Teleconference with Investors and Analysts

H1 2026 Financial Results Presentation

Representing Antibiotice S.A. at the teleconference:

- Bogdan-Mircea BABICI – Deputy General Director
- Stefania ALEXANDRU – Deputy General Director
- Paula COMAN – Executive Financial Director
- Ovidiu BATAGA – Executive Director, Domestic Sales
- Darius AGAFITEI – Executive Director, Business Development and International Sales
- Liviu VATAVU – Executive Director, Legal Affairs, Human Resources and Administration
- Razvan TATARU – Governance and Risk Manager

Questions and Answers

Irina RAILEAN

My first question is related to sales of products manufactured at partner sites, which I noticed decreased significantly in the second quarter of 2026. Could you please explain what caused this decline, what the relationship is in general, and how these products differ from those manufactured at your own sites? How should we interpret this decline, which appears to be quite severe?

Also, could you please provide some details regarding the commercial discounts granted? Are these mainly related to finished products or to products manufactured at your own sites? Could you please explain how these two business lines work, what the differences are between them and, of course, the market context that led to the decline in sales of products manufactured at other sites?

Stefania ALEXANDRU

As regards products manufactured at other sites, these are essentially an adjacent business line complementing the portfolio manufactured at our own sites. These are products for which we do not have manufacturing lines at our platform in Iasi, and therefore we need to work with partners in order to complement our portfolio and cover the relevant therapeutic areas and medical cases.

What mainly happened in the first half of the year was a contraction in the hospital segment for certain molecules, and this explains the H1 2026 result compared with previous years. The market environment was, let us say, more aggressive from a competitive standpoint, and the limitation in consumption, both in the retail segment and in the hospital segment, led to an erosion of results in both segments of the domestic market.

Irina RAILEAN

Are most of these products imported? Do you have exposure here, or what exactly does "partners" mean in this case? Do you work based on orders and are these mainly imported products? Can we assume that?

Stefania ALEXANDRU

These are products for which the marketing authorisations are held by Antibiotice, while manufacturing is carried out at partner sites.

Darius AGAFITEI

This is a business model used by many companies. In practice, companies complement their product portfolios through partnerships whereby products are manufactured at partner sites for various reasons. The main reason is that you cannot manufacture every pharmaceutical form at your own sites and, similarly, we also manufacture certain products with potential on the Romanian market at partner sites.

Irina RAILEAN

I understand that you are also somewhat impacted by the exchange rate here, if these products are sourced from Europe. I assume that the exchange-rate increases probably generated somewhat higher costs or adjustments, if you have contractual clauses that adjust for exchange-rate movements. What is happening there?

Darius AGAFITEI

Yes, the largest share is represented by collaborations with sites in Europe.

Stefania ALEXANDRU

Yes, we are also impacted by exchange-rate developments.

Irina RAILEAN

Regarding this product mix between Romania and foreign markets, I noticed very good momentum in Q2 on international markets. I would like to ask how, over the medium to long term, say 3 to 5 years, and given the recent announcements related to Spain and the United States, you expect this mix between Romania and international markets to evolve. Do you have a specific target you are pursuing? Approximately what percentage of the Company's revenues or turnover do you expect to be generated by exports, particularly by 2030, starting from the year when the investments currently under implementation will become operational?

Stefania ALEXANDRU

At present, we are obviously recalibrating all our plans regarding the commercialisation of products on both domestic and international markets, as well as the development of partnerships. We want to achieve a better balance in this geographical mix between the domestic and international markets, while capitalising on the best opportunities for the Company across all portfolio categories.

We are currently discussing, and are in the early stages of, several potential partnerships aimed at expanding into international markets, particularly in Europe. At the same time, we continue to focus on the Romanian market, where we intend to strengthen our position.

Irina RAILEAN

Do you envisage international markets accounting for more than 50% of revenues?

Stefania ALEXANDRU

We do not believe that they will exceed 50% over the medium term. Looking further ahead, yes, anything is possible and we may eventually exceed that level, but not over a short-term horizon.

