

Antibiotice **a+**

MANAGEMENT REPORT

January - September 2024

9-month report according to IFRS

Report Date: 30.09.2024

Name of the trading company: ANTIBIOTICE S.A.

Head Office:

Iasi, 1 Valea Lupului St.

Phone number:

0232/209 000, Fax 0232/209 633

Fiscal registration code:

RO 1973096

Order number in the Trade Register:

J22/285/1991

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange

Subscribed and paid up capital:

67,133,804 LEI

Main characteristics of the securities issued by the company:

Nominative shares, nominal value: 0.10 LEI

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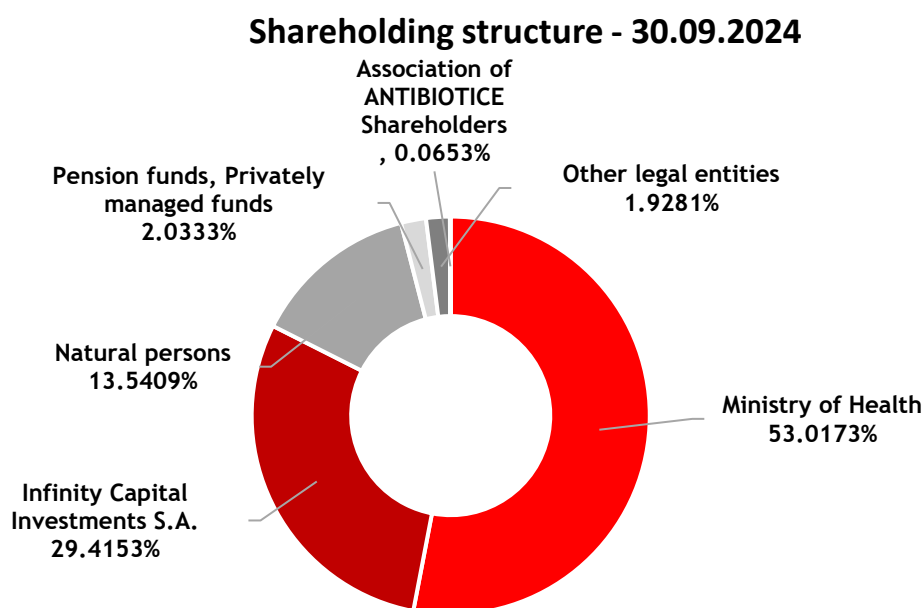
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Antibiotice - a performance-oriented company

The main results recorded by Antibiotice S.A. in the first nine months of 2024:

- total income of 511.05 million lei, by 7% higher compared to the similar period in 2023;
- gross profit accumulated with the value of the claw-back tax consolidates a 24% business yield;
- sales in the international markets were by 16% higher compared to the first 9 months of 2023;
- a consolidated 4th rank in terms of consumption (number of boxes) in the generics market (prescription and non-prescription medicines) in Romania, with a 4.6% market share, according to Cegedim Sell Out¹ Romania, September 2024;
- our company maintained its leading position in value terms in the hospital segment (prescription and non-prescription generic medicines) with a 13.1% market share, according to Cegedim Sell Out Romania, September 2024;
- the maximum value of the share was reached in September - 3.44 lei/share.

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



Shareholding structure on 30.09.2024:

- Ministry of Health - 53.02%
- Infinity Capital Investments S.A. - 29.42%
- Legal entities and natural persons - 17.56%
of which:
 - Pension funds, privately managed funds, legal entities - 3.97%
 - Association of Antibiotice shareholders - 0.06%
 - Natural persons - 13.54%

¹ Sell-Out: sale of products (prescription and non-prescription medicines) from pharmacies to consumers

Classes of shareholders:

- Legal entities: 86.4591%
- Natural persons: 13.5409%

The Antibiotice's shares are included in the component of the indices:

- BET - is the first index developed by BVB and represents the reference index of the local capital market. BET reflects the evolution of the most traded companies on the BVB regulated market, excluding the financial investment companies (SIFs). It is a price index weighted with the capitalization of the free float, the maximum weight of a symbol being 20%. (since September 23).
- BET-TR - is the first total return type index launched by BVB, built on the structure of the market's reference index, BET. The BET-TR index reflects both the price evolution of the component companies and the dividends offered by these companies.
- BET-TRN - is the net total return version of the market reference index, BET. The BET-TRN index reflects both the price evolution of the component companies and the reinvestment of the net dividends offered by these companies.
- BET-Plus - includes the Romanian companies listed on the BVB market that meet the minimum selection criteria, with the exception of financial investment companies.
- BET-BK - has been built to be used as a benchmark by fund managers, but also by other institutional investors. This reflects the fact that Antibiotice is a solid company, developed on a lasting economic foundation.
- BET-XT - reflects the price evolution of the 30 most traded companies on the BVB Regulated Market, including the financial investment companies (SIFs).
- BET-XT-TR - the total return version of the BET-XT index, which includes the 30 most traded Romanian companies listed on the BVB. The BET-XT-TR index reflects both the price evolution of the component companies and the dividends offered by these companies.
- BET-XT-TRN - the net total return version of the BET-XT index. The BET-XT-TRN index reflects both the price evolution of the component companies and the reinvestment of the net dividends offered by these companies.

