

DIRECTORS REPORT

January - June 2025

Annual report acc. to: IFRS
Report date: 30.06.2025

Company: Antibiotice SA

Registered office:
Iași, Strada Valea Lupului nr.1

Phone:
0232/209000; fax: 0372065633

Tax registration number:
RO1973096

Trade Register number:
J1991000285223

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

Subscribed and paid-in share capital:
67,133,804 RON

**Main features of the securities issued by the
company:**
Registered shares, face value: 0.10 RON

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Antibiotice - a performance orientated company

Main results recorded by Antibiotice S.A. in the first half of 2025:

- total revenues of 380.16 million RON, compared to the same period last year;
- revenues from sales on international markets for finished products of 94.4 million RON, at a level comparable with the first half of 2024 (93.7 million RON);
- revenues from sales on international markets for active substances of 43.5 million RON, down compared to the same period last year (55.3 million RON). The fall is correlated with the reactivity of international markets to the legislative uncertainties regarding the tariff policy announced by the United States;
- consolidated 4th place in terms of boxed consumption on the generics market with and without prescription in Romania, with a market share of 4.6%, according to Cegedim Sell Out Romania in June;
- maintains its position as value leader in the hospital segment on generic products, with and without prescription, with a market share of 13.7%, according to Cegedim Sell Out Romania in June;
- 26% return on business (gross profit plus claw-back tax);
- current liquidity of 5.8 (higher than 1.2 - the benchmark accepted by financial institutions)
- total bank debt/EBITDA ratio of 1.65 (lower than 3.5 - the benchmark accepted by financial institutions);
- total bank debt/equity ratio of 0.27 (less than 1 - the benchmark accepted by financial institutions);
- the average share price was 2.2175 RON/share.

Strategic adaptation of human resources

Staff structure in H1 2025 - 53% of employees with higher education and 47% with secondary education, compared to H1 2024, where the share was 51% higher education and 49% secondary education. The dynamics are determined by the adaptation of the human resources structure to internal and international competition, as well as to the digitisation strategy and investments in new manufacturing technologies.

Modern human resources management

1. Analysis and redefinition of the organisational structures within the company, adapted to the redefinition of the industrial platform correlated with the ongoing investments, correlated with the need for business growth in 2025-2030 perspective, as well as with the market trends.

2. The company-wide staff retention rate in the first 6 months of 2025 was 98.53%, compared to a target of 95% and a realised H1 2024 realisation of 98.67%.

3. Running employee training and skills development programmes

The 2025 annual training plan for the development of employees' competences with external providers is part of the Academia a+ project and is adapted to the requests and dynamics of the training needs identified by activity structures and employees.

An average of 24 hours of vocational training/employee has been scheduled for the first semester of 2025. An average number of 23,7 hours/employee was achieved, organising competence development programmes in areas with legal training

requirements, sessions with internal lecturers, sessions with external providers and on the e-Learning platform.

4. A+ Academy as a tool for knowledge management in the company. The a+ Academy has two components: A+ Technical College and a+ Business School.

Specific actions - the collaboration with the university and pre-university environment materialised, in addition, during the first semester of 2025 through the following actions:

- organisation of internships for 102 students (pharmacist, chemist, electronic engineer, automation engineer, chemical engineer, economist, bioengineer);
- organisation of teaching visits for 140 students (pharmacist and economist profile);
- participation in the event "Introduction to career" with company presentation and job opportunities for the students of the Faculty of Chemical Engineering and Environmental Protection at the Technical University "Gh.Asachi" Iasi;
- providing internships for 110 students from the qualifications agreed in the partnerships signed with technological high schools within the a+ Academy (chemical operator profile, automation technicians, mechatronics technicians, laboratory technicians);
- supporting didactic activities through study visits for a total of 204 students within the "Different School" programme;
- sponsoring the National Chemistry Contest and organising the visit for 25 Olympic students;
- the implementation of the two financing projects on students' and pupils' internships within the Education and Employment Programme (PEO) - according to the schedule and the stages assumed in the contracts. Funding projects were submitted in 2024 and contracted in December 2024 (pupils) and March 2025 (students):
 - "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 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, starting with 1 March 2025. In the framework of this project, 251 students will participate in internships in a real working environment within the company.

Modernising organisational culture

In accordance with the 2025 work plan, during the first semester, sports, recreational, social and cultural actions, programmes and activities were organised. Among them, the one with significant impact was "Family Day", an event organised on 24 June 2025, attended by over 500 people (employees and their families), which had the following objectives: to develop the sense of belonging and loyalty to the Antibiotice team; to develop interpersonal communication and the level of cohesion at macro team level.

Strategic adaptation of the product portfolio

Portfolio management

The expansion of the product portfolio represents an essential factor in 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 strategic business development initiatives.

The criteria considered for portfolio management are:

- Market consumption potential;
- Therapeutic tendencies;
- Yield obtained per therapeutic unit;
- Compatibility with existing production flows.

The products in the current portfolio are closely monitored, with specific actions being taken to align with national market requirements and international regulations.

The current portfolio includes 190 marketed products consisting of:

- generic medicines for human use from 11 therapeutic classes (prescription medicines - RX 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 products (prescription medicines and food supplements);
- biofertilisers.

The portfolio of prescription products for human use (RX) is structured into 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 for human use (non-RX) is represented by OTC medicines, food supplements, cosmetics and medical devices. They are intended for health maintenance, prophylaxis or adjuvant use in certain high-incidence conditions, and are complementary to the prescription portfolio.

Portfolio structure by manufacturing divisions	Number of products	Of which launched in H1 2025
Oral Solid Forms	90	4
Topical Products	56	1
Injectable Products	40	
Active Substances	4	

New products

Between January 2023 and June 2025, 21 new brands were launched with a contribution to net sales realised in the first half of 2025 of 5%.

Products launched in 2025: 1 prescription product for hormone replacement therapy - Hydrocortisone tablet 10mg, 3 food supplement products - Zifelle® meno, for women's health during menopause, Urexpert® Prostate, for men's health, Soriso® Focus, for maintaining cognitive function and 1 topical product Cutaden® Repair, for adjuvant therapy in atopic dermatitis.

Promotional activity

A. Communication to health professionals (PDS)

In the first 6 months, Antibiotice S.A. continued direct promotion through the team of medical representatives, addressing both doctors and pharmacists.

