(5,008,986)**

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

9. CURRENT PROFIT AND DEFERRED TAX EXPENSES

Amounts recognized in profit or loss statement

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Current income tax expense	5,279,092	10,606,050
Impact of deferred income tax	(4,369,358)	(170,400)
Total	**909,734**	**10,435,650**

Amounts recognized in other comprehensive income

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Deferred tax related to revaluations of tangible fixed assets	-	(5,754,368)
Total	**-**	**(5,754,368)**

Income tax

The current income tax for 2024 and 2023 is determined at a statutory rate of 16% based on the accounting profit adjusted with the non-deductible expenses and non-taxable income. The final income tax amount is reduced by tax credits.
Deferred income tax as of December 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 reverse.

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Accounting profit:	**103,112,562**	**91,524,246**
Tax at the Romanian corporate tax rate of 16%	16,498,010	14,643,879
Effect of non-deductible expenses	7,454,190	3,278,248
Effect of non-taxable income	(10,910,474)	(2,520,784)
Tax on reinvested profit	(12,555,767)	(2,602,260)
Other fiscal effects	423,775	(2,363,432)
Income tax expenses	**909,734**	**10,435,651**

9. CURRENT AND DEFERRED INCOME TAX EXPENSES (continued)

Modification of deferred tax balances

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Stocks	1,982,127	2,264,204
Employee benefits	1,694,184	2,619,657
Total deferred tax assets	**3,676,311**	**4,883,861**
Tangible fixed assets	(62,708,180)	(68,285,091)
Total deferred tax liabilities	**(62,708,180)**	**(68,285,091)**
Total deferred tax debts	**(59,031,869)**	**(63,401,227)**

10. EARNINGS PER SHARE

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Net profit (A)	102,202,828	81,088,596
Number of ordinary shares (B)	671,338,040	671,338,040
Basic and diluted earnings per share (A/B)	***0.1522***	***0.1208***

11. TANGIBLE FIXED ASSETS

	Land	Buildings	Machinery and equipment, vehicles	Installations and furniture	Tangible fixed assets in progress	Total
COST						
Balance as of January 1, 2023	**203,674,702**	**267,974,628**	**261,368,188**	**9.839.442**	**9.087.755**	**751.944.716**
Increases:	-	-	-	-	83.025.003	83.025.003
Transfers to/from fixed assets in progress	-	21,432,297	27,448,395	560.988	(49.441.679)	-
Increase / (decrease) from revaluation	1,119,770	23,416,021	-	-	-	24.535.791
Cessions and other discounts	-	(52,921)	(2,573,774)	(165.743)	-	(2.792.438)
Balance as of December 31, 2023	**204,794,472**	**312,770,025**	**286,240,810**	**10.234.687**	**42.671.079**	**856.713.072**
Balance as of January 1, 2024	**204,794,472**	**312,770,025**	**286,240,810**	**10.234.687**	**42.671.079**	**856.713.072**
Increases:	-	-	-	-	98.774.675	98.774.675
Transfers to/from fixed assets in progress	-	65,581,495	52,081,165	3.158.442	(120.873.476)	(120.873.476)
Increase / (decrease) from revaluation	-	-	-	-	-	-
Cessions and other discounts	-	(744,329)	(7,157,185)	(60.561)	-	(7.962.075)
Balance as of December 31, 2024	**204,794,472**	**377,607,191**	**331,164,790**	**13.332.568**	**20.572.278**	**947.471.299**

11. TANGIBLE FIXED ASSETS (continued)

	Land	Buildings	Machinery and equipment, vehicles	Installations and furniture	Tangible fixed assets in progress	Total
ACCUMULATED DEPRECIATION						
Balance as of 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
Cessions and other discounts	-	(52,921)	(2,628,148)	(165.444)	-	(2.846.513)
Accumulated depreciation of revalued tangible assets	-	(10,534,008)	-	-	-	(10.534.008)
Balance as of December 31, 2023	-	**118,996**	**157,293,502**	**6.939.034**	**-**	**164.351.532**
Balance as of January 1, 2024	-	**118,996**	**157,293,502**	**6.939.034**	**-**	**164.351.532**
Depreciation recorded during the year	-	22,283,783	18,258,169	526.883	-	41.123.209
Cessions and other discounts	-	(126,941)	(7,157,185)	(60.561)	-	(7.344.687)
Balance as of December 31, 2024	-	**22,275,838**	**168,394,486**	**7.405.356**	**-**	**198.075.680**
NET ACCOUNTING VALUE						
Net accounting value as of December 31, 2023	**204,794,472**	**312,651,029**	**128,949,308**	**3.295.653**	**42.671.079**	**692.361.541**
Net accounting value as of December 31, 2024	**204,794,472**	**355,331,353**	**162,770,304**	**5.927.212**	**20.572.278**	**749.395.619**