The maximum value of the share was reached on September 26, 2024 - 3.44 lei/share;

Stock market capitalization of Antibiotice S.A. was 2,222,129 thousand lei on September 30, 2024. During this period 42,155,223 shares were traded, with a total transaction value of 97,431,395 lei (19,585,044 EURO/21,293,465 USD), with an average price of 2.3113 lei/share.

Strategic adaptation of human resources

The objectives pursued by the Human Resources Unit are: implementation and development of strategies for motivating and retaining valuable employees as well as for attracting employees with skills adapted to the pharmaceutical industry, correlated with the current labor market trends.

Implementing the modern human resources management, by:

1. Analyzing and redefining the organizational structures of the company adapted to modern principles of human resources, correlated with the need for business growth in the period 2025-2030, as well as with the market trends.

- Within January - September 2024, departments within the company were reorganized / established (e.g. within the Pharmaceutical Products Division - National Sales Unit - the new Online Sales Department was set).

2. Adapting the motivational packages in order to attract and retain valuable employees (key positions) as well as to increase the retention degree.

- Until the end of September 2024, the Salary and Staff Motivation Policy was updated by analyzing all the staff categories and by introducing new strategic categories, considering the need to stimulate the professional performance.
- As regards the fiscal facilities provided in the current legislation, the motivational system contains the following elements:
 - ✓ The 33% limit from the employee's basic salary - facility granted: private health insurance;
 - ✓ The limit of 5% for social expenses from the value of personnel expenses; facilities granted: staff transport, social allowances for family events, prizes awarded on legal holidays.

3. In the first 9 months of 2024, staff retention rate in the company, was 97.64%.

4. Carrying out training programs for developing our employees' skills

By the end of September 2024, an average cumulative number of 35 hours of professional training/employee was scheduled and 41.48 hours were completed (of which 12.42 in the third quarter), these including training hours: in fields with legal training requirements, sessions with internal lecturers, with external providers and on the e-Learning platform.

The 2024 training plan for developing the skills of our employees with external suppliers is part of the **Academy a+** project and is adapted to the training requests and needs identified for our company's departments and employees.

5. Digitization of human resources activity

Until September 2024, related to the human resources digitalization plan, 80% of employees received specific access rights in the HR integrated software and elements of salary calculation and human resources administration were optimized.

6. Academy a+ - a management tool for knowledge management in the company. Academy a+ has two components: Technical College a+ and Business School a+.

Specific actions:

- Collaboration with the university environment materialized in the first 9 months of 2024 through internship programs for students, these students having subsequently the opportunity to join our company:
 - conducting the meetings and workshops provided for in the collaboration and partnership agreement concluded with the "Centre of Excellence in Business Administration" from the Faculty of Economics and Business Administration of "Al.I. Cuza" University. The purpose of the partnership is to promote the

- exchange of information and the development of entrepreneurial skills among students;
- participating in events organized to promote the company and guide young graduates in their careers within the Faculty of Chemical Engineering and Environmental Protection, Technical University of Iasi, Faculty of Biology and Faculty of Chemistry from "Al.I.Cuza" University Iasi;
- organizing internships for a number of 75 students from Iasi Technical University, "Al.I.Cuza" Iasi University, "Gr.T.Popa" Iasi University of Medicine and Pharmacy, as well as 12 residents from the Faculty of Pharmacy, University of Medicine and Pharmacy "Gr.T.Popa" Iasi;
- approving and including in the postgraduate education program at the Faculty of Pharmacy of Iasi of two master's programs in collaboration with Antibiotice: Regulatory affairs -Regulation and authorization in the pharmaceutical field, 1-year term and Evaluation of the safety of pharmaceutical products (pharmacovigilance), 2-year term.
- Our collaboration with the pre-university environment included:
 - concluding the contracts for organizing the dual education program in partnership with 3 technological high schools, for a number of 48 students, for a period of 3 years (2024-2027). The School Curriculum was adapted to form the necessary skills for hiring future graduates within the company and to respond to the changes on the labor market;
 - ensuring internships for 190 students with the qualifications agreed in the partnerships signed within the Academy a+;
 - supporting didactic activities through study visits for a number of 640 students within the "Different School - Green Week" program.
- Within the Technical College a+:
 - we have running the internship program through which we develop practical training for a number of 15 people with theoretical knowledge in various fields in order to attract, train and employ them;
 - we obtained approval for two financing projects regarding internships for pupils and students within the Education and Employment Program (PEO) - currently in the contracting stage.

Modernization of the organizational culture through the following initiatives:

- According to the 2024 work plan, actions, programs and activities of a sporting, recreational, social and cultural nature were organized between January and September, in which approximately 750 employees were involved.

Strategic adaptation of the product portfolio

Portfolio Management

Expansion of the product portfolio, both through our own R&D activity as well as through business development makes a major contribution to the development of Antibiotice business in the domestic and international markets.

