

**ANTIBIOTICE S.A. IASI
MANAGEMENT BOARD
AUDIT COMMITTEE**

ANNUAL REPORT

of the Audit Committee on the annual assessment of the effectiveness of internal audit and internal control reports and the risk management system 2025

Based on the provisions of the legislation on the capital market and the Antibiotice SA Corporate Governance Code, issued under Law no. 31/1990, on commercial companies and GEO no. 109/ 2011, on the corporate governance of public enterprises, amended and supplemented, the Audit Committee established within the Management Board of Antibiotice SA Iasi, proceeded to prepare this report, according to its attributions regarding the evaluation of the efficiency of internal audit and internal control, of the risk management system, the monitoring of financial reporting and of the statutory auditor.

In 2025, the members of the Audit Committee met in the following meetings:

The Audit Committee meeting of 26.02.2025 with the following agenda:

- The report of the statutory auditor Deloitte to the Audit Committee, regarding the financial statements of the exercise ended on December 31, 2024;
- The approval of the activity report of the Internal Audit Department for the second semester of 2024,
- The approval of the multiannual internal audit plan for the year 2025, version 01.
- The annual report of the Audit Committee for 2024.

The meeting of the Management Board from March 12, 2025 with the following agenda:

- Presentation of the statutory auditor's report.

The meeting of the Board of Directors from August 13, 2025 with the following agenda:

- Presentation of the statutory auditor's report for the financial statements for the first semester of 2025;

The meeting of the Management Board from September 17, 2025 with the following agenda:

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- The activity report for the first semester of 2025 of the Internal Audit Department.

The Audit Committee analyzed the following aspects:

- the monitoring of the effectiveness of the internal control and risk management systems;
- the monitoring of the statutory audit, verification and monitoring of the independence of the financial auditor;
- the monitoring the statutory audit, verification and monitoring of the independence of the financial auditor;

After the analyses, the Audit Committee found the following:

The specialized internal control provided for in the legislation in force is exercised in Antibiotice S.A. through the activities of Preventive Financial Control, Financial Management Control, Management Control which are periodically assessed by the Internal Audit Department. The findings and recommendations resulting from the internal control actions, including internal audit, are presented to the Audit Committee, for the evaluation of the activity and efficiency of the internal control.

The internal audit

During the year 2025, 9 assurance missions were carried out, which had the following auditable objectives adapted to the specifics of the audited field:

- the examination of the compliance with all principles, specific procedural and methodological rules, notes and internal decisions;
- the examination of the way of organizing the activity of the audited structures;
- the evaluation of the management and control system and the decision-making system;
- the other objectives specific to the activity.

The findings from the audit missions, by audited domains, were:

1. The evaluation of the human resources activity was carried out in a mission within the Human Resources Unit. The management of salary and motivation activities, recruitment and selection, training and competence development was evaluated and it was found that the activity was carried out according to the approved salary and motivation policy.

2. The evaluation of the activity of generating revenues, 1 evaluation mission carried out at the National Sales Unit, the Business Development and International Sales Unit for the evaluation of sales revenues. It was found that the income-generating activities were carried out according to the procedural framework, there is control over

the activity and the achievement of the performance indicators established by the administration and management plans.

3. The evaluation of the activity of purchasing goods and services, 2 missions were carried out at: the Technical, Production and Technology Transfer Unit - equipment purchases and the Investments Department - construction works purchases, and the Purchases Department and the Transport and Logistics Department for the purchases of goods and services from the domestic and international market. In the audit missions, the way of contracting the goods and services and the way of carrying out the signed contracts were checked. The compliance of the procurement activities with the approved internal legislative and procedural framework was found.

4. The evaluation of the strategic planning activity was analyzed in a mission, the strategic planning activity, strategic marketing and the activity of the medical department to ensure the current and future portfolio. It was found that the activity was efficient through a strategic planning of the company, both in terms of market positioning, as well as of the development and promotion of the portfolio, but also of a result permanent monitoring through the activity of evaluating the performance of strategic structures.