At the same time, the company was present at the main events for the medical specialities Infectious Diseases, Pneumology & Pneumophthiology, ENT, Gynaecology, Anaesthesia and Intensive Care, Emergency Medicine, Cardiology, Internal Medicine. The main objectives were to increase the visibility of the company's brand and product brands - in particular prescription medicines - to develop relationships with partners, as well as to deepen the understanding of the market and competition. The scientific events were organised by the main professional, academic and scientific societies and associations in Romania.

Antibiotice organised three interdisciplinary symposia in Iasi, Constanta and Bucharest in June, in the context of its 70th anniversary. The events brought together specialists, physicians from various specialities and pharmacists, both from Romania and the Republic of Moldova, who were presented news from the company's portfolio. These sessions aimed to strengthen interdisciplinary collaboration and promote therapeutic novelties in order to support medical practice and continuing medical and pharmaceutical education.

In the same direction, the company held in the first half of 2025 four regional events in Timisoara, Bucharest, Cluj and Iasi, with the aim of increasing awareness and supporting the sales of the VetAria+ portfolio, under the theme "Novelties in the therapeutic approach to pets", bringing together over 400 veterinarians specialised in pet medicine, which helped to strengthen the collaborative relationships and generate new partnership opportunities.

B. Communication to the general public

- Online communication

Social Media - communication projects were carried out with the main objective of increasing the notoriety and visibility of the following brands: the Cutaden®, Tinero®, Zifelle® meno, Simbiflora®, Soriso®, TriOli®, Urexpert®.

Product websites - websites have been launched for OTC products - Zinba® and Saliform® forte, as well as the food supplement Zifelle® meno. On the Cutaden.ro website a *Blog* section has been developed with informative articles.

- Offline TV communication: Zinba®.
- Offline radio communication for the following brands: Zinba®, Clafen® Rapid, Saliform® Forte, Fluxiv®, Silithor®, Cutaden® bebe, Zifelle® meno.
- Public events:
 - In the first part of the year, promotional campaigns were run for the Tinero® AZ range to the general public, through health professionals and influencers, to ensure a wide exposure and tailored to different audiences. The Cutaden bebe, Simbiflora, Faguria and Zifelle® meno brands were also promoted to the general public through high exposure events, which allowed direct interaction with consumers and communication of product benefits in a relevant context.
 - During the reporting period, the company participated in a number of public events dedicated to the veterinary field and pet lovers, bringing together a diverse audience of pet owners, veterinarians, manufacturers and suppliers of products and services for animal health and welfare, representatives of institutions with specialised canine units, as well as students and academics. The activities included presentations, demonstrations, interactive workshops

and professional training sessions, with the main objectives of increasing the visibility of the company's brand and VetAria+ product range, developing and diversifying partnerships with veterinarians and strengthening the online community.

These actions have helped to increase the visibility of the brands and strengthen the relationship with the target audience.

Portfolio development through in-house R&D and in-licensing

In the first semester, within INOVA a+, the INOVA a+ programme has carried out the phases related to 43 projects out of the total of 54 planned for 2025, RX products (prescription drugs) and non RX products (OTC, food supplements, medical devices and dermatocosmetics), as follows:

- *Topical Products Division - 20 project milestones.*
- *Oral Solid Forms Division - 8 project milestones.*
- *Injectable Sterile Products Division - 15 project milestones.*

6 projects have been successfully completed in the research phase, being taken over by the structure responsible for obtaining marketing authorisations, according to the applicable regulations.

In the Centre for Clinical Trials, 2 bioequivalence studies have been conducted. The results obtained represent an obligatory part of the authorisation documentation but also an important advantage in communicating the benefits of Antibiotice branded products to health professionals.

As part of the strategy of portfolio development through In-Licensing projects, the acquisition of 9 product licences was negotiated, of which 1 product for human use for the treatment of cardiovascular diseases and 8 products to complete the veterinary portfolio, so that the assimilation in the portfolio will be achieved in the period 2026 - 2028.

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.

In the perspective of the company's continued strategic development, Antibiotice is constantly concerned with process improvement and alignment with changing legislation. In this respect:

- on 28.01.2025 took place the ANMDMR recertification inspection on Good Laboratory Practice in the Centre for Clinical Studies;
- on 29.01.2025 the ANMDMR inspection took place for the authorisation of the new finished product warehouse;
- on 06.02.2025 took place the ANMDMR inspection to authorise the installation of the RABS system (Restricted Access Barrier Systems for aseptic processes) on the existing lines of the Parenteral Products section, in order to align with the requirements of Annex 1 (revised) of the Good Manufacturing Practice Rules;
- On 09.05.2025 took place the ANMDMR inspection for the authorisation of the second microbiological analysis laboratory (Determination of microbiological activity).

In the first semester 2025, 3 partner audits for the contract manufacturing of parenteral products took place, the audits were carried out in good conditions, Antibiotice continuing the initiated partnerships.

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 5 workshops organised by external suppliers on topical issues specific to the pharmaceutical industry.

Environmental responsibility

In the period January - June 2025, Antibiotice S.A. carried out its activity in full compliance with the legal requirements and regulations in force on environmental protection, continuing the implementation of the commitments undertaken through the policy of sustainability and integrated management.

Compliance with environmental regulations

The existing environmental authorisations have been maintained:

- Integrated Environmental Authorisation No 3/29.09.2021, issued by the Iasi Environmental Protection Agency;
- Water Management Authorisation No 20/30.03.2021, issued by the Prut-Barlad Water Basin Administration.

On 23.01.2025, the representatives of the Prut-Barlad Water Basin Administration - Apele Romane Iasi carried out a specialised control. No non-compliances were found.

The execution works of the drilled wells within the project "Reduction of drinking water consumption by using groundwater for water treatment/irrigation" have been finalised (Decision of the framing stage no. 55 of 03.04.2023) and the *Technical Book of water abstraction from underground source* has been drawn up, according to Annex no. 4 section 3-a, art. 9 of the Order of M.M.AP. No. 3147/2023.

The documentation for the Amendment of the Water Management Permit No 20/31.03.2021 has been submitted - as per application No 9497/13.06.2025. Representatives of the Prut-Barlad Water Basin Administration - Apele Romane Iasi carried out the field verification in order to validate the information in the technical documentation. This was found to be consistent with the existing situation.