The products from the current portfolio are carefully monitored, our company taking actions to adapt its products to the national and international regulations, analyzing the therapeutic trends, medical guidelines, new efficacy and safety studies.

The current portfolio includes 182 products from 11 therapeutic classes:

- generic medicines for human use [prescription medicines (Rx) and non-prescription medicines (OTC)];
- food supplements and cosmetics and medical devices;
- active substances obtained through the biosynthesis process by cultivating the microorganism *Streptomyces noursei* - Nystatin;
- medicines for veterinary use;
- biofertilizers.

Rx portfolio comprises the main therapeutic classes: anti-infectives - including drugs intended for the treatment of tuberculosis, cardiovasculars, medicines for digestive tract and metabolism and central nervous system, gynecological, dermatological preparations.

Non-Rx portfolio includes the following categories of products: OTC medicines, food supplements, cosmetics and medical devices. These are intended for maintaining health, for prophylaxis or as adjuvants in certain diseases with an increased incidence.

Division	Number of products	of which: new products
Oral solid dosage forms	84	16
Topical dosage forms	55	3
Sterile Products	42	
Active substances	1	

New products

As regards the future portfolio, our main objectives are to consolidate the position in the domestic market and to exploit the potential of the international markets, assimilating products that are in the latest prescription and consumption trends.

The main development directions of this portfolio overlap with the company's strategic development directions, the products addressing infectious, cardiovascular, digestive tract, musculoskeletal and central nervous system pathologies.

In the first 9 months of the current year, the Oral Solid Products Portfolio was enriched with 4 new prescription products from the anti-infectives class (critical medication according to the list published by EMA), 4 food supplements designed to improve the symptoms of urinary infections, abdominal discomfort, for cardiovascular health and for promoting a natural sleep and 8 veterinary supplements (used for treating the skin conditions, acute conditions or infections of the urinary tract, for improving immunity, restoring and maintaining intestinal flora, joint health, liver function and for supporting kidney function).

The Topical Products Division's portfolio was enriched with 3 new products: 1 medical device intended for preventing and treating the hypertrophic and keloid scars and 2 dermatocosmetics, part of a line of products for seborrhic, acne-prone skin.

Promotion activity

A. Communication to health professionals

In the first 9 months, Antibiotice S.A. participated in events dedicated to the following medical specialties: Dermatology, Infectious Diseases, Pneumology & Pneumophthisiology, ENT, Urology, Anesthesia Intensive Therapy, Gynecology, Emergency Medicine, Cardiology, Pediatrics, Family Medicine and Pharmacy. The objectives of the

participation were: increasing the visibility of the company brand and product brands, launching and promoting products, networking and developing relations with partners, understanding the market and the competition. These scientific events are organized by the main professional, academic and scientific societies and associations in Romania.

5 veterinary medical events were organized in the main cities that have veterinary university centers and a number of professionals in the field above the national average.

B. Communication to the general public

• Online communication

Social Media - projects carried out for the following brands: Cutaden®, Tinero®, Clafen®. *Online conference dedicated to mothers* for the Cutaden® range;

• Offline communication TV and radio for the following brands: SimbiFlora, Silithor®, Clafen® and Saliform® Forte; Equilibra® Plus, Fluxiv®, Lejer® Anti Gas.

• Events for the general public:

- *World Breastfeeding Week - the 13th edition* - event organized in August by the *Parentis Iasi Association - promotion for Cutaden bebe*;
- *INIMO - Festival of Family, Life and Good Deeds* - event organized in August in Iasi under the slogan "Be happy and do good!";
- *Transmarathon*, organized on September 8 on Transbucegi by the Running Coaching Association - promotion for Equilibra® Plus;
- event organized on September 29 in Iasi by the Preventis Sports Club - "World Heart Day", event organized on September 29 in Iasi by the Preventis Sports Club - Antibiotice participated under the slogan: **Because we do everything from the heart** (promotion at the booth: Tri Oli®, Fluxiv®, Equilibra® Plus).

Research development and business activities

The product portfolio is developed in accordance with the strategic directions established in „The Future Together 2030” business plan.

New products are assimilated into the company's portfolio both through research & development projects conducted by our own center INOVA a+ and through purchasing licenses for those products that we want in our portfolio but which are not compatible with the existing manufacturing flows as regards the pharmaceutical forms, product classes or packaging method.

In the first 9 months of 2024, INOVA a+ conducted various stages of the research projects both for the Rx products (prescription medicines) and for non-Rx products (OTCs, food supplements, medical devices and dermacostmetics).

The multi-annual nature of research and development projects reveals the complexity of the process of creating a new product in accordance with the international regulations applicable to the pharmaceutical field.

Year to date, INOVA a+ conducted various research stages for 38 projects, of which 8 were already successfully completed in the first 9 months of the year. The rest of the projects are in various stages of research, in accordance with the established schedule.