Irina RAILEAN

Regarding debt, particularly financial debt, and the EIB loan, I noticed a reclassification, although I am not sure whether that is exactly what happened. Could you provide more details about the interest-bearing bank or financial debt that was reclassified from long-term to short-term? Could you give us more context about what exactly happened and what is expected to happen in the coming periods, given that, if I am not mistaken, the covenants were breached?

Bogdan-Mircea BABICI

Yes, the reclassification is the accounting effect of the breach of one covenant in our relationship with lenders, namely the ratio of total debt to EBITDA. The agreed threshold with our financial partners is 3.5, and this threshold was exceeded. Therefore, until waivers are discussed with our financial partners, from an accounting perspective we reclassified the long-term debt as short-term debt.

This does not mean that the respective amount is immediately due and payable. It simply means that, from an accounting standpoint, we classified it as short-term debt. Following the initiation and completion of discussions with our banking and financial partners, we hope to obtain a waiver that will allow us to bring this indicator back into compliance within a mutually agreed timeframe, so that the debt can once again be classified as having a maturity of more than 12 months.

Irina RAILEAN

Do you believe the creditors will accept the current economic situation, considering the significant deterioration in profitability? Otherwise, as far as I know, they may request, or have the right to request, early repayment.

Bogdan-Mircea BABICI

That is also the reason why we made this accounting reclassification. Of course, there is an ongoing dialogue, and the analysis is being conducted from several perspectives. Only this particular indicator is under pressure.

The other indicators remain at solid levels and are either above or within the agreed thresholds. I am referring here to liquidity, which stands at 2.08, above the threshold of 1.2; bank debt to equity stands at 0.38, below the threshold of 1; and the overall solvency ratio stands at 2.49.

Therefore, there is only one covenant indicator that we have breached in our relationship with our banking and financial partners. Naturally, there is still some uncertainty until this matter is clarified together with them, but we are optimistic that we will obtain the waiver and we are not discussing immediate repayment.

Irina RAILEAN

Normally, with regard to the loan now... are you already making repayments, or have repayments already started? How does it work?

Bogdan-Mircea BABICI

Yes, of course. With regard to the loan in question, repayments have already begun. I would also add that, at present, we do not have any overdue debt to our banking and financial partners, nor to the state budget or any other parties.

Daniela MANDRU

Regarding the bank debt/EBITDA ratio, which has increased to 4.25, do you have a concrete plan or an estimated timetable for bringing the ratio back below the 3.5 threshold? And has exceeding this threshold resulted in any change in financing costs?

Bogdan-Mircea BABICI

It has not resulted in or generated any consequences. It is still premature, because we only published the H1 Financial Results on Monday. We have already started discussions with some of our banking and financial partners and will start discussions with others as well.

So far, there have been no consequences. The only consequence was the accounting reclassification, which we initiated ourselves in order to comply with the IFRS framework, and that is about all we can say at this stage in terms of consequences.

As regards the manner in which we intend to return below the 3.5 threshold, we are looking at two main directions. On the one hand, we aim to increase EBITDA above its current level of 82.5 million. Here we can refer to several action areas that we have identified.

We are discussing the recalibration of the product mix and changes to the commercial policy we have applied so far, including price repositioning, repositioning in retail and in the tender segment. In other words, we have a plan covering several areas of action aimed at increasing revenues with better margins, namely higher revenues combined with improved margins resulting from the set of measures and directions I have just mentioned.

At the same time, we are also looking at reducing debt, particularly by reducing working capital consumption. We are acting to accelerate collections in order to reduce receivables.

We are also discussing shorter collection periods with our partners. In addition, we are looking at inventory optimisation, CAPEX prioritisation and a more favourable commercial mix, as I mentioned earlier, which means higher sales levels than those recorded so far and better margins.

This is broadly how we plan to move forward in the coming period. However, we are still in the process of calibrating the plan in terms of timing, meaning the number of months or quarters required to bring this indicator back below 3.5.

This is something we are now incorporating into our plans and also into the discussions that we have started, and in some cases are about to start, with our banking and financial partners.

Daniela MANDRU

But now, looking towards year-end, where visibility is somewhat better... should total debt remain roughly at the same level as in the first half? I mean, do you have plans for additional drawings? Are you still able to draw additional loans if needed?