11. TANGIBLE FIXED ASSETS (continued overleaf)

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

1. Warehouse for finished pharmaceutical products

This investment meets the Antibiotice's needs to have a modern and efficient warehouse, capable of managing the planned future production. With a storage capacity adapted to the anticipated growth up to 2030, this warehouse will serve as an essential hub for the storage and distribution of pharmaceutical products. Construction works began in August 2023 and were completed at the end of 2024. The Audit about to be conducted by the National Agency for Medicines and Medical Devices for certifying the warehouse is scheduled for the beginning of 2025.

2. MW photovoltaic plant

The photovoltaic panels for this plant were placed on 13 buildings, for which technical expertise showed that the roofs support additional loads. An annual production of approximately 1,840 MWh is estimated, representing approximately 15% of the Antibiotice's annual electricity consumption in 2021. The works on this investment were completed in 2024. Currently, the documentation for obtaining the Technical Connection Approval is under analysis at the electricity distribution operator Delgaz Grid SA. It is estimated that the commissioning of this investment objective will be achieved in May 2025.

3. Outdoor lighting and video surveillance

Outdoor lighting on the Antibiotice S.A. site was developed in several stages, always being adapted to changes brought about by the demolition of buildings and trestles or with the installation of video surveillance cameras.

The old lighting network had a series of deficiencies: most of the devices had malfunctions and did not ensure an optimal level of luminous flux. These deficiencies led to physical insecurity, impossibility of monitoring the perimeter areas both with staff and by taking images through video surveillance cameras, and inadequate lighting of the car and pedestrian traffic areas within the premises. Work on this investment objective began in 2023 and was completed in 2024.

4. Drinking water supply system

The works to modernize the drinking water supply network began in 2017 and consisted of replacing steel pipes in various stages of wear with polypropylene pipes. So far, about 80% of the total length of the drinking water supply network have been modernized. This investment will end in 2025 with the completion of the last scheduled stage.

5. Other investments

Modernization of utility production and distribution installations (steam, condensate, electrical, etc.), development of the product portfolio through own research and licensing, re-technologization of research and quality control laboratories, information technology, investments for the integrated management system (quality, environment, sustainability and occupational safety), for modernizing the existing sites and equipment.

12. INTANGIBLE ASSETS

	Concessions, patents and other similar rights (externally generated)	Other intangible fixed assets (internally generated)	Other intangible fixed assets (externally generated)	Development expenses (internally generated)	Development expenses (externally generated)	Total intangible fixed assets
COST						
Balance as of 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
Cessions / discounts	-	10,700,896	764,071	(10,471,332)	(993,635)	-
Balance as of December 31, 2023	**13,117,162**	**20,675,288**	**4,961,202**	**31,828,302**	**1,171,854**	**71,753,808**
Balance as of January 1, 2024	**13,117,162**	**20,675,288**	**4,961,202**	**31,828,302**	**1,171,854**	**71,753,808**
Increases	5,821,065	-	-	10,992,826	572,010	17,385,901
Cessions / discounts	(3,037,722)	-	-	(3,809,084)	-	(6,846,806)
Transfers	-	6,584,120	270,725	(6,755,685)	(99,160)	-
Balance as of December 31, 2024	**15,900,505**	**27,259,408**	**5,231,927**	**32,256,359**	**1,644,704**	**82,292,903**
ACCUMULATED DEPRECIATION						
Balance as of January 1, 2023	**11,385,762**	**8,400,531**	**4,197,131**	**-**	**-**	**23,983,424**
Depreciation expense	425,274	1,705,435	112,977	-	-	2,130,709
Balance as of December 31, 2023	**11,811,036**	**10,105,966**	**4,310,108**	**-**	**-**	**26,227,110**
Balance as of January 1, 2024	**11,811,036**	**10,105,966**	**4,310,108**	**-**	**-**	**26,227,110**
Depreciation expense	690,172	3,073,544	170,862	-	-	3,934,578
Cessions / discounts	(3,037,722)	-	-	-	-	(3,037,722)
Balance as of December 31, 2024	**9,463,486**	**13,179,510**	**4,480,970**	**-**	**-**	**27,123,966**
NET ACCOUNTING VALUE						
as of December 31, 2023	**1,306,126**	**10,569,322**	**651,094**	**31,828,302**	**1,171,854**	**45,526,698**
as of December 31, 2024	**6,437,019**	**14,079,898**	**750,957**	**32,256,359**	**1,644,704**	**55,168,937**