The 38 projects are distributed as follows:

- *Topical Products Division - 23 projects.*
- *Oral Solid Products Division - 11 projects.*
- *Sterile Injectable Products Division - 4 projects.*

The 8 research projects completed in the first 9 months of 2024 will enrich our company's portfolio starting with 2024.

As regards clinical studies, in accordance with the international legislation applicable to the pharma field, therapeutic effectiveness as well as the safety in use for certain categories of products is necessary to be demonstrated, by interpreting the data obtained after the administration of the drugs to human subjects. Thus, in the first 9

months of 2024, we carried out various stages of clinical studies for 5 products. In the mentioned period, we successfully completed 2 clinical studies, both for topical products, the remaining 3 being in various stages in accordance with the set schedule. The results of the clinical studies are a mandatory part of the authorization documentation for the respective products, but also represent an important advantage in communicating the benefits of our products to health professionals.

In the reporting period, as regards the plan for enriching our company's portfolio by purchasing licenses, we completed to contract 9 new products, of which 3 from the Anti-infectives class, 4 products from the Genitourinary System class and 2 products from the Cold & Flu concept. The registration procedures for these products have been initiated so that the sale of the products be in accordance with „The Future Together 2030” business plan.

Continuous improvement of the Integrated Management System (Quality, Environment, Occupational Health and Safety)

Ensuring the products quality, reducing quality incidents, incidents of any nature with repercussions on people's health, environment, represent the main ethical, moral and professional concerns in our company.

In the first 9 months of 2024, our partners conducted 7 audits, 3 for the manufacture of parenteral products, 1 for the manufacture of topical products and 3 for the manufacture of the active substance, Nystatin. The audits were carried out in good conditions, Antibiotice S.A. continuing the initiated partnerships.

In the perspective of the continuous strategic development, our company is constantly concerned with improving processes in line with the ever-changing legislation. In the period September 16-17, 2024, NAMMD conducted an inspection for authorizing the extension of the raw material warehouse, a new microbiology laboratory within Quality Control, as well as the replacement of equipment from 2 manufacturing plants.

In order to develop and support business partnerships, our company planned the way of qualifying the sources of strategic suppliers in order to: carry out supplier audits (online/onsite/ third party report acquisitions), respectively to elaborate the Quality Agreements/Sales Contracts. Thus, audits were carried out at the suppliers of raw materials/primary packaging materials/finished products. They were concluded without identifying critical non-conformities, these being accepted as authorized suppliers for Antibiotice S.A.

31 contracts/quality agreements were initiated/evaluated/completed with the manufacturers of active substances, finished products and Nystatin.

With reference to the periodic training with specific GMP topics, on the internal component, these took place according to the approved annual training plan, and on the external component, the members of the Quality Assurance department participated in 7 workshops conducted by external suppliers with the approach of some current topics, specific to the pharmaceutical industry.

Environmental responsibility

During the first 9 months of 2024, the Water Management Authorization no. 20/30.03.2021, issued by the Prut Barlad Water Basin Administration, as well as the Integrated Environmental Authorization no. 3/29.09.2021, issued by the Iasi Environmental Protection Agency, with annual visa no. 481/14.09.2023 remained valid.

The visit of APM Iasi representatives took place (10.09.2024) concluded by issuing the annual visa no.605/16.09.2024 aimed at verifying compliance with the provisions of

the Integrated Environmental Authorization. No violations of the applicable legal requirements were found.

Information on environmental aspects within the company was communicated to institutions with specific attributions (Agency for the Environmental Protection Iasi, Romanian Waters), and all the reports required by the authorizations were made according to legal requirements.

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

The 2023 Integrated Annual Report was published, Antibiotice S.A. developing an integrated management policy, whose main objective is to reduce the impact on the environment by identifying and implementing sustainable practices and technologies in all fields of activity. This policy is based on compliance with legal regulations and environmental standards such as ISO 14001, promoting efficiency in the use of natural resources and reducing emissions and waste.

According to the requirements contained in the Integrated Environmental Authorization, the Annual Environmental Report for 2023 was drawn up and published on the company's website.

In order to protect the quality of water resources, the "Plan to prevent and combat accidental pollution" was updated.

As part of the objective "Drilling works for the hydrological evaluation in order to supply technological water", the execution works were started. After the completion of the works, the necessary actions to renew the Water Management Authorization will be started.

In order to make wastewater treatment and sludge recovery more efficient, 2 studies were started: "Efficiency study of the sewage treatment plant" and "Evaluation study of the possibilities of valorization of sludge-type waste". Currently, both studies are in the second stage of development.

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

The photovoltaic power plant of 2.5 MW was put into operation. This plant stretches over an area of 31.428 m², with 4,680 photovoltaic panels installed.

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

In order to monitor the quality of environmental factors, our own laboratory and laboratories of the third parties made analyses on the quality of water entering the pre-treatment plant and discharged into the municipal sewerage system. For the emissions/imissions of pollutants in the air, determinations were made according to the requirements of the Integrated Environmental Authorization. No exceedings of the maximum allowed concentrations established by the Integrated Environmental Authorization and the Water Management Authorization were recorded.