At the same time, according to the regulations in force, after obtaining the Modifying water management permit, the revision of the Integrated Environmental Permit no. 03/29.09.2021 is planned for 2025, in which sense the steps for contracting an authorised expert have been started.

Transparency and reporting

The company has ensured the fulfilment of all the reporting obligations stipulated in the regulatory acts, transmitting information to the competent institutions (APM Iasi, Prut-Barlad Water Basin Administration).

Also, the Annual Environmental Report for the year 2024 has been drafted and published on the company's website, as required by the Integrated Environmental Permit.

Antibiotice Iasi organised the Open Doors Day on 26, 27 and 28 June 2025, an occasion through which the company opened its doors to the local community. The event was conceived as a platform for dialogue between Antibiotice and the community - to showcase investments in modern technologies, sustainability approaches and to receive feedback.

Resource management and environmental protection

Periodic monitoring of the quality of environmental factors was realised as follows:

- Water analyses were carried out in our own laboratory and in third party laboratories to control the quality of the water fed into the pre-treatment plant and discharged into the municipal sewerage system;
- The air emission determinations were carried out in accordance with the requirements of the integrated permit.

No exceedances of the set limit values were recorded.

Sustainable waste management

Antibiotice continues the implementation of an efficient and sustainable waste management system, based on the principles of selective collection, valorisation and traceability.

- The internal waste management audit for 2024 has been finalised;
- Waste is collected separately and handed over to authorised operators for recovery or final disposal. Certain types of waste are treated by incineration in our own plant;
- The *Waste Prevention and Reduction Programme* was developed - document available for consultation on the company's official website;
- On 03.04.2025, a second party audit was carried out at the incineration disposal service provider, targeting waste traceability and compliance with ISO 14001, ISO 9001 and legal and contractual requirements. The audit was finalised without identifying any critical non-conformities that would generate risks for Antibiotice;
- Extended Producer Responsibility Obligations (EPR) have been fulfilled through a contract with an authorised Organisation Implementing Extended Producer Responsibility Obligations (OIREP). The company has no outstanding debts to the Environmental Fund Administration.

Climate change and decarbonisation

As part of its commitment to reduce its carbon footprint, Antibiotice has continued to work with external experts to assess Scope 3 greenhouse gas emissions related to its supply chain and other related activities. Based on these results, the process of elaboration of the Decarbonisation Strategy was initiated, aligned with international regulations and climate change objectives.

Health and Safety at Work

In order to comply with the legislative provisions regarding the protection of employees' health, in the first half of 2025, the Prevention and Protection Plan 2025 (revised according to the legislative provisions), the Annual Training Programme / Themes for periodic training in the field of occupational health and safety, the Annual Programme for periodic medical examination, the Annual Programme for monitoring exposure to noxious substances, were prepared.

Technical measures were realised in the Prevention and Protection Plan for 2025 which included measures to reduce physical effort.

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).

The periodic medical check-up was carried out according to the Annual Programme for Periodic Medical Examination (100%).

In the first semester of 2025, the programme of screening for the year 2025 has been carried out in order to assess/improve the health status of the company's staff. The first stage of the screening for the assessment of Vitamin D deficiency was carried out with the participation of 248 employees, followed by a new stage in the fourth quarter.

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

In the first 6 months of 2025, 4 events were recorded, of which 3 accidents at work and 1 minor accident. By the end of the first half of the year, the people affected had recovered their health and the company's activity was not affected.

Operational performance

During the reporting period, total sales revenues totalled 333.7 million RON, down by 5% compared to the same period of the previous year (350.85 million RON).

Revenue from sales on the domestic market totalled 195.68 million RON, down 3% compared to the same period in 2024 (201.84 million RON). In the first 6 months the inflation rate was over 5%, according to public data, reflecting also in purchasing power. As a result, drug consumption has been reprioritised within the consumption basket. At the same time, according to market analyses, there has been a change in prescribing behaviour, with the value share of original products in total consumption increasing from 56.9% to 58.1%. At the same time, there is an impact on the allocations from the budget of the National Health Insurance Fund, as the value share of products in cost-volume contracts increased from 12% to 14%, limiting the funds available for generic products. Another factor that has negatively affected the generics market is the delay of up to 90 days of payments made by the Health Insurance Fund for compensated and free medicines, affecting all distribution segments.

Revenue from sales on the international market totalled 138 million RON, down by 7.4% compared to the same period in 2024 (149 million RON):

- finished products 94.4 million RON, at a level comparable to 2024 (93.7 million RON),
- active substances 43.5 million RON, down compared to the first half of 2024 (55.3 million RON). The decline is correlated with the decrease in consumption due to the impact of tariff policies announced by the United States. The company's strategy in the coming period is to rebalance the territorial sales through commercial policies with partners.

Antibiotice S.A. on the Romanian market¹

- maintains its 4th place (out of 371 companies) in consumption - boxes in the generic prescription and non-RX segment (with a market share of 4.6%);
- is the quantitative (IU) leader in the total market for the pharmaceutical dosage forms ointments (19.3% out of a total of 132 companies), suppositories and ova (32.4% out of a total of 52 companies) and injectable powders (60.2% out of a total of 60 companies);
- occupies third place, by number of boxes in the total market by capsule pharmaceutical form (5.5% of a total of 199 companies);
- is the value leader in the segment of generic prescription and non-prescription medicines marketed in hospitals, with a market share of 13.7%, in a market in which 240 companies are active.

Antibiotice S.A. on the international market

- The main territories are Europe (48%), Asia-Pacific (28%) and the Americas (18%).
- The main increases in Europe on finished goods are in the current markets: UK, Nordic countries, Hungary, Serbia, Baltic States, and new markets are also being tapped: Italy, France, Poland, Czech Republic, Bulgaria;
- For active substances, presence in the main markets (Europe, North America, Asia) was maintained and progress was made on development projects in South America, aimed at balancing territorial exposure.