13. STOCKS

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Finished products	72,949,599	77,950,369
Raw materials	72,934,378	68,605,059
Goods	24,902,168	21,176,967
Consumables	84,890	223,865
Inventory items	25,265	9,959
Waste products	2,469	3,743
Packages	78,777	74,492
Products in progress	5,170,799	6,321,323
Stocks – gross value	176,148,345	174,365,777
Value adjustments for raw materials and supplies	(1,964,160)	(1,964,160)
Value adjustments for finished products	(1,767,036)	(9,511,394)
Value adjustments for goods	(2,558,374)	(2,675,739)
Total value adjustments	**(6,289,570)**	**(14,151,293)**
Total stocks - net value	**169,858,775**	**160,214,484**

14. TRADE AND SIMILAR RECEIVABLES

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Short-term receivables		
Trade receivables	311.936.942	238.897.257
Customers – invoices to be prepared	(19.937.130)	(7.528.379)
Commercial papers	8.113.470	10.393.167
Advances paid to suppliers of fixed assets	12.931.075	410.546
Advances paid to service providers	600.427	1.451.944
Advances paid to employees	-	126
Other receivables	9.154.337	12.776.201
Additional adjustments for depreciation	(24.725.555)	(20.628.873)
Balance at the end of the period	**298.073.567**	**235.771.990**

Changes in impairment adjustments for receivables.

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Balance at the beginning of the period	(20,628,873)	(21,724,353)
Adjustment for impairment recorded in the statement of comprehensive income in relation to trade receivables	(4,096,682)	1,095,480
Balance at the end of the period	**(24,725,555)**	**(20,628,873)**

15. TRADE AND SIMILAR RECEIVABLES

Adjustments for impairment of receivables are established/cancelled by applying the simplified approach of IFRS 9, the historical loss rate is:

31.12.2024

IFRS 9	0 days	Between 1-30 days	Between 31-60 days	Between 61-90 days	Between 91-180 days	Between 181-365 days	Over 365 days	Total
Receivables	275,513,691	21,209,994	38,136	-	44,537	-	(18,655)	296,787,703
Historical loss rate	1.8%	5%	23%	48%	100%	100%	100%	

31.12.2023

IFRS 9	0 days	Between 1-30 days	Between 31-60 days	Between 61-90 days	Between 91-180 days	Between 181-365 days	Over 365 days	Total
Receivables	224,613,037	12,044,450	2,115,191	4,470	-	120,109	-	238,897,257
Historical loss rate	1%	3%	10%	24%	100%	100%	-	

16. CASH AND CASH EQUIVALENTS

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

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Available at the bank	2,673,916	1,792,024
Effects to be collected	-	-
Cash and cash equivalents	7,426	15,906
Total	**2,681,342**	**1,807,930**

The Company has accounts opened with commercial banks in Romania that are part of European banking groups or with state-owned banks. As of December 31, 2024 and December 31, 2023, the Company did not hold restricted cash.

17. SHARE CAPITAL

	Balance as of December 31, 2024	Balance as of December 31, 2023
Fully paid-up ordinary shares	67,133,804	67,133,804

The subscribed share capital of the company as of December 31, 2024 was 67,133,804 lei, the nominal value of a share being 0.1000 lei/share. The company has 671,338,040 shares that confer 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 share capital was restated taking into account the inflation index communicated by the National Statistics Commission. This was applied starting with the balance determined according to GD 500/1994, from the reporting date until 31.12.2003, the date on which it was considered that the national economy ceased to be hyperinflationary. Subsequently, the share capital increased according to the historical amounts registered in the Trade Register.