Waste management

Antibiotice has been continuously improving the waste management system to ensure a sustainable and efficient approach. Thus, the completion of the waste warehouse in 2023 contributed to reducing our impact on the environment, promoting more sustainable practices and a more efficient management of resources.

The legal waste management requirements were fulfilled, the internal audit of waste corresponding to 2023 being carried out while the Program for preventing and reducing the quantities of waste generated by our company's activity is finalized and published on the company's website.

The generated waste is collected separately and managed by authorized operators for recovery or final disposal. Also, some types of waste can be disposed of by incineration, in the own incinerator.

Also, the global objectives regarding the recovery of packaging waste for the products introduced in the national market were fulfilled through the contract concluded with an authorized organization implementing extended producer liability obligations (OIREP). Our company did not register outstanding payment amounts to the Environmental Fund Administration.

Occupational Health and Safety

In order to comply with the legislative provisions on the protection of employees' health, the following were drawn up and implemented in the first 9 months of the current year: the 2024 Prevention and Protection Plan (revised according to legislative provisions), Annual Training Program in the field of Occupational Health and Safety, Annual Program for Periodic Medical Examination, Annual Monitoring Program for Exposure to Noxes.

80% of the technical measures proposed in the Prevention and Protection Plan for 2024 have been implemented, which included measures to reduce physical effort, mechanical and thermal risks.

The periodic training of the staff was carried out according to the Annual Training Program in the field of occupational health and safety (monthly, quarterly, semiannually - depending on the specifics of each activity).

Between 22.04.2024 - 20.06.2024 professional OHS training courses took place. The course was attended by 33 colleagues - managers, technologists, flow and activity coordinators.

The monitoring of exposure to noxes was carried out according to the Annual Monitoring Program of exposure to noxes (100%).

Starting from the medical recommendations of the team that performed the screening regarding the assessment of the state of health of the locomotor system of the staff who constantly exert physical effort in the performance of their work tasks (performed in 2023), a target group of 50 employees was defined for the first stage of recuperative treatment in 2024. In June 2024, the first stage of recuperative treatment was completed. Screenings were made by performing lung x-rays for identifying possible lung lesions in 249 employees.

Two work accidents, one accident on the way home from work and one traffic work accident were registered in the first 9 months of 2024,.

Performance management

Antibiotice in the Romanian pharmaceutical market ²

In the first 9 months of 2024, in the domestic market, Antibiotice:

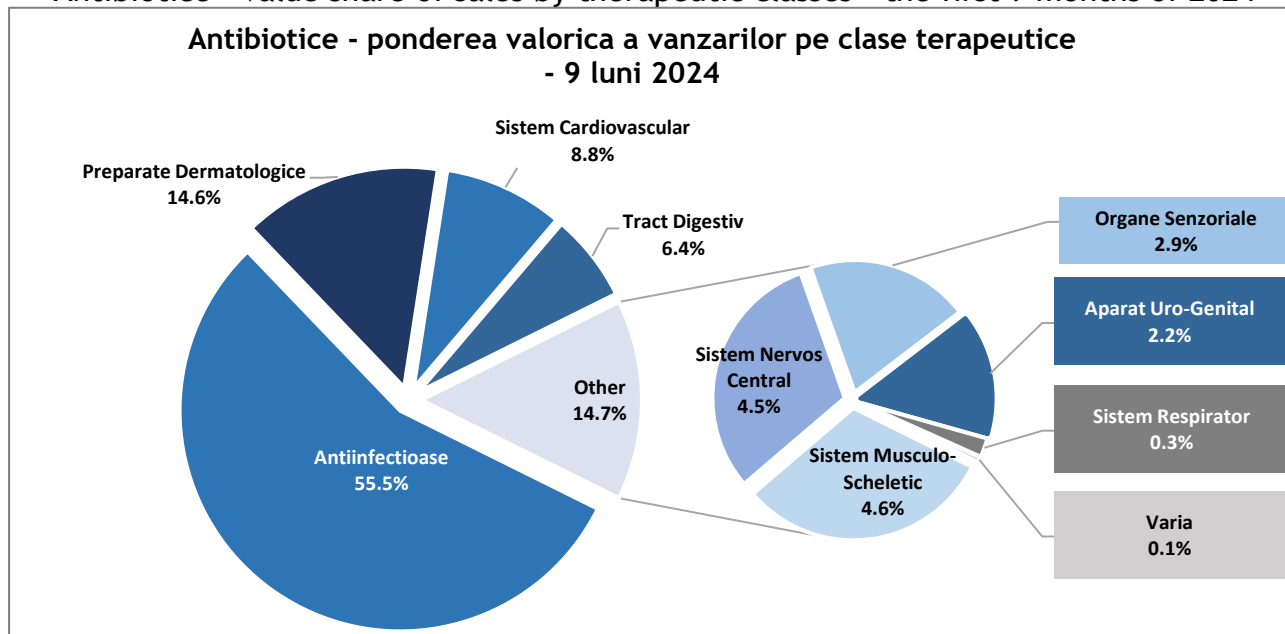
- consolidated sales in the market worth 379.3 million lei;
- maintained the 4th place (out of a total of 354 companies) in terms of consumption (boxes) in the segment of generic medicines (prescription and non-RX) (a 4.6% market share);
- leader in terms of quantity (IU) in the total market to the following pharmaceutical forms: ointments (20.0% out of a total of 130 companies), suppositories and pessaries (32.5% out of a total of 50 companies) and powders for injection (60.2% out of a total of 60 companies);