¹ Data source: Cegedim Sell-Out Romania January-June 2025

Management of financial flows and operational expenditure

Applying business consolidation principles

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

Interim Balances (amounts are expressed in RON)

It. no.	Method of calculation	Indicators	30 June 2025	30 June 2024	30 June 2025/ 30 June 2024
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:	369,596,913	374,523,913	-1%
2		Income from contracts with customers (net turnover):	333,740,008	350,850,074	-5%
3		Changes in stocks of finished goods and work in progress	30,411,726	17,988,910	69%
4		Income from property projects	5,445,179	5,684,929	-4%
5		Expenditure on raw materials	81,459,465	80,311,497	1%
6		Material expenses	7,365,936	8,666,738	-15%
7		Expenditure on finished products realised on partner sites	44,036,763	38,502,399	14%
8	8=1-5-6-7	Gross margin	236,734,749	247,043,279	-4%
9	9=8/1	Gross margin (%)	64.05%	65.96%	-3%
10	10=11+12	External operating expenses:	35,167,011	38,672,088	-9%
11		Expenditure on electricity, natural gas and drinking water	12,518,251	8,832,393	42%
12		Expenditure on services performed by third parties	22,648,760	29,839,695	-24%
13	13=8-10	Added Value	201,567,738	208,371,191	-3%
14		Taxes and duties	26,327,910	27,291,637	-4%
15		Expenditure on employees' salaries	79,895,912	75,648,348	6%
16		Depreciation expenses	25,971,977	21,588,234	20%
17		Impairment adjustment on current assets, net	-6,965,028	684,042	
18		Other operating income	603,619	2,133,611	-72%
19		Other operating expenses	1,797,853	5,708,506	-69%
20	20=13-14-15-16+/-17+18-19	Operating profit/loss (EBIT)	75,142,735	79,584,035	-6%
21		Financial profit/loss	-6,847,703	-1,154,200	493%
22		Total revenue	380,160,338	379,960,153	0%
23		Total expenditure	311,865,306	301,530,317	3%
24		Gross profit/loss	68,295,032	78,429,835	-13%
25		Corporate tax	9,171,237	4,235,805	117%
26		Net profit/loss	59,123,795	74,194,030	-20%
27	27=24/2	Gross profit profitability (EBT margin)	20.46%	22.35%	-8%
28		Claw back fee expenses	19,640,835	21,152,298	-7%
29	29=(24+28)/2	Gross profit return + claw-back tax	26.35%	28.38%	-7%
30	30=26/2	Net profit return	17.72%	21.15%	-16%

It. no.	Method of calculation	Indicators	30 June 2025	30 June 2024	30 June 2025/ 30 June 2024
1		Current assets	627,385,321	512,268,956	22%
2		Cash and cash equivalents	10,352,996	60,754,738	-83%
3		Short-term bank debt	106,338,744	27,329,038	289%
4		Total bank debts	251,856,384	118,433,450	113%
5		Net book assets (equity)	939,428,311	865,488,886	9%
		Earnings before interest, taxes, depreciation, and amortisation (EBITDA) 12 months cumulated	152,388,548	136,948,928	11%
6	6=(1-2)/3	Current liquidity (>1.2) ((Current assets - Current income tax receivable)/Short-term bank liabilities)	5.80	16.52	-65%
7	7=4/31	Total bank debt/EBITDA (<3.5)	1.65	0.86	91%

8	8=4/5	Total bank debt / Equity (<1)	0.27	0.14	96%
9		Debt ratio (Total liabilities/Total assets)	34.44%	31.58%	9%
10		Overall solvency (Total assets/Total liabilities)	2.90	3.17	-8%
11		Working Capital Fund (WC) (permanent capital - fixed assets)	351,378,687	272,113,873	29%
12		Working Capital Requirement (WCR) (Stocks + Receivables - Trade payables)	447,364,435	238,688,173	87%
13		Net cash (WC - WCR)	-95,985,748	33,425,700	-387%

The gross margin indicator reflects the company's sales and production performance. This is similar to the previous year due to the efficient correlation of production, sales and stock levels, as well as the rationalisation of raw material and material purchases. Activity during the reporting period resulted in a margin of 64.05%.

The value added indicator reflects what the company adds to the economic circuit through its own activity.

The EBIT indicator (operating result) recorded a value of 75.14 million RON with a return on operating profit of 22.5%, a level comparable with that realised on 30.06.2024.

The cumulative EBITDA at 12 months, which reflects the profit before interest, taxes, depreciation and amortisation, is RON 152.4 million above the level calculated for a 12-month period as at 30.06.2024.

Current liquidity, determined as the ratio of current assets to short-term bank liabilities, stands at 5.8 (above the level of 1.2 agreed by banking institutions) and indicates that the short-term financial balance is maintained. The company has the capacity to honour its current bank obligations out of liquid assets. The total bank debt to EBITDA ratio registers a level of 1.65, being within the parameters accepted by the financial institutions (maximum level of 3.5). Also, the total bank debt-to-equity ratio registers a level of 0.27, being within the parameters accepted by financial institutions (maximum accepted level of 1).

The indebtedness ratio indicator shows the company's ability to cover total liabilities from total assets, registering a level of 34.44% higher compared to 31.58% at the end of the first half of 2024. The overall solvency reflects the ability of a company to meet all its obligations, registering a lower level of 2.90 compared to 3.17 at the end of H1 2024.

The value of working capital below the value of working capital requirements resulted in a net treasury indicator value of -95.96 million RON, which reflects a temporary gap in the financing of working capital, 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. On 30.06.2025 it has a value of 351.38 million RON, up 29% compared to the value on 30 June 2024 of 272.11 million RON. In January 2025 the company drew the second instalment of the loan contracted in 2023 with the European Investment Bank.

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 the first half of 2025, the increase in receivables and inventories and the decrease in trade payables led to an indicator value of 447.36 million RON.