17. SHARE CAPITAL (continued)

Reserves

The reserves include the following components:

Description	December 31, 2024	December 31, 2023
Fixed assets revaluation reserves	254,696,593	268,354,743
Legal reserves	13,426,761	13,426,761
Deferred income tax recognized in equity	(40,751,480)	(42,936,784)
Other reserves	398,732,239	311,450,837
TOTAL	**626,104,113**	**550,295,557**

Shareholder structure

	Balance as of December 31, 2024		Balance as of December 31, 2023	
	Number of shares	% ownership	Number of shares	% ownership
MINISTRY OF HEALTH	355,925,135	53,0173	355,925,135	53.0173
INFINITY CAPITAL INVESTMENTS S.A.*	87,475,826	13,0301	197,475,826	29.4153
Other natural and legal persons	227,937,079	33,9527	117,937,079	17.5675
Total	**671,338,040**	**100,0000**	**671,338,040**	**100.0000**

* On 31.12.2022 the Company was called SIF OLTENIA.

17. SHARE CAPITAL (continued)

Revaluation reserve

The reconciliation between the opening and closing balance of the revaluation reserve was as follows:

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Balance at the beginning of the period for the revaluation reserve	**268,354,743**	**235,426,926**
Balance at the beginning of the period for deferred tax related to the revaluation reserve	**(42,936,784)**	**(37,668,306)**
Transfer of the revaluation reserve to retained earnings following depreciation and disposals of tangible assets, net of tax	(13,658,151)	(2,065,204)
Revaluation of tangible fixed assets	-	34,993,022
Decrease in deferred tax related to revaluation reserve	2,185,304	485,889
Deferred income tax	-	(5,754,368)
Balance at the end of the period for the revaluation reserve	**254,696,592**	**268,354,744**
Balance at the end of the period for deferred tax related to the revaluation reserve	**(40,751,480)**	**(42,936,785)**
Reconciliation of the revaluation reserves	**213,945,112**	**225,417,959**

The nature and purpose of each reserve within equity are described below:

Nature of the reserve	Description and purpose of the reserve
Fixed assets revaluation reserves	If the accounting value of a tangible asset is increased as a result of revaluation, then the increase must be recognized in other elements of the comprehensive income and accumulated in equity, as revaluation surplus. The revaluation reserves cannot be distributed and cannot be used to increase the share capital.
Legal reserves	As per the Law 31/1990, every year, at least 5% of the profit is taken to form the reserve fund, until it reaches at least one fifth of the share capital.
Other reserves	Other reserves include reserves representing tax benefits that cannot be distributed, with implications on the recalculation of corporate income tax. The difference represents reserves constituted from profits.

17. SHARE CAPITAL (continued)

The retained earnings include the following components:

Description	December 31, 2024	December 31, 2023
Retained earnings – surplus made from revaluation reserves	42,760,250	29,247,881
Retained earnings from error correction	13,769,750	12,958,610
Retained earnings from the use, at the date of transition to IFRS, of fair value as estimated cost	120,811,620	122,851,143
Profit and loss of the year	102,202,828	81,088,596
Distribution of profit	(78,473,541)	(16,611,671)
Total	**201,070,907**	**229,534,759**

DISTRIBUTION OF PROFIT

On 31.12.2024, S.C. Antibiotice S.A. recorded a net profit amounting to 102,202,828 lei, proposed for distribution as follows:

Description	December 31, 2024	December 31, 2023
Dividends	13,800,876	30,927,369
Other reserves	86,868,522	19,233,858
Own sources of financing	1,533,431	30,927,369
Total	**102,202,828**	**81,088,596**

Profit distribution according to OGMS of 16.04.2024, according to Decision No. 3 regarding the approval of the financial statements is the following:

-dividends – 30,927,369 lei

-other reserves – 19,233,858 lei

- own sources of financing – 30,927,369 lei, and

Distribution of the profit as per the OGMS of 01.07.2024, according to Decision No. 2 is the following:

-dividends – 55,669,264 lei

-other reserves – 19,233,858 lei

- own sources of financing – 6,185,474 lei.