² Data source: Cegedim Sell Out Romania

- ranked 2nd, in terms of quantity (number of boxes) in the total market of medicines in capsules (6.3% out of a total of 193 companies);
- leader in terms of value in the segment of generic medicines (prescription and non-RX) traded in hospitals, with a 13.1% market share in a market where 240 companies are active.

Antibiotice has consolidated its sales on the portfolio of anti-infectives for systemic use, developing also the therapeutic classes where it holds important positions in the domestic market: dermatological preparations, cardiovascular system, genitourinary system, central nervous system and digestive tract.

Antibiotice - value share of sales by therapeutic classes - the first 9 months of 2024



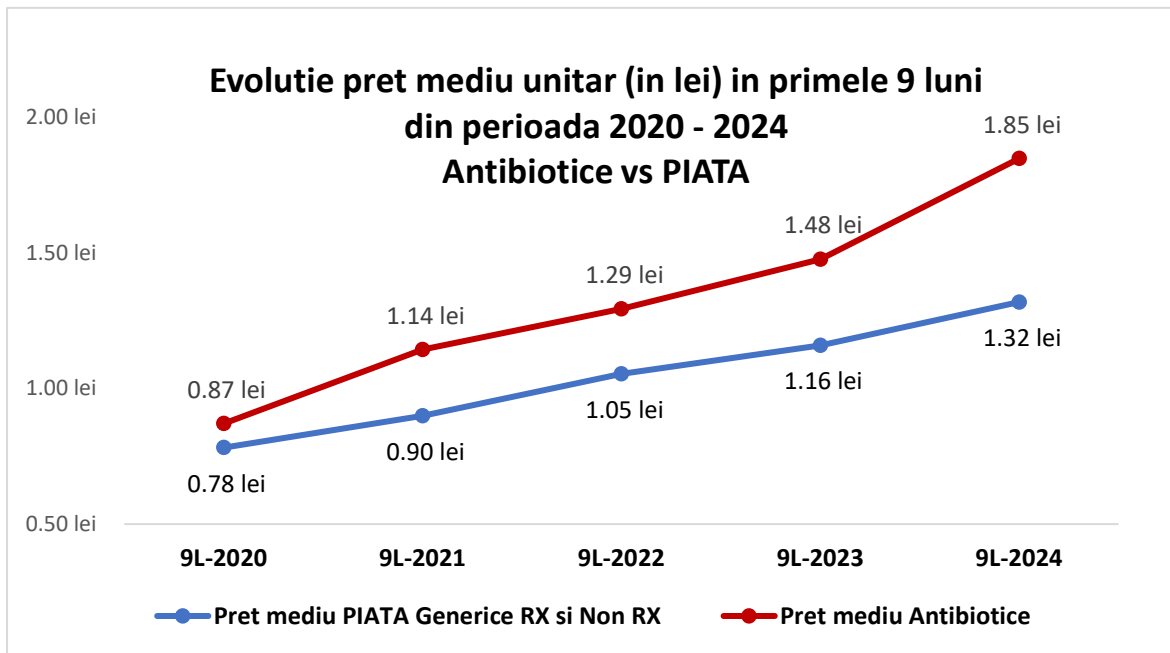
After the first nine months of the current year, promotional actions carried out by Antibiotice led to increased sales for Zifex complex[®] and Zifex Duo[®] (pessaries from the genitourinary class), range of symbiotics Simbiflora[®], Saliform Forte[®], as well as newly launched products such as Zinba[®], Remiflu[®] and Faguria[®] range.

Price - a strategic element for adapting to the market

In the first 9 months of 2024, the average price in the **generic market (Rx and non-Rx)** was 1.32 lei/IU, up 13.8% compared to the same period of the previous year (1.16 lei/IU).

In the first 9 months of 2024, the average unit price of the **Antibiotice** portfolio was 1.85 lei/IU, higher by 25.2% compared to the similar period of 2023 (1.48 lei/IU).