Bogdan-Mircea BABICI

Some additional drawdowns are planned under the investment loans currently in progress, and here I am referring to the investment plan that is currently being implemented. Within this plan, there are several components already under way that need to be completed.

Some have not yet started. One example is the STEP investment plan, for which we do not have any payments planned this year. In fact, we are still at a stage where, contractually, we have not undertaken any obligations.

The tender for the construction works has been organised/completed, and we are now preparing the documentation required to launch the tender for the equipment procurement component.

Therefore, the investment plan related to the STEP programme is still under review from the perspective of timing and prioritisation within the overall investment plan.

However, to complete the answer, some additional payments may still be made that could increase our exposure, through certain amounts planned to be paid under the other investment programmes currently under way.

Here I am referring in particular to the production, packaging and storage capacity for sterile products, solutions and topical products, financed by the Ministry of Public Finance through the state aid scheme under Government Decision No. 807/2014.

At the same time, as I mentioned earlier, we are trying to offset this by reducing our exposure in the working capital area.

Daniela MANDRU

Is this exposure mainly to the public sector? Because that is where there are problems, and given that you work with many hospitals, I imagine that state-sector receivables are difficult to renegotiate or accelerate in the current environment.

Coming back to sales, what should we expect for the full year?

Your first-quarter sales were not significantly below budget, only around 3%. Do you estimate that you will achieve the full-year budget, or should we expect an improvement in sales in the second half, particularly in domestic sales, where the issue currently seems to be?

Stefania ALEXANDRU

What we can say at this point is that domestic market revenues, as also reflected in the H1 2026 report, are the ones currently under pressure.

For year-end, we remain cautious until we see a clear stabilisation in demand and in the market conditions that characterised the first half of the year.

As my colleague also mentioned, we are focusing our efforts on segments that show traction, prioritising the protection of profitability relative to the volumes we place on the market.

Our clear focus is on capitalising on all opportunities across other business lines or international markets, while also maintaining strict cost discipline during the coming period.

Daniela MANDRU

To be honest, at this point I do not think you will meet the budget. That is my opinion. There is also the issue of margins.

As far as financial results are concerned, we can also infer what may happen going forward. There is another issue compared with the budget: are international sales in line with budget or are they performing better than budgeted?

Darius AGAFITEI

Yes, if we refer to H1 2026, we are clearly above what we had planned, but in the second half we are also facing pressure. The pressure we are seeing in the market in terms of contracting consumption is also present in international markets.

As you know, we have two business segments: finished products and active pharmaceutical ingredients.

In the finished products segment, we anticipate that we will achieve, and even slightly exceed, the objectives we set.

In the active pharmaceutical ingredients segment, we are seeing a slight contraction in demand. We are in discussions with our partners. We are present in 50 countries, in fact in more than 50 countries, and we are trying to optimise sales as much as possible and come as close as possible to the objectives we planned, but it is difficult to anticipate at this point.

Daniela MANDRU

All estimates are difficult, for the full year and for all companies, not only for you. Could you perhaps give us a split of international sales?

I saw in the report that 60% of international finished-product sales were generated in Europe. You have not provided that regional split of international sales recently, together with year-on-year growth.

Darius AGAFITEI

It is included in the presentation, on slide 9.

We are broadly in the same structure we had previously, with a slight decrease in North America, where we were at 15% and are now at 12.5%. This is due to certain active pharmaceutical ingredient orders that we expected to receive in the first part of the year but which, unfortunately, have been postponed, also as a result of the contraction in consumption of finished products manufactured using Nystatin active pharmaceutical ingredient.

Otherwise, the structure is broadly the same. Europe increased slightly from 40% to 46%. That is broadly the current structure.

Daniela MANDRU

Thank you!

Questions and Answers - Chat

Stefan MARINCA

Will you achieve the 2026 budget?

Stefan MARINCA

I have observed a deterioration in the business starting from Q3 2025.

Corneliu VASILE

Given that H1 figures are well below budget, will this lead you to reconsider the figures projected through 2030 based on the planned investments, or do you maintain the figures and expected effects already communicated?

Corneliu VASILE

If profit does not increase going forward, how will you finance the investments, given that you already have issues with the debt indicators?

Bogdan-Mircea BABICI

Some of these questions have already been addressed during our previous interventions and in response to the questions you have asked. However, I will try to formulate an answer that covers, to some extent, all four or five questions.

I would start by referring to the fact that, as my colleague Stefania also mentioned, the market environment remains difficult.

We calibrated the 2026 budget based on the assumption of a growing market. Unfortunately, the market is showing us the opposite picture: we are seeing a market contraction.

We already observed this in Q1 and discussed it with you during the May teleconference when we analysed the first-quarter results. At that time, we hoped we had already seen the effects of certain measures taken in the past, but the current situation shows us that developments have continued in the opposite direction and, so far, we do not see any signs that the trend is reversing.

The reasons we mentioned previously remain valid.

I am referring to high inflation, which stood at 9.9% in March and subsequently increased to 10.4% in June 2026, according to data from the National Institute of Statistics.

This has continued to reduce consumers' disposable income and has encouraged the prioritisation of essential spending.

More broadly, economic uncertainty and perceptions regarding income instability have encouraged a more defensive consumer behaviour, characterised by limiting discretionary spending and reducing stocks of pharmaceutical products purchased without prescription.

This has had a direct impact on pharmaceutical sales volumes, particularly in the OTC and food supplements segments, although not exclusively.

In addition, we should also consider the fiscal measures, including the VAT increase from 9% to 11% for medicines and from 9% to 21% for supplements, as well as the change in the regime applicable to co-insured persons.

Both measures contributed to lower pharmacy traffic, a reduction in the average basket value and a decline in the number of products purchased.

For some patients, the loss or interruption of insured status effectively delayed medical consultations and access to reimbursed prescriptions, including in anti-infective, cardiovascular and gastrointestinal therapies.

I would also add the visible deterioration in the exchange rate, namely the depreciation of the leu against both the euro and the US dollar, which occurred during the second quarter and further amplified the issues I have mentioned.

You can see a direct impact of this if you also look at our financial result, although not all explanations are reflected there.

The financial result further reduces net profit, but the effect is also directly visible in the loans we had and still have denominated in euro. The entire balance sheet was recalculated using a significantly higher RON/EUR exchange rate compared with year-end 2025, namely 5.0984 compared with 5.2400 as at 30 June.

These exchange-rate differences are also visible in other areas. They are embedded in raw material prices and in the cost of certain services, and they further add to the list of factors that have contributed to the contraction of the market.

Therefore, although we prepared the 2026 budget on the assumption of a moderately growing market, we are in fact seeing market contraction.

Against this background, we continuously analyse our performance against both prior periods and the 2026 budget.

Indeed, in the current context, the budget figures appear to represent a fairly ambitious objective unless there are some visible and very rapid changes.

This also means that we are reviewing matters from the perspective of investments and the investment plan, which we still intend to support. However, we continuously analyse how we can do so and how we can prioritise CAPEX within the overall investment programme.

I can therefore confirm that these are matters we monitor continuously and to which we pay close attention.

We are trying to take the best possible decisions so that we can move in line with market trends and, moreover, capitalise on our portfolio even more effectively than before.

Corneliu VASILE

If the Government does not agree with the lower-dividend option, do you have sufficient liquidity to pay the higher dividends? Would this affect investments?

Liviu VATAVU

We have convened the General Meeting of Shareholders for 30 September 2026.

At that meeting, we will see how shareholders vote regarding the percentage of net profit to be distributed as dividends.

As is already known, the Ministry of Health submitted a request to the Ministry of Finance in relation to this matter, asking that our Company, Antibiotice S.A., be exempted from the obligation to distribute 90% of net profit to the state budget in the form of dividends.

This request has not yet received a final response.

Unfortunately, we are also in a situation where there is an interim government with limited powers.

We expect and hope that, by the date of the General Meeting of Shareholders, we will have received a response and that this response will be favourable.

Regarding your specific question as to whether we have the liquidity to pay dividends under the 90% distribution scenario, we addressed this during the intervention in which we explained how we are looking at the overall investment plan.

For us, it would represent important support, something we very much hope for and expect, for this duly substantiated Memorandum to receive a favourable response.

Bogdan-Mircea BABICI

Thank you for participating, and we will probably meet again during November, when we will discuss the nine-month results.