18. TRADE AND SIMILAR DEBTS

Liabilities mainly include trade payables and other short-term financial liabilities (liabilities in relation to personnel, liabilities regarding taxes and duties, liabilities regarding short-term bank loans, liabilities in relation to various creditors) which are initially recognized at fair value and subsequently recorded at amortized cost using the effective interest method.

	Balance as of December 31, 2024	Balance as of December 31, 2023
Trade debts	83,501,751	73,656,235
Bills payable	2,582,237	2,883,929
Debts from the acquisition of fixed assets	44,300,365	40,406,065
Other current debts*	35,537,614	33,405,736
Advances received based on orders	3,311,477	428,397
Total	**169,233,444**	**150,780,362**

18. TRADE AND SIMILAR DEBTS (continued)

*Other current debts

	Balance as of December 31, 2024	Balance as of December 31, 2023
Salary debts to employees and social security debts **	23,585,855	29,726,847
Unclaimed employee rights	35,708	34,184
Other creditors	2,911,858	1,129,950
Interest payable	74,601	96,359
Other taxes to pay	424,287	38,978
Dividends to be paid	8,505,305	2,379,418
Total	**35,537,614**	**33,405,736**

**These debts include:

- 5,770,482 lei - remuneration due to employees representing the final payment of December 2024 paid in January 2025;
- 38,948 lei - the amounts withheld from personnel rights according to legal regulations, related to December 2024, which will be paid to third parties;
- 222,602 lei - the amounts owed to employees representing bonuses as well as debts to employees represented by the guarantees retained from the employees according to the legal requirements;
- 3,283,701 lei - the amounts withheld according to the legal requirements from the gross income of employees, representing the social security contribution;
- 1,370,450 lei - the amounts withheld according to legal requirements from the gross income of employees, representing the contribution to social health insurance;
- 290,327 lei - represents the labor insurance contribution owed by the company for the personnel rights related to December 2024;
- 923,614 lei - the income tax withheld according to the legal requirements from the gross income of employees for December 2024;
- 1,814,209 lei - the amounts representing debts regarding the employee profit participation;
- 8,620,481 lei - unused vacation leave;
- 943,128 - litigations;
- 153,957 lei - material aid due to employees.

Value-added tax

The VAT fiscal period is the calendar month, the value added tax is shown based on the VAT return. The VAT amount payable is paid to the tax authorities by the 25th of the following month, regardless of the level of recovery of receivables from customers. The tax authorities allow VAT to be settled on a net basis. If the deductible VAT is higher than the VAT collected, the difference is refundable upon request by the company. VAT related to sales and purchases that have not been settled at the end of the reporting period is recognized in the financial position statement at net value and presented separately as a current asset or liability. In cases where adjustments have been recorded for the depreciation of receivables, the depreciation loss is recorded for the VAT-inclusive value of the debit. The related VAT must be paid to the state budget and can only be recovered in the event of the debtor's prescription, as a result of the bankruptcy decision.

Claw-back tax

Claw-back tax regulated by Emergency Ordinance No. 77/2011 on the establishment of contributions for financing certain expenses in the health sector is paid quarterly to the State Budget for **prescription medicines**, included in 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, borne from the National Single Health Insurance Fund and from the budget of the Ministry of Health.

18. TRADE AND SIMILAR DEBTS (continued)

Other debts

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Clawback tax	10,152,471	9,691,498
Other special funds	157,916	140,052
Total	**10,310,387**	**9,831,550**

19. BANK LOANS

Bank loans as of December 31, 2024 and December 31, 2023 were as follows:

Financing bank	Financing type	Granting date	Balance as of December 31, 2023	Balance as of December 31, 2024	Short-term as of December 31 2024	Long-term as of December 31 2024	Repayment term
Banca Transilvania	line of credit - working capital	**21.03.2024**	-	33,751,804	33,751,804	-	**12 MONTHS**
Unicredit Bank	line of credit - working capital	**Initial granted in 2016, renewed in 2024**	29,552,092(*)	10,548,511(*)	10,548,511	-	**12 MONTHS**
Unicredit Bank	investment credit	**03.05.2018**	36,750,203(**)	36,719,867(**)	10,693,974	26,025,893	**120 MONTHS**
European Investment Bank	investment credit	**26.06.2024**	-	59,689,200	-	59,689,200	**96 MONTHS**
TOTAL			**66,302,295**	**140,709,382**	**54,994,289**	**85,715,093**	

dere

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

(**) investment credit with long-term maturity

(***) investment credit with short-term maturity

20. INVESTMENT SUBSIDIES

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
As of January 1	1,892,704	2,163,611
Subsidy Inflows	4,209,120	-
Transferred to the comprehensive income statement	(439,209)	(270,907)
As of December 31, 2024 / December 31, 2023	**5,662,615**	**1,892,704**
Current	516,884	306,289
Fixed	5,145,731	1,586,415