5. The evaluation of the management and internal control system of the company and the decision system, a mission was carried out in which the activity of the Management Control Department, the preventive financial control activity within the Financial Unit and that of the Risk Management Department were evaluated. The organization and the functionality of the forms of specialized control and the stage of implementation of internal decisions were verified.

Regarding the forms of specialized Financial Preventive and Financial Management controls, it was found that they were organized, functional and they were carried out according to the legislative and procedural framework.

It was found that at the level of all structures in the company, the Risk Management was implemented and the activity was carried out according to the operational procedure.

The way of implementing the system of decisions related to the Management Board, the Board of Directors and the decisions within the company were evaluated and it was found that they were carried out by the nominated persons within the established terms.

6. The evaluation of the information technology activity was carried out in a mission in which the organization of the activities within the Information Technology Activity (IT infrastructure, development and maintenance of software applications and database management) was evaluated and the compliance with the Security Policy of the Information and Communication Networks (RIC) system, the Security Plan, the applicable regulations regarding the information and communication resources system, the procedure for the Purchase of software solutions was found.

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Also, the organization of the Security Operation Center Department was evaluated and it was found that the internal procedural framework was developed to comply with the requirements of GEO no. 155/2024, proportional and adequate technical, operational and organizational measures were taken to identify, assess and manage the risks related to the security of the network and the IT system that the company uses in carrying out its activities, as well as to eliminate or, as the case may be, to reduce the effects of incidents, in order to ensure a high level of security of networks and IT systems.

7. The evaluation of the financial and accounting activity, the way of organizing and carrying out the financial and accounting activity regarding the administration of the patrimony through the annual inventory of the entire company patrimony was analyzed (removal from the patrimony, capitalization of the inventory and decommissioning, pledging of goods, degree of indebtedness of the company, liquidity, risk provisioning).

8. The evaluation of the corruption prevention system according to the theme and methodology communicated by the Ministry of Public Finance.

It was found that the three themes were implemented according to the legislation in force: Protection of the integrity whistleblower, Transparency in the decision-making process, Access to information of public interest.

The missions were carried out in compliance with the audit procedural rules, by going through the stages of an internal audit mission, and they were concretized in Internal Audit Reports, which were approved by the General Director. The conclusions and recommendations from the audit reports, for each audit mission, were appropriated by the audited structures.

The established recommendations are followed until the implementation, so that out of the 157 recommendations until December 31, 2025, 92 recommendations have been implemented, 18 are partially implemented, and 47 recommendations are not implemented, of which 22 are within the established deadline and 25 are beyond the implementation deadline.

The Financial Management Control took place in 2025, respecting the provisions of the G.D. no. 1152/2012, the approved annual activity program and the internal procedure code SOP-CFG-001, rev.02/19.12.2024 "Organization and performance of the financial management control", achieving, through the partial control method, the following missions:

- Verifying the compliance with the legal provisions in substantiating the draft Income and Expenditure Budget of the economic operator and the draft income and expenditure budgets of the subunits in its structure;

- The verification of the compliance with the legal provisions and internal regulations regarding the method of carrying out the annual inventory of assets, liabilities and equity elements for the year 2024;

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- The verification of the compliance with the legal provisions in the execution of the Income and Expenditure Budget of the economic operator and the subunits in its structure, for the year 2024;

- Verifying the compliance with the legal provisions and internal regulations regarding the payments in lei and foreign currency, of any nature, in cash or by transfer;

- Verifying the compliance with legal the provisions regarding the preparation, circulation, storage and archiving of primary accounting and technically operational documents;

- Verifying the compliance with the legal provisions and internal regulations regarding the existence, integrity, preservation and use of means and resources held under any title and the manner of reflecting thereof in the accounting records;

- Verifying the compliance with the legal provisions regarding the recording of economic and financial operations in the accounting records;

- The development of economic and financial analyses for the management in order to substantiate decisions and improve performance: quarterly reports on the topic "Plan to improve the company liquidity".

