

## Conference call with investors and analysts

### - Presentation of Financial Results for the Quarter I 2026 -

On behalf of Antibiotice S.A., the conference call is attended by:

- Mrs. Stefania ALEXANDRU - Deputy General Director
- Mr. Bogdan-Mircea BABICI - Deputy General Director
- Mrs. Paula COMAN - Financial Executive Director
- Mrs. Cornelia MORARU - Technical & Production Executive Director
- Mr. Ovidiu BATAGA - National Sales Executive Director
- Mr. Darius AGAFITEI - Business Development & Sales Executive Director
- Mrs. Mihaela NITU - Financial Manager
- Mrs. Mihaela OBREJA - Investor Relations Activity Coordinator
- Mr. Razvan TATARU - Governance and Risk Manager

### Q & A Session

#### **Mrs. Daniela MANDRU**

Regarding the decrease in turnover on the domestic market, I understand what happens internationally, there is the problem with the U.S., on the domestic market you still specify in the report that you gained market share and that the volumes increased by 4.6%; however the turnover decreased by 21% and I suspect that here comes the effect of a product mix. I suspect that you sell cheaper products, I don't understand these decreases.

#### **Mr. Ovidiu BATAGA**

This is a market context that explains this achievement at the level of the first quarter. We have maintained and resisted market shares in segments where we were operating on a consumption deficit. There is a decrease in consumption, we have been observing it for a while and that is why we have budgeted these targets at the level of the first quarter. There are some different conjunctures compared to previous years on the premise of changing the consumer behavior. Both the inflation and the impact of legislative measures related to removing co-insureds from prescriptions and the impact of the VAT increase starting July 01, 2025 for the non-prescription area, mirror directly into consumption reductions. The reduction in demand and the segments have not continued to develop the market as they have done in recent years.

I could also say that in the first quarter, the market consumption decreased by 10% in volumes and this is true for the total market; if we break it down by non-RX products, our consumption decreased by 17% and for the RX products by about 6%. So the demand for products (I'm talking in general, not only on the Antibiotice portfolio) was much

lower than the premises taken into account in calculating the turnover. It is indeed also a structure, we all know that the prices of the RX products are capped at a certain level in CANAMED; we have an important share of sales in this area of medical prescription products. We have also a reference to original products of maximum 65% as required by the price order and when the demand decreases and the consumption of physical boxes also decreases, a premise of this structure also appears.

**Mrs. Daniela MANDRU**

You say that the new international contracts for oral anti-infective products and cardiovascular products could have effects in H1. What are these effects if you can quantify them?

**Mr. Darius AGAFITEI**

This is truly a new project that we will start at the end of the first semester on the Spanish market, a new market that we will enter with our products. At this time, from what we discussed with the partner, we estimate that this year the value of deliveries will be approximately 1-1.3 million euros - this is practically half a year. This project was budgeted in our cycles in 2026, but we will certainly see next year. It is a new market and this is what we planned for the 6 months of 2026; we are going to have meetings with the partner for 2027, 2028 when we consider that the impact will be greater on this product but especially on other products that we propose and which are in discussion with the partner to model them in the Spanish market. We do not refer to just one product, it is a package of products that we are discussing for this market and we even have another project also for this market.

You said something about the U.S. market if I may - you said that you understood that the issue is there; we are fine with the US market, we have planned increasing sales compared to the previous year, we are on a comeback trend on this market, we even had a meeting with our partner last week. He came here and we reconfirmed what we planned and we have also established some benchmarks for the coming years.

**Mrs. Daniela MANDRU**

This is a come-back but not to pre-tariff levels.

**Mr. Darius AGAFITEI**

A come-back to the average sales level of the last 3-4 years, but we are on the path to resuming growth, we are trying to maximize as much as we can in this market.

**Mrs. Daniela MANDRU**

Another question is related to the expenses for raw materials and consumables which increased by 12% versus the turnover which decreased by 15%. How much of this increase comes from the production mix and how much is a real pressure on costs?