In 2024, Antibiotice S.A. received from the Ministry of Energy through the National Recovery and Resilience Plan the amount of 4,078,620 lei for financing the project « 2.5 MW photovoltaic plant ».

21. CONTINGENT LIABILITIES

As of December 31, 2024 / December 31, 2023, Antibiotice S.A. has no contingent liabilities.

22. PRESENTATION OF AFFILIATED PARTIES

22.1. Amounts due and receivable from affiliated parties

At the end of the financial years 2024 and 2023, the company had no receivables or liabilities towards the associated entity.

22.2. Information regarding transactions with affiliated parties

During the financial years 2024 and 2023, the Company did not carry out commercial transactions with the associated entity.

23. EVENTS AFTER THE REPORTING PERIOD

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

24. INFORMATION REGARDING THE AUDIT OF INDIVIDUAL FINANCIAL STATEMENTS

For auditing the individual financial statements as of 31.12.2024, a fee of 275,048 LEI was charged.

Authorized by the Management Board on: **12.03.2025**.

_____	_____
General Director,	**Financial Director,**
Ioan NANI, Economist	**Paula Luminita COMAN, Economist**

Antibiotice
Science and soul

CURRENT REPORT

Report date: **16.04.2025**
Name of issuing company: **Antibiotice SA**
Headquarters: **Iaşi, 1 Valea Lupului St., postal code 707410,**
https://www.antibiotice.ro
E-mail : **relatiicuinvestitorii@antibiotice.ro**
Telephone/fax no. **0232.209.000 / 0232.209.633**
Unique registration code in the Trade Register Office: **RO1973096**
Order number in the Trade Register: **J1991000285223**
Subscribed and paid-up capital: **67.133.804 lei**
Regulated market on which the securities issued are traded: **Bucharest Stock Exchange**

Important event to be reported:

Notice of availability - 2024 Annual Report

Antibiotice SA informs the investors that the ***Annual Report for the financial year ended on December 31, 2024***, is available through the *Bucharest Stock Exchange Financial Surveillance Authority* as well as through its website: www.antibiotice.ro (Investors/Financial Information /Annual Report 2024).
The above-mentioned report can also be obtained from our company's headquarters (Investor Relations, fax no. 0372.065.633, e-mail: relatiicuinvestitorii@antibiotice.ro).

Please note that the financial statements in Excel format can be found on the company's website and can be accessed using the link below:

https://www.antibiotice.ro/en/investors/financial-information/financial-reporting/

General Director,
ec. *Ioan NANI*

Antibiotice SA 1 Antibiotice RO 1973096 J1991000285223 Iași, România

Financial Director,
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CUI RO 1973096
IBAN: RO04 BACX 0000 0030 1067 8000

Antibiotice
Știință și suflet

STATEMENT

according to the provisions of art. 30 of the Accounting Law no. 82/1991

The Annual Financial Statements as of 31/12/2024 were prepared for:

Legal entity: Antibiotice S.A.
County: 22-Iasi
Address: City of Iasi, 1 Valea Lupului St.
Trade Register number:J1191000285223
Form of ownership: 27 - Trading companies with state and local private capital (state>=50%)
Main activity (NACE code and class name): 2110 Manufacture of basic pharmaceutical products
Tax identification code: 1973096

The company's administrator, Nani Ioan, assumes his responsibility for the preparation of the annual financial statements as of 31/12/2024 and confirms that:

a) The accounting policies used in preparing the annual financial statements are in accordance with the applicable accounting regulations.

b) The annual financial statements provide a true and fair view of the financial position, financial performance and other information relating to the activity carried out.

c) The legal entity operates in conditions of continuity.

General Director,
Nani Ioan, Economist