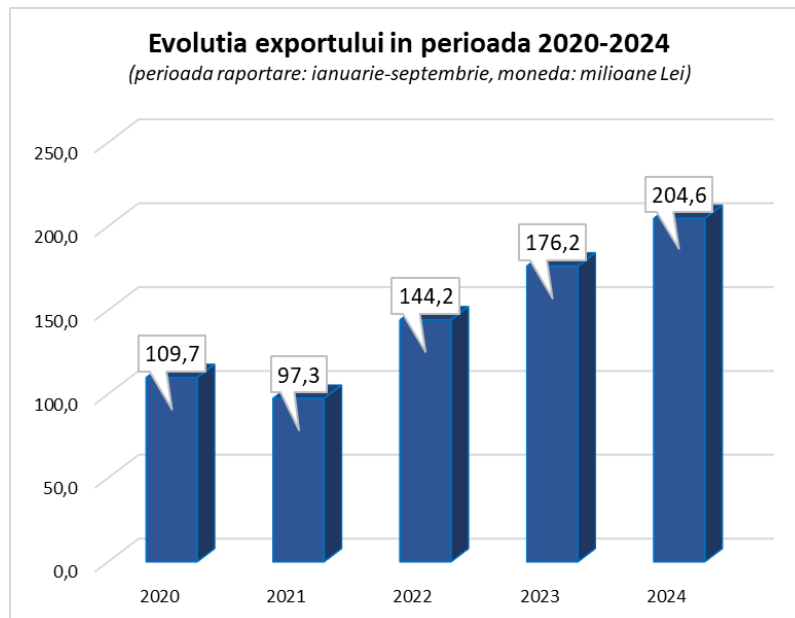
**Evolution of the average unit price (lei) in the first 9 months
of the period 2020 - 2024
Antibiotice vs Market**



Antibiotice in the international market

In the reporting period, revenues from sales in the international market were **204.6 million lei** (41.1 million euro). They increased by 16% compared to the same period of 2023 (176.2 million lei).

Evolution of exports between 2020 - 2024



Export of finished products

Revenues from the sale of finished products were **130.4 million lei**, up 20% compared to January-September 2023 (108.3 million lei).

The added value comes mainly from Europe, that represents 40% of the export value of medicines. We thus consolidate the business on a portfolio of sterile beta-lactam penicillins thanks to which we have become one of the most important players in the international market, although they are difficult markets to access due to the strict

conditions regarding the quality of medicines, optimization of the supply chain, competitiveness of the price in the auction and, last but not least, implementation of international sustainability standards .

Another region in which we focused this year was the Middle East area, generating in the first 9 months an increase of 50% compared to the similar period last year, as a result of the start of sales in the United arab Emirates and increased sales in Saudi Arabia and Iraq both on the anti-infectives and cardiovascular portfolio.

Along with the new markets in Europe and Middle East in which we initiated sales this year, we also mention Australia, the market where we achieved the first sales in September. In perspective, we propose ourselves to initiate the registration of at least two new products, through which we can develop the presence of Antibiotice in this area as well.

In the other regions traditional for our company, such as North America(the US and Canada), Asia (Vietnam), Moldova, the sales recorded an 8-20% growth trend and thus these regions remain in the top 5 strategic territories of the company.

As regards the pharmaceutical forms, in the top of sales, injectable drugs lead with an advance in volumes of 17% and the topicals with an advance of 30%.

Export of active substances - non-micronized and micronized Nystatin

Our activity carried out in the January - September 2024 joined the trend of the last three years, of consolidating the position in the world market, the active substance nystatin manufactured by Antibiotice being sold in over 55 countries worldwide.

In the period mentioned above, there was progress in the main development projects in Europe, North America and Latin America, continuing the good premises for the development of the main export markets.

Economic - financial performance

Management of financial flows and operational expenses

The effect of all the activities carried out between January-September 2024 is summarized in the revised interim Financial Statements prepared in accordance with revised IAS 34 "Interim financial reporting". The main indicators, which reflect the financial performance achieved on 30.09.2024 compared to the one achieved in the similar period of 2023, are presented in the following table:

Indicators	30.09.2024	30.09.2023	30.09.2024/ 30.09.2023
-lei-			
A. Total revenue, of which:	511,050,765	478,661,055	7%
1. Operating income	506,610,648	469,011,440	8%
1.1 Revenues from contracts with clients (turnover), of which:	506,052,026	463,431,386	9%
revenue from the sale of products made on our own sites	403,210,601	377,657,218	7%
revenue from the sale of products made on partner sites	101,777,669	84,929,147	20%
revenue from the provision of services	1,063,756	845,021	26%
1.2 Other operating income	2,143,232	730,720	193%
1.3 Income from subsidies	309,988	203,180	53%
1.4 Changes in stocks of finished products and production in progress	-10,083,362	-4,912,797	105%
1.5 Income from fixed assets projects	8,188,764	9,558,951	-14%

Indicators	30.09.2024	30.09.2023	30.09.2024/ 30.09.2023
2. Financial income	4,440,117	9,649,615	-54%
Income from exchange rate differences	4,438,370	9,647,449	-54%
Income from bank interest	1,747	2,166	-19%
B. Total expenses, of which:	418,859,884	389,973,347	7%
1. Operating expenses:	410,464,518	376,456,194	9%
Expenses with raw materials and consumables	106,404,034	110,550,080	-4%
Expenses on products made on partner sites	61,327,743	43,022,268	43%
Electricity expenses	5,766,805	10,326,923	-44%
Natural gas expenses	4,192,824	6,488,875	-35%
Drinking water and sewerage expenses	1,520,370	1,493,634	2%
Employee benefit expenses	114,310,723	110,065,556	4%
Other operating expenses (*)	83,897,437	73,982,035	13%
Depreciation and adjustments for the depreciation of fixed assets, net	33,044,582	20,526,823	61%
2. Financial expenses	8,395,366	13,517,153	-38%
Expenses from exchange rate differences	4,994,462	10,414,192	-52%
Bank interest expenses	3,400,904	3,180,364	7%
Other financial expenses	0	-77,403	-100%
Operational result	96,146,130	92,555,245	4%
Financial result	-3,955,249	-3,867,538	2%
Gross profit	92,190,881	88,687,707	4%
Expenses with profit tax and deferred tax	4,254,353	11,954,174	-64%
Net profit	87,936,528	76,733,533	15%

The activities performed with responsibility and rigor during the period January-September 2024, constantly monitoring the impact in achieving the objectives of "The Future Together" Business Plan led to total revenues in the amount of 511.05 million lei, higher by 7% compared to the value recorded in the similar period of the previous year.

The increase in the total income is the positive effect of:

- expanding the presence of Antibiotice in new territories with products that define the strategic portfolio;
- increase in the sales value in the segment of pharmacies with a closed circuit (hospital);
- increase in the sales value in an optimal structure in the segment of open circuit pharmacies (retail);
- consolidating the sale of the active substance obtained on the basis of biotechnologies derived from streptomyces noursei for pharmaceutical use and maintaining the position of world leader.

The effort made to achieve total revenues, expressed by total expenses, is worth 418.86 million lei, by 7% higher compared to the value recorded in the similar period of the previous year, being in correlation with the structure of manufactured and sold products.

Gross profit amounted to 92.19 million lei, higher by 4% compared to the value from the similar period last year.

According to their nature, the situation of revenues, expenses and implicitly the recorded result is presented as follows:

- **operational revenues**, in the amount of 506.61 million lei, higher by 8% than the level achieved on 30.09.2023, i.e. 469.01 million lei, by increasing the value of sales of products made on our own and partner sites.

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

- **net turnover** (revenues from contracts with clients) achieved between January and September 2024 amounted to 506.05 million lei. Compared to the value from the same period last year, the net turnover was 9% higher, of which:
 - ✓ **the net turnover recorded in the Romanian market** amounted to 303.79 million lei, by 5% above the level achieved in the same period of the previous year, a favorable effect of redefining the way of working with the distributors and national chains in Romania, the main objectives being the increase in the market share correlated with the sales potential of the products in each of the pharma market segments, respectively : hospital, pharmacy chains and small-chains and independent pharmacies;
 - ✓ **the net turnover recorded in the international market** amounted to 202.26 million lei, by 16% higher than that recorded in the same period of the previous year, a positive effect of the territorial expansion strategy of Antibiotice S.A.
- **income from fixed assets projects**. The amounts invested in the development phase of research & development projects are recognized, according to IAS 38 Intangible assets, as income from intangible assets projects. Their value, in the first nine months of 2024, was 8.16 million lei. The works carried out on own account on tangible fixed assets, registered according to legal regulations as income from the production of tangible fixed assets, amounted to 0.031 million lei.
- **income from changes in stocks of finished products and production in progress**.

The combined effect of the production and sales structure determined a value of income from changes in the stocks of finished products and production in progress of -10.08 million lei.

- **operating expenses**: 410.46 million lei, higher compared to the value from the similar period of the previous year (376.46 million lei), in accordance with the increase in income;
- **expenses with raw materials and consumables**: 106.4 million lei, lower by 3.8% compared to the level of the similar period of the previous year, i.e. 110.55 million lei, in accordance with the manufacturing structure and the specific consumptions related to the production;
- **expenses with the products made on partner sites** in the amount of 61.3 million lei were 42.5% higher compared to the level from the same period of the previous year, i.e. 43 million lei, in accordance with the sales structure of these products.
- **expenses with electricity, natural gas, drinking water** amounted to 11.48 million lei. Compared to the value of 18.31 million lei recorded on 30.09.2023, these expenses were lower with 6.83 million lei. The structure of manufactured production and the optimization of specific technological processes determined a lower quantitative consumption of utilities, the value influence being 1.8 million lei. The tariffs for utilities, below those achieved in the same period of the previous year, determined a decrease in the value of these expenses with 5.03 million lei.
- **Employee benefit expenses** - remuneration of the labor force for the activity carried out between January - September 2024 generated expenses in the amount of 114.31 million lei, higher than the value recorded on 30.09.2023 (110.07 million lei).
- **other operating expenses** - amounted to 83.89 million lei, higher by 13% compared to the level achieved in the similar period of the previous year.

Indicators	30.09.2024	30.09.2023	30.09.2024/ 30.09.2023
Expenses with other taxes and fees	39,100,201	34,311,918	14%

Indicators	30.09.2024	30.09.2023	30.09.2024/ 30.09.2023
Expenses with services performed by third parties