The financial management control actions were finalized by drawing up control reports, in which the findings were presented and improvement measures for the verified activities were proposed. The control reports were approved by the Director General, who ordered the application of the recommended measures and subsequently the measures were adopted by those responsible for implementation. The implementation status is constantly monitored and updated and the measures not implemented within the initially established deadline are followed up until the moment of their full implementation.

The management control resulted in the performance of 13 inventory actions, according to the approved Annual Inventory Plan, which included the company's central warehouses of raw materials, consumables and finished products and places of consumption of raw materials and consumables where the inventory management is organized and 4 handover - receipt actions at the managements where the change of manager occurred.

In the inventory activity, one has aimed at the compliance with the legal and regulatory framework established by:

- The accounting Law no. 82/1991, republished and updated;
- The Law no. 22/1969 regarding the employment of managers, the establishment of guarantees and liability in connection with the management of assets;
- O.M.F. no. 2861/09.10.2009 for the approval of the Norms regarding the organization and carrying out of the inventory of assets, liabilities and equity;
- Operating procedures, Internal notes, Internal decisions of the company's management.

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Following the inventories, it was found that the actual existence of the entire written stocks in the financial and accounting records was present and no shortages were identified.

The minutes were submitted to the Accounting and Reporting Department so that the inventory results could be used in the annual inventory of assets.

The risk management

Within the company, the organization of the risk management process is based on the **Three Lines of Defense Model**, which makes the approved risk appetite operational through a clear and coherent internal control architecture.

The first line of defense, represented by the operational management, has the direct responsibility to identify, assess, manage and report the risks associated with the activities carried out, ensuring the implementation of adequate controls in current processes.

The second line of defense, consisting of the control functions and the risk management function, monitors the effectiveness of the risk management, it develops methodologies and policies, it provides specialized support and it ensures the supervision of compliance with the established risk appetite.

The third line of defense, represented by the internal audit, ensures an independent and objective assessment of the risk management framework, the internal control system and the way in which the first two lines fulfill their duties, thus contributing to the continuous improvement of the governance and the risk management processes at the company level.

The risk management process within Antibiotice aims to systematically identify and multidimensionally assess the risks to which the organization is exposed by anticipating, managing and mitigating thereof, in order to ensure the operational continuity and the achievement of strategic objectives. The risk identification, assessment, management and reporting process complies with the legal requirements in force.

The main risk categories identified were:

I. The business risks (economic, legislative, project, commercial - generated by partners) represent the possibility that an event or action may negatively affect the company's ability to achieve its assumed objectives or intended strategies.

II. The financial (currency, liquidity, interest rate, commercial) risks mirror the impact that the financial sources and resources may have on the company's performance and stability, including the liquidity risk, currency risk, interest rate risk and the commercial default risk.

III. The integrity risks and anti-competitive practices relate to the probability of an integrity incident occurring and targeting an employee, professional group or field

of activity, being favored by specific vulnerabilities and which may negatively impact the achievement of a structure's objectives.

IV. The operational risks (personnel, information technology, information security, cybersecurity, occupational health and safety, image risk) are the risk of direct or indirect losses resulting from shortcomings or deficiencies in the company's procedures, personnel, internal systems or from external events that may have an impact on its operations. The Company's objective is to manage the operational risk in a manner that limits its financial losses, which does not damage its reputation and which achieves its investment objective of generating benefits for investors.

V. The risks and opportunities regarding sustainability aspects (environmental, social and governance) have a broad impact on the entire ecosystem around the company, influencing potential investors as well as customers or collaborators.

VI. The cyber risk management

Antibiotice S.A. is classified as an operator of essential services in the national economy and it is obliged to comply with the national strategy regarding the security of networks and information systems and it is subject to the provisions of Law no. 362/2018 on ensuring a high common level of security of networks and information systems.

The financial reporting

The Audit Committee monitored the compliance with the legal provisions and regulations of the ASF and BVB regarding reporting and informing the public related to:

- the reporting of individual annual financial statements, prepared on December 31, 2024;
- the reporting of semi-annual financial statements, prepared on June 30, 2025.

The reporting of the financial statements was carried out in accordance with the capital market legislation, with the established methodology and forms and it includes all the documents provided for in the A.S.F. regulations and the B.V.B. Code.