**Mrs. Paula COMAN**

It is only from the production mix. We only have an insignificant increase for two raw materials, with an impact of 1.2% growth, the rest comes from the manufacturing mix.

**Mrs. Daniela MANDRU**

You also mention in the Report that in the hospital segment there is a negative effect of the delay in the State Budget on the financing chain, which is probably why we are also seeing the increases in receivables. This is my explanation, if you can correct me or confirm my explanation.

**Mr. Ovidiu BATAGA**

This is the other market segment that we exploit for about 30% of our turnover. Indeed, the delay of the State Budget - we all know that it came quite late in the year - determined hospitals to be very cautious in their purchases because they had a rule to respect, that of one twelfth of the Budget consumed last year. This left no room to access all the treatments and all the medicines needed for consumption and the sell-out data certifies this decline somewhere at -15%, which is the reality in the first quarter. So probably starting with April, normal trends will return and then the competition will finally be free. The effect was that of financing the system and the payment of budget sheets to hospitals was delayed and automatically in cascade the entire value chain had to withstand this trend.

**Mrs. Daniela MANDRU**

In 2023, I think, or in 2024, you issued that 2030 strategy, which shows figures for both revenue and profit and EBIDA much higher than what the current budget shows, which is for 3 years, the strategy was until 2030. Three years, until 2028, with insignificant increases, I would say, does not show any coming closer to the 2030 strategy. I have a more general question:

What's happening with that strategy, do you have any plans on it? When I made the initiation report I relied on that, now we are well below those figures and from your explanations, with the new developments, we will never get there, that is, not in the next 10 years.

If you're going to update that strategy, if it's a document that's being updated, how should we look at that strategy?

**Mrs. Stefania ALEXANDRU**

Clearly our strategy is undergoing updates and changes, considering what happened during the time frame 2023-2025. There were countless influences that were not foreseen at that time, on the US market, the regional conflicts that are taking place and also the austerity measures that are impacting the consumption on the Romanian market. We are of course monitoring carefully all the markets in which we are present and the product categories both with which we are present and those that we want to develop.

The forecasts will be adjusted, maybe we will not reach our initial forecast, in 2030. I would not even say that we are delaying it by a very long time horizon now. We are taking all the necessary steps both on the Romanian market, by consolidating our position in key segments and as a strategic player on the Romanian market, as well as on the International markets, to develop partnerships both with established partners but also with new partners that my colleague stated that we are bringing to our portfolio on markets in Europe and elsewhere.

**Mrs. Daniela MANDRU**

The development of the production of critical drugs should have gone initially much faster, I don't understand now why you are pushing it until 2029?

**Mrs. Stefania ALEXANDRU**

The execution plan for critical drugs has never been more advanced, as the funding period for this program is until 2029. And there are also stages that the plan has to go through and we have no way to speed up either technically or in terms of authorizations earlier than 2029. We are currently talking about the implementation platform, we could say in a short period of time, because we have a time horizon of 3 years, three major production objectives, 3 new lines and we are talking about sterile topicals, sterile solutions and critical medicines. This is a significant logistical and human effort in this whole context we live in and as the technical and production director mentioned, we are on schedule, which we believe to be positive.

**Mrs. Irina RAILEAN**

I have a question related to sales: I noticed that this quarter the share of discounts granted was significantly higher than last year. Could you tell us here whether it was international or local and what determined this significant increase in discounts?

**Mr. Bogdan Mircea BABICI**

The share of commercial discounts is rather on the domestic market and if you like, take this action as an investment that we are actually making. As you have seen, we have an increase in the market share of up to 5.5% on the number of boxes on the generic drugs market, so on a declining market we manage to have an increase in market share with some investments, of course. Thus, I would like to ask you to perceive these commercial discounts, there are some that we signed up for, it is a trade-off so that we are better positioned when the market recovery occurs.

That moment will find our products better positioned strategically on the pharmacy shelves so that we can better monetize our portfolio. Another investment in this regard is the extension of payment terms to some partners, you have seen that the collection period has increased; it is, as I said, an assumed trade-off so that when the market recovers, we will find ourselves in a much better position.

**Mrs. Irina RAILEAN**

When do you expect these returns, or what does it depend on and what would have to happen for us to see a return, because normally we think that medicines are not discretionary goods and their consumption cannot be postponed indefinitely?

**Mr. Bogdan Mircea BABICI**

Yes, as my colleagues have also stated, the market is influenced by both macroeconomic factors and structural changes in the pharmaceutical market and consumer behavior. I am only recalling the persistence of the inflation, which reached 9.9% at the end of March, which together with the the uncertain economic climate have determined a decline in the purchasing power and the adjustment of a somewhat more cautious consumer behavior.

Also, the fiscal measures implemented recently - and here we relate to the increase in VAT on food supplements from 9% to 21%, and on medicines from 9% to 11% - have negatively impacted the pharmacy traffic and the average value of purchases. As we have also mentioned, the change in the co-insurance status has reduced the access of certain categories of patients to compensated medical services, which has led to a decrease in the number of medical examinations and compensated prescriptions issued.

I am not relating to other operational factors. We hope that both the geopolitical context and these changes have already manifested their effects. Of course, we cannot speak of certainties, but the premises from which we start are that we have already seen the effects of these measures and the context, so we rather expect that things will not continue to happen negatively but rather positively. Of course, we have a

question mark as to how long this plateau stage will last, but we are optimistic that things will go for the better.

**Mrs. Irina RAILEAN**

Regarding the expenses for raw materials and supplies, I understand that it comes from the production mix, but as long as products are sold with lower weighted average prices, the weighted average cost is probably lower; however, these expenses have also increased, and their share in both net and gross sales, excluding perhaps these commercial discounts that would influence our calculation, in any case, the share of these expenses in sales has increased significantly compared to the last year and the last quarter. Please clarify how to perceive them from now on and what to expect?

**Mr. Bogdan Mircea BABICI**

As you can see, the level of inventories has increased significantly compared to the previously analyzed period, compared to 2025. Here, we also have to take into account the geopolitical context in order to ensure the continuity of the production process and to reduce the risks generated by extended delivery times. And the price fluctuations caused by the conflict in the Middle East forced us to have safety stockpiles at an adequate level to ensure the manufacturing and sales process. Within the inventories, the largest share means raw materials and supplies so that it translates as an investment that we have already made for the production in the following periods.

It is worth noting that our product portfolio includes 56 essential medicines that are present on the WHO list, medicines which are considered to be indispensable in a functional health system, and also 38 products from the portfolio are found in the European Medicines Agency's list of critical medicines. These are medicines without which it would be impossible to treat severe diseases. They cannot be replaced by therapeutic alternatives and they are medicines for which the continuity of supply is a priority, as their lack could cause serious harm to patients and would affect the proper operation of the health system.

Also, I think it is important to know that we are part of the Inter-institutional Monitoring and Control Group for the Availability of Medicines, a group created within the Ministry of Health as a result of the instability in the Middle East and the real pressures on the economy, thus leading us to the decision to make this additional stockpiling that you see in the figures.

**Mrs. Irina RAILEAN**

Yes, I understand that these are inventories, but from an accounting viewpoint, you can only register as an expense what you sell. As a percentage, that is?

**Mrs. Paula COMAN**

What we produce, the share of the manufactured products in the overall inventory has also increased, so in fact we produced at a faster rate than what we sold, which means that at the end of March we also had finished product inventories. And what you see in the overall result is the expenses of manufactured finished products.

**Mrs. Irina RAILEAN**

Regarding the Budget, in the first quarter the results were more or less in line with the Budget, and in the following quarters you expect some better figures for Antibiotice and my question is whether at the time you made/achieved/drafted the Budget versus the current moment, did anything change in the fundamental assumptions on the construction of the Budget and whether the figures you mentioned there still remain in force in the expected period?

**Mr. Bogdan Mircea BABICI**

Yes, at this moment we are confident that the figures in the Budget will be achieved and the reasons; we have already explained what our perspective is regarding the next period. There are currently no other corrections that we propose to the Budget and we remain in line with the budget.

**Mrs. Irina RAILEAN**

I see a comeback in consumption and international expansions, are they the main ones?

**Mr. Bogdan Mircea BABICI**

That is right.

**Mrs. Daniela MANDRU**

In 2023 and 2024 we had some very high profits recorded, 80-100 million, in 2026 there is a comeback vs 2025, with a profit worth 52 million. But in 2027, 2028 they will still remain in the area of 60-70 million. The main explanation is this: we are no longer going towards 100 million, we will remain below 70 million.

The 2028 budget shows RON 67 million, it is below the average we are used to of RON 80-100 million in 2023-2024. What is the main explanation?

**Mr. Bogdan Mircea BABICI**

For the time being, we are working with some scenarios that urge us to be a little more cautious than when we obtained those results. Again, I bring up the fact that there are a number of extremely important macroeconomic factors that we did not have at that time.

Things are very different from this perspective, which of course once again relates to the structural changes in the pharmaceutical market and consumer behavior, as a result of all the things that have happened and from the legislative perspective and the fiscal measures implemented in Romania recently. So things are a little different, these are the reasons that we can bring up.

**Mrs. Daniela MANDRU**

Basically, this situation is determined by the evolution of the domestic market.

**Mr. Bogdan Mircea BABICI**

Yes, that is true.

**Mrs. Stefania ALEXANDRU**

The domestic market, as I mentioned before, is also about what happened in the timeframe 2023-2026. That is both the US market and the conflict which occurred in the Middle East and which creates other movements at the level of market territories. It's about a resettlement of consumption and of our plans, territorially speaking, at the international level. The markets don't all have the same margins, that is the explanation.

**Mrs. Daniela MANDRU**

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**Mrs. Stefania ALEXANDRU**

As I mentioned previously, we do work on updating the plans for this period; we are at a relatively advanced stage as we are in various stages of discussions with external partners on multiple projects, on multiple markets and, of course, on strengthening the consumption on the domestic market. We hope that the fiscal measures that took place last year have had their effect and the population will return to a more normal consumption trend.

**Mrs. Irina RAILEAN**

I want to understand to what extent the expansion investments in foreign markets is incorporated in the Budget. How was the Budget built on the premise that you are based on what exists now? What contracts do you have now? How can an increase come compared to what we see now in the figures? From new contracts that you have not materialized and you could not put in the Budget or in addition to the investments that will come into operation from 2029-2030, I understood that they will have an impact and we will see about that. But until then how could you make the figures look better and they were not currently included in the Budget?

**Mr. Darius AGAFITEI**

At the level of 2026, we have included several projects in the planned sales; this is what we could anticipate that will really happen because the international projects, as you know very well, are highly complex; there are also the discussions with the authorities and the answers we receive from the authority, which are external factors that we cannot fully control. Yes, the discussions with our partners occur according to a certain planning that we have agreed with each of them; we try to be as predictable and as accurate as possible in the planning we make starting with 2027-2030 - this is the period that we analyze very carefully.

Some of the projects that we are starting now or that we have already started are included in our forecasts for the timeframe 2028-2030, but there are also some of them that we have not included because it is difficult to anticipate whether those projects will really bring added value in this timeframe. The reasons are not only aspects related to product registration but also audits that we must support to access certain markets. These things are difficult to anticipate, but we, together with our partners, are making every effort so that as many of our projects as possible are implemented in the timeframe 2027-2030 and as we have a period of greater certainty, we add them to our plans.

Just last week our board had a meeting regarding the projects we have in the process of implementation. These are new projects that we want to initiate. We anticipated them and we tried to be as realistic as possible regarding their degree of achievement. I think that from one meeting to another we can update how we are evolving. If we have news as we did now on the project in Spain, a new market, we will let you know about them. We inform you periodically about the projects that we see as implementable and about their impact, as you said regarding the one in Spain.

**Mr. Bogdan Mircea BABICI**

Thank you!

If there are no further questions, let's call it a day! We will post the presentation and the recording of this meeting on the website.

Have a great day!