The results of the activities during the first 6 months of the current year are summarised in the Interim Financial Statements prepared in accordance with IAS 34 "Interim Financial Reporting" revised. The situation of income and expenditure indicators as at 30.06.2025 compared with the values as at 30.06.2025 is as follows:

Financial indicators	30 June 2025	30 June 2024	30 June 2025/ 30 June 2024
A. Total revenue, of which:	380,160,338	379,960,153	0.1%
1. Operating revenue	370,200,532	376,657,524	-2%
1.1 Revenue from contracts with customers (turnover), of which:			
revenue from the sale of products realised on own websites	333,740,008	350,850,074	-5%
revenue from the sale of products realised on partner websites	255,974,948	284,367,384	-10%
revenue from the provision of services	76,503,868	65,922,420	16%
1.2 Other operating revenue	1,261,192	560,270	125%
1.3 Income from property projects	31,015,345	20,122,521	54%
2. Financial income	9,959,805	3,302,628	202%
Foreign exchange gains	9,958,599	3,301,434	202%
Bank interest income	1,206	1,194	1%
B. Total expenditure, of which:	311,865,305	301,530,317	3%
1. Operating expenses:	295,057,797	297,073,489	-1%
Expenditure on raw materials and materials	88,825,400	88,978,235	0%
Expenditure on products realised on partner websites	44,036,763	38,502,399	14%
Expenditure on electricity, natural gas and drinking water	12,518,251	8,832,393	42%
Expenditure on employees' salaries	79,895,912	75,648,348	6%
Other operating expenses (*)	43,809,494	63,523,880	-31%
Depreciation and adjustments for impairment on fixed assets, net	25,971,977	21,588,234	20%
2. Financial expenses	16,807,508	4,456,828	277%
Expenses from exchange rate differences	14,607,803	2,475,015	490%
Bank interest expenses	2,199,705	1,981,813	11%
Operating profit/loss	75,142,735	79,584,035	-6%
Financial result	-6,847,703	-1,154,200	493%
Gross profit	68,295,032	78,429,835	-13%
Corporate tax expenses	9,171,237	4,235,805	117%
Net profit	59,123,795	74,194,030	-20%

The total realised revenues amount to 380.16 million RON, a level comparable to that achieved in the first half of the previous year. In their structure:

- operating revenues totalled 370.2 million RON, which includes sales revenues of 333.74 million RON.
- financial income totalled 9.96 million RON and includes income from exchange rate differences and interest income.

The total expenses incurred for the realisation of revenues amount to 311.86 million RON, 3% more than the amount incurred in the first half of 2024, of which:

- operating expenses total 295.06 million RON;
- financial expenses total 16.8 million RON.

Gross profit totalled 68.3 million RON, influenced by the negative impact of exchange rate differences of 6.8 million RON, detailed below.

Indicators (RON)	30 June 2025	30 June 2024
Financial result	6,847,703	1,154,200
Financial income	9,959,805	3,302,628
-Favourable exchange rate differences - available on account	797,297	197,704
-Favourable exchange rate differences - claims and debts	9,154,905	3,040,690
-Favourable exchange rate differences - investment loans	6,397	63,040
-interest income	1,206	1,194
Financial expenses	16,807,508	4,456,828

-Unfavourable exchange rate differences - available on account	768,377	184,757
-Unfavourable exchange rate differences - claims and debts	10,585,726	2,203,643
-Unfavourable exchange rate differences - investment loans	3,253,700	86,615
-Interest expenses	2,199,705	1,981,813

In the structure of operating expenses, expenses with products realised on other sites amount to 44 million RON (up by 14% compared to H1 2024) in correlation with the revenues from their sale of 76.5 million RON (up by 16% compared to H1 2024).

Expenses with electricity, natural gas, drinking water recorded in the first 6 months of 2025 amount to 12.5 million RON, above the level realised at 30.06.2024 of 8.8 million RON, the increase influenced by the manufacturing structure being determined by the quantitative increase in the consumption of utilities (impact of 1.5 million RON) and by the increase in the price of utilities (impact of 2.2 million RON).

Expenses with employees' salaries amounting to 79.9 million RON, higher than the amount realised as at 30.06.2024 (75.6 million RON), an increase determined by the update of the remuneration and motivation systems for employees applied starting with November 2024.

Other operating expenses - their amount is 43.8 million RON, lower by 31% compared to the level realised in the same period of the previous year, and are detailed below.

Indicators	30 June 2025	30 June 2024	30 June 2025/ 30 June 2024
Total other operating expenses, of which:	43,809,495	63,523,880	-31%
Expenditure on other taxes and duties	26,327,910	27,291,637	-4%
Expenditure on services performed by third parties, promotion	16,033,968	21,758,424	-26%
Transport costs	2,121,698	2,260,094	-6%
Expenditure on insurance premiums	1,560,307	1,713,456	-9%
Travelling expenses	697,851	1,138,480	-39%
Expenditure on vocational training	435,912	453,377	-4%
Expenditure on repairs	403,666	541,558	-25%
Representation expenses in territories	243,886	369,672	-34%

At 30 June 2025 other operating expenses include:

- ✓ **other taxes and duties expenses** total 26.33 million RON. Of this amount, 19.6 million RON (74.6%) is the claw back fee expense, an amount 7.15% below the level realised on 30.06.2024 of 21.15 million RON. According to the Government Ordinance no. 77/2011 on the establishment of some contributions for the financing of certain health expenditures, for prescription drugs, included in the national health programmes, with or without personal contribution, used in outpatient treatment on prescription through open circuit pharmacies and 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, a clawback tax is paid quarterly to the State Budget. Expenditure on taxes and duties includes expenditure on local taxes and duties on buildings, means of transport.
- ✓ **expenses for services performed by third parties and promotion** include services to support sales, advertising and publicity expenses (which include media expenses, expenses related to product shelf positioning projects, scientific promotion and participation in congresses, promotional materials), serialisation of medicines, market research in the pharmaceutical field, equipment qualification and maintenance, customs services, physical-chemical analyses. Their value on

30.06.2025 is 16.03 million RON, 26% lower than their value on 30.06.2024 of 21.76 million RON. The approval of expenditure on services performed by third parties was made only on condition that they were obligatory and their effects were well determined, and the protocol, advertising and publicity expenses were in line with the strategy of the promotion policies.

- ✓ **expenses with the transport of goods** amount to 2.12 million RON, incurred for the transport of finished products free at destination, sold on the domestic and international markets.
- ✓ **insurance premium expenses** totalled 1.56 million RON, 9% lower than the amount of these expenses in the first half of 2024. These expenses include insurance premiums paid to cover commercial risk, optional health insurance granted to employees based on performance criteria, accident insurance for employees, compulsory liability and casco insurance for vehicles in the fleet, insurance of goods during transport, liability insurance for the consumption of medicines from the Antibiotice S.A. portfolio sold on the US market, insurance of the 2.5MW photovoltaic park.
- ✓ **travelling expenses** amount to 0.69 million RON, below the level recorded in the same period of 2024, of 1.14 million RON. 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.
- ✓ **expenses with professional training** - maintenance and development of employees' professional competences, through continuous professional training, determined a value of 0.44 million RON of these expenses, close to the level realised in the similar period of the previous year.
- ✓ **expenses with maintenance and repairs** in the amount of 0.4 million RON necessary to maintain in optimal condition the production equipment, consolidation of some constructions, maintenance and repair of the car fleet.
- ✓ **representation expenses in the territories** in the first half of 2025 are 0.24 million RON, lower than the level realised 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.

Financial balance

Indicators	30 June 2025	31 December 2024	30 June 2025 / 31 December 2024
	(revised)	(audited)	
Assets			
Fixed assets			
Tangible fixed assets	743,270,657	749,395,619	-0.82%
Intangible assets	62,338,299	55,168,937	13.00%
Total fixed assets	805,608,956	804,564,556	0.13%
Current assets			
Inventories	212,455,905	169,858,775	25.08%
Trade and similar claims	399,896,651	298,073,567	34.16%
Deferred expense	4,679,769	4,078,280	14.75%
Cash and cash equivalents	10,352,996	2,681,342	286.11%
Total current assets	627,385,321	474,691,964	32.17%
Total assets	1,432,994,277	1,279,256,520	12.02%
Equity and debt			
Equity capital			
Subscribed capital	67,133,804	67,133,804	0.00%

Indicators	30 June 2025	31 December 2024	30 June 2025 / 31 December 2024
Revaluation reserves	207,781,272	213,945,112	-2.88%
Legal and other reserves	422,087,411	412,159,000	2.41%
Retained earnings	242,425,824	201,070,907	20.57%
Total equity	939,428,311	894,308,823	5.05%
Long-term debts			
Bank loans and debts	145,517,640	85,715,093	69.77%
Investment grants - previous previous issue	10,258,159	5,145,731	99.35%
Deferred tax liabilities	61,783,533	59,031,869	4.66%
Total long-term liabilities	217,559,332	149,892,693	45.14%
Current liabilities			
Trade and similar debts	152,023,107	169,233,444	-10.17%
Bank loans	106,338,744	54,994,289	93.36%
Other debts	17,127,899	10,310,387	66.12%
Investment grants - current sequence	516,884	516,884	0.00%
Total current liabilities	276,006,634	235,055,004	17.42%
Total debts	493,565,966	384,947,697	28.22%
Total equity and debt	1,432,994,277	1,279,256,520	12.02%

Analysis of fixed assets

The additions of tangible and intangible fixed assets , combined with the amount of depreciation and amortisation expenses, resulted in a level of net fixed assets as at 30.06.2025 of 805.6 million RON, a level close to the value at the beginning of 2025.

As at 30.06.2025 the net book value of tangible fixed assets held by Antibiotice S.A. is 743.3 million RON.

Intangible fixed assets, represented by know-how, research and development projects that have reached the development phase, and software licences, amount to 62.34 million RON, 13% higher than at the beginning of 2025.

Analysis of current assets

Current assets increased by 152.69 million RON (+32.17%) as at 30.06.2025 compared to the beginning of the year. The increase is determined by the higher value of trade receivables, correlated with the volume of sales and the average collection period of receivables from the domestic market (of 183 days), significantly impacted by the under-funding of the Romanian healthcare system.

On 30.06.2025 the level of stocks is 212.46 million RON, 25% higher than at the beginning of the year. The main categories of stocks are:

- raw materials and materials (in the amount of 67.1 million RON) 12% lower compared to the amount at the beginning of the year. They have an optimal level adapted to the production plan and to the supply rhythms on the domestic and international markets;
- finished products realised on own sites and on partner sites (in the amount of 145.37 million RON), correlated with the production stoppage during the summer period for annual reviews and sales plans for the third quarter, with an optimal storage duration (5.2 months) according to the planned strategy.

In total current assets, the share of receivables is 63.7 per cent, close to the level at the beginning of the year.

In order to minimise commercial risks, the company has taken out insurance policies for receivables on the domestic and international markets.

The amount of cash and cash equivalents at 30.06.2025 is 10.35 million RON, coming from financing from the European Investment Bank, used for investment payments.

Analysis of current and long-term debt

Current liabilities at 30.06.2025 totalled 276 million RON, 17.42% higher than at the beginning of 2025. In their structure:

- short-term loans totalled 106.34 million RON, an increase compared to the beginning of 2025, as a result of the contracting in May 2025 of a short-term loan from Banca Transilvania, for the financing of operational suppliers;
- trade and similar debts include:
 - debts to suppliers of raw materials, materials, services, overdue, amounting to 103.5 million RON;
 - debts to suppliers of fixed assets, overdue, totalling 14.56 million RON;
 - the contributions and taxes related to salaries outstanding at the end of June 2025, due on 25 July 2025;
 - dividends to be paid out of the profit for 2024, outstanding at the end of June 2025, amounting to 11.43 million RON;
 - debts from current taxes and duties are represented by the amounts due to the State Budget due on 25.07.2025 - corporate income tax (3.35 million RON), contribution to the Solidarity Fund regulated by Law no. 448/2006 on the protection and promotion of the rights of persons with disabilities (0.39 million RON) and 25.08.2025 - clawback tax, the balance amount is 9 million RON, value added tax payable in the amount of 4.4 million RON).

The company has no outstanding obligations to the state budget.

Cash flow, prepared using the indirect method, was determined on the basis of gross profit, adjusted for the effects of non-cash transactions (depreciation of fixed assets, adjustment of current assets) and changes in working capital items, payments for investments and their sources of financing.

Subsidies for short-term investments in the amount of 0.52 million RON are represented by the amounts recorded on income as amortisation of investments, respectively:

- subsidies for investments in environmental protection for the treatment plant;
- european funds for the project POIM SMIS COD 2014-109717 "Intelligent energy consumption monitoring system";
- 2.5MW photovoltaic power plant for which funding was received from the Ministry of Energy through the National Recovery and Resilience Plan.

In the long term, the company's objective is to consolidate the net book assets, as at 30.06.2025 its value is 939.43 million RON, 5.05% higher than the value as at 31.12.2024.

Investments

The value of investments realised in the first 6 months of 2025 is 27.55 million RON. According to the 2025 annual programme, the investment structure is as follows:

I. Investments in strategic development - realised at 6 months - 20,54 million RON

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 2025 has the following objectives: (a) modernising the company's product portfolio and (b) to complete the portfolio with products for the international market, by adapting to the legislative requirements for registrations in the territories of the business plan.

2. InvestEU - 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 Antibiotice S.A. for 2030. The investment covers the three stages for sterile injectable and topical products on the Antibiotice S.A. industrial platform: production, packaging and storage. The warehousing component was finalised and the Finished Goods Warehouse during the first quarter was authorised by ANMDM. For the production component, the procedures for concluding the design and build contracts for the two manufacturing flows have been carried out and are in various stages of implementation.

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.

During the first half of the first semester, the stages of the implementation plan of the Integrated Information System for Enterprise Resource Planning (ERP) continued, which were finalised with the entry into production of the information system in June.

II. Investments for business consolidation - realised at 6 months - 7.01 million RON

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.

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

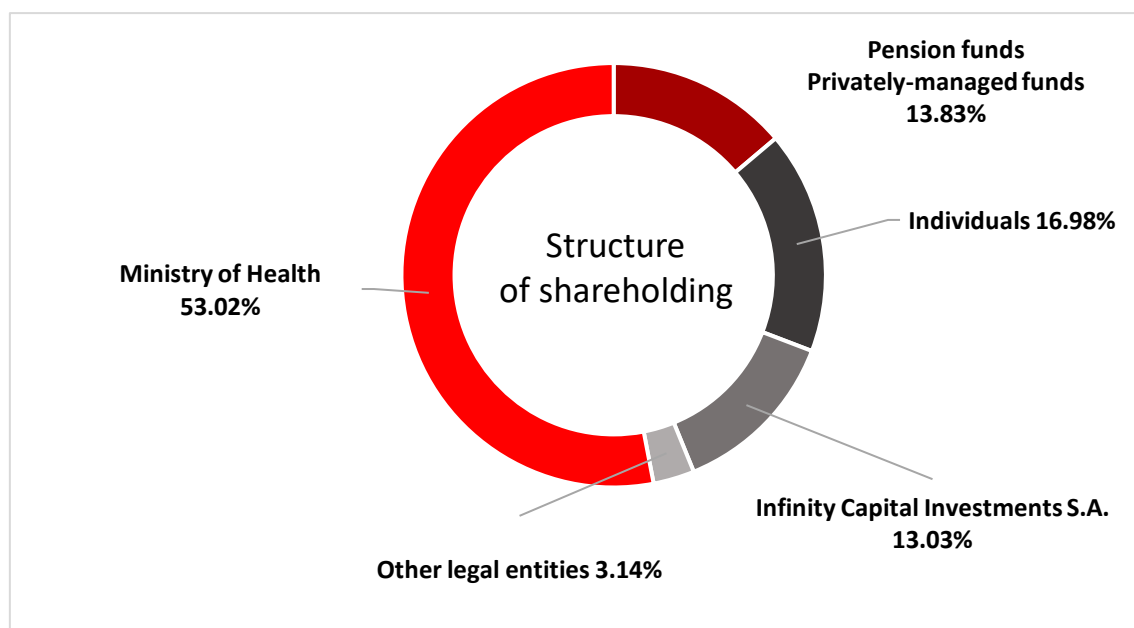
The investments consisted mainly in the purchase of equipment to equip product quality control laboratories. In the first 6 months investments were made to modernise the quality control laboratories to ensure standards and operational efficiency.

3. Investment in modernising existing sites and equipment

In the first six months of 2025, procedures were carried out for the acquisition of equipment, installations, fittings and laboratory equipment in order to upgrade the four divisions' drug manufacturing flows. By the end of 2025, all projects to modernise the manufacturing workflows will be completed on schedule.

Improving Corporate Governance Systems

Shareholding structure



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

Equities are included in the indices: BET, BET-TR, BET-TRN, BET-XT, BET-XT-TR, BET-XT-TRN, BET Plus, BET-BK.

The market capitalisation of Antibiotice S.A. on 30 June 2025 was 1,631,351 thousand RON. During the first half of 2025, 25,896,002 shares were traded, with a total trading value of 57,425,594.71 RON (11,461,531.72 EURO/12,611,086.17 USD) and an average price of 2.2175 RON/share. ATB shares closed the last trading session of the first half of 2025 at RON 2.43.

Structure of the Board

It. no.	Name and surname	Quality	Independent	Term of office
1	Ioan NANI	executive director / managing director	No	15.04.2025-15.04.2029
2	Ionut-Sebastian IAVOR	chairman of the BoD/non-executive director	Yes	15.04.2025-15.04.2029
3	Corina-Luminita VULPES	non-executive director	Yes	15.04.2025-15.04.2029
4	Laura-Cristina STANISLAV-BOGDAN	non-executive director	Yes	15.04.2025-15.04.2029
5	Andrei-Tiberiu NOVAC	non-executive director	Yes	15.04.2025-15.04.2029
6	Catalin LUNGU	non-executive director	Yes	15.04.2025-15.04.2029
7	Catalin-Codrut POPESCU	Appointed as director by the cumulative voting method by the significant shareholder Infinity Capital Investments S.A. AMEPIP's opinion is pending, requested in accordance with art. 29 para. 2 index 1 of Government Emergency Ordinance no 109/2011. According to the Resolution no. 1 of the ordinary general meeting of shareholders from 26.05.2025 the mandate contract will be signed after receiving the AMEPIP's opinion.		

Important events to report for the reference period 01.01.2025-30.06.2025:

- On 18.03.2025 the selection of the company's directors was finalised, carried out in accordance with art. 29 of GEO no. 109/2011 by the selection and nomination

commission established by administrative act of the Ministry of Health, consisting of 2 members appointed by order of the Minister of Health, 2 members appointed by AMEPIP (Agency for Monitoring and Evaluation of Public Enterprises Performance), by order of the President and an independent expert selected by AMEPIP. The final report issued by the committee is available on the company's website at <https://www.antibiotice.ro/wp-content/uploads/2024/04/S30C-0i25040916080.pdf>.

On 15.04.2025 the AGOA appointed the company's directors in accordance with art. 29(1) of GEO 109/2011, among the directors proposed by the selection and nomination committee. Information on adopted resolutions is available on the company's website at <https://www.antibiotice.ro/investitori-php/financial-information/adunari-generale-actionarilor/>

- b. on 11.06.2025 the selection procedure of the managing director was finalised, carried out in accordance with art. 35 of GEO no. 109/2011 by an independent expert (legal entity) specialised in human resources recruitment. Selection information is available on the company's website at <https://www.antibiotice.ro/investitori-php/corporate-governance/procedura-selectie-director-general-2025/>
- c. The Board met in 11 meetings between January and June 2025, adopting decisions on the company's development strategy, investment programmes, financing of the company, preparation of the management plan for the period 2025-2029, convening the General Meeting of Shareholders.
- d. The Board of Directors comprises the Nomination and Remuneration Committee, the Risk Management Committee and the Audit Committee, each of which is made up of non-executive directors. The chairman of each committee is independent.

In the reporting period:

- the nomination and remuneration committee participated together with the independent legal entity expert in the selection of the company's managing director, fulfilling the duties established by art. 35 of GEO no. 109/2011 on corporate governance of public enterprises. The Nomination and Remuneration Committee also carried out the procedures established by art. 37 of the same normative act, substantiating and communicating to AMEPIP proposals regarding the remuneration of directors;
- the risk management committee drafted the corporate governance documents of the board of directors, namely the Code of Ethics, the Code of Corporate Governance, the Board's Rules of Organisation and Functioning.
- the audit committee met with the statutory auditor and analysed the financial statements for the year 2024 prior to their submission for approval to the General Meeting of Shareholders.

Communication with shareholders and investors

In the first half of 2025, 6 (six) General Meetings of the Shareholders were organised in which decisions were taken on the Income and Expenditure Budget for the year 2025, approval of the financial statements for the year 2024, the Directors' Report for the year 2024, the Remuneration Policy, the Remuneration Report for the year 2024, the profit distribution for the year 2024, the appointment of the company's directors and the approval of their remuneration. Detailed information on the General Meetings of the Shareholders of Antibiotice S.A. is available on the company's website at <https://www.antibiotice.ro/investitori-php/financial-information/adunari-generale-actionarilor/>.

Two conference calls were also held to present the 2024 preliminary financial statements and the 2025 first quarter financial statements. These events were attended by interested investors and analysts, who asked questions, expressed themselves and made suggestions in an open dialogue with the company's representatives.

Audio recordings and transcripts of the teleconferences are available on the company's website at <https://www.antibiotice.ro/investitori-php/financial-information/intalnire-cu-investitorii-si-analistii/>.

Risk management

Antibiotice S.A. implements and administers a risk management system at the level of all processes and organisational structures. Management adopts a proactive, forward-looking approach to control and limit risks, but also to capitalise on opportunities, ensuring sustainable development.

In the first semester of 2025, the process of risk identification at the level of the organisational structures was carried out, according to the new methodology established at the end of 2024 by the SOP-AR-001 Risk Management System Procedure. The risks identified within the structures were assessed and centralised in the General Risk Register. At the same time, the Plan of control measures for the significant risks identified at the level of the organisational structures has been elaborated.

The risk management activities were complemented by preventive measures such as: a) monthly monitoring of the commercial risk of default - analysing economic and financial indicators for pharmaceutical distributors;

b) due diligence analyses of business partners;

c) analysing risks and economic-financial indicators for investment projects.

The main categories of risks identified and being monitored are:

- business risks (economic, legislative, project, partner-generated);
- financial risks (currency, liquidity, interest rate, commercial);
- tax-related risk caused by the unpredictability and changes in the tax framework, both domestically - due to local government policies - and internationally - due to global tax regulations;
- integrity risks and anti-competitive practices;
- operational risks (personnel, information technology, information security, cybersecurity, occupational health and safety, image risk);
- risks and opportunities on sustainability issues.

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

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

The commercial risk management (of default) is realised through the following measures: assessing the creditworthiness of commercial partners, requesting guarantees, monthly monitoring of receivables, insuring them by taking out insurance policies. For external customers, default risk control is realised through insurance and financial instruments, prepayment, the use of letters of credit, collection and clearing operations.

The company's approach to interest rate risk is to optimise the amounts used from operating loans in order to cover the temporary gap between receipts and payments, the use of loans in the currency in which payments are made, the simulation of macroeconomic scenarios to see the financial impact.

In order to reduce the exposure to currency risk, the company has taken a series of measures such as: synchronisation of import activity with export activity, by correlating payment and collection terms and correlating the weight of currencies; anticipation of collections, correlation of payments with collections, monitoring the evolution of the currencies in which payments are made, use of operating credits for the amounts in the currency in which payments are made, without making currency exchange.

The unpredictability and changes in the fiscal framework generated by local government policies as well as global tax regulations have a significant impact on financial stability, management strategies and tax planning. These involve a series of proactive and adaptive measures, such as: constant monitoring and anticipation of national and international tax changes, analysis of the financial impact of new regulations on the business, identification and implementation of measures to optimise the tax burden and cost management, use of financial models and risk scenarios for decision making in different economic contexts.

Antibiotice S.A. constantly monitors operational risks (personnel, technology and information security, cyber, integrity) in order to take measures to maintain them at an acceptable level that does not jeopardise financial stability, the interests of creditors, shareholders, employees and partners.

Governance policies and practices

In the first half of 2025, there were no changes in the shareholding structure that would have an impact on governance.

No conflicts of interest or acts of corruption have been signalled within the company's Board of Directors, officers or employees.

The company continued to apply the "apply or explain" principle, with no deviations from the BVB Code.

A clear policy on related party transactions is maintained and all relevant transactions are publicly disclosed in accordance with ASF and BVB regulations.

Maintain and update the internal policies for the procedure of activities in order to comply with the principles of fair management of the company's assets, transparency, timeliness, economy, efficiency and effectiveness of decision-making.

Rules on the protection of personal data are maintained and updated to ensure compliance with legislation and to maintain customer trust, which helps to enhance reputation.

Perspective

The Board of Directors will continue to strengthen corporate governance practices by:

- increasing transparency and efficiency of decision-making;
- strengthening the role of advisory committees;
- implementation of a system of performance indicators (KPIs) as a governance mechanism to incentivise decision-making performance.

This Directors' Report has been prepared on the basis of the Interim Financial Statements prepared in accordance with IAS 34 "Interim Financial Reporting" as reviewed by the financial auditor Deloitte Audit S.R.L.

Board Chairman,
Jur. Ionut-Sebastian IAVOR

Executive Director/Managing Director,
Ec. Ioan NANI