The financial reports were submitted to A.S.F and B.V.B and they were published for the information of investors, on time, in Romanian and English.

The statutory audit

The audit of the financial statements was carried out by the independent financial auditor Deloitte Audit SRL appointed by the General Meeting of Shareholders on April 27, 2023.

1. The Audit Committee analyzed the activity of the independent financial auditor Deloitte Audit SRL, regarding the auditing of the financial statements prepared by Antibiotice SA on December 31, 2024.

After the analysis, the Audit Committee found the following:

The individual annual financial statements as of December 31, 2024 audited, comprise: the Statement of comprehensive income; the Statement of changes in equity and the Statement of cash flows; the Notes to the financial statements that include significant information regarding the accounting policies.

The individual financial statements are identified by:

- Net assets/Total equity 894.308.823 lei;
- Net profit for the financial year 102.202.828 lei.

In the auditor's opinion, the individual financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, as well as its financial performance and cash flows for the year then ended, in accordance with Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, as amended.

The administrators' report has been prepared, in all material respects, in accordance with the Order of the Minister of Public Finance no. 2844/2016, as amended. The administrators' report does not include the non-financial statement, which will be presented later in a separate report.

The information presented in the Directors' Report and in the Remuneration Report for the financial year for which the individual financial statements were prepared is consistent, in all material respects, with the individual financial statements.

The statutory auditor reports that he did not identify any significant misstatements in the Directors' Report and the Remuneration Report.

The remuneration report presents, in the auditor's opinion, all the significant aspects required by article 107, paragraphs (1) and (2) of the Law 24/2017 on the issuers of financial instruments and market operations, republished.

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In accordance with the Delegated Regulation (EU) 2018/815 and Law no. 162/2017, the Independent Auditor prepared the Report on the audit of the individual financial statements of Antibiotice S.A. Iasi on December 31, 2024, in which the key aspects and audit risks identified in the planning stage of the audit of the financial statements were addressed, in accordance with the International Auditing Standards, from which the following important aspects stand out:

- the Company's accounting policies regarding the revenue recognition, including the discounts granted, were evaluated;

- the development and implementation of existing key internal controls regarding the sales transactions of finished products, merchandise and discounts granted was assessed.

- the revenues and discounts granted to selected customers were confirmed based on a sample to assess the completeness of the transactions carried out by the Company with them.

- to ensure the accuracy and completeness of the recorded transactions, a random sample of revenues including discounts was compared with the relevant supporting documents, also validating the financial period in which they had to be recorded depending on the date on which the transfer of control over the finished products or goods was made;

- analytical procedures were performed to analyze revenues and discounts granted by comparing the current period with the previous one for: sales, volumes per customer and margin.

- the information presented in the Explanatory Notes was verified.

2. The independent auditor reviewed the interim financial statements, prepared by Antibiotice SA on June 30, 2025, which include: the interim simplified statement of financial position as of 30 June 2025, the simplified statement of profit and loss and other comprehensive income, the interim simplified statement of changes in equity and the interim simplified statement of cash flows, each for the period between January 1, 2025 and June 30, 2025, the comparative information for the period between January 1, 2024 and June 30, 2024 and other explanatory notes.

The review was conducted in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Statements Performed by an Independent Auditor of the Entity".

The review of the financial information involved conducting investigations, particularly of the persons responsible for the financial and accounting situation, and applying analytical procedures, as well as other review procedures.

Based on the review performed, no issues were identified that would lead to the conclusion that the financial statements of Antibiotice SA Iasi as of June 30, 2025 do not provide a true and fair view in all material aspects of the entity's financial position as of June 30, 2025 and of its financial performance and cash flows for the six-month period then ended in accordance with the Order of the Ministry of Public Finance no. 2844/2016 with subsequent amendments.

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This report of the Audit Committee for the year 2025 was submitted to the Management Board for information and analysis and it will be posted on the website of Antibiotice SA Iasi.

Chairman of the Audit Committee
Mr. Catalin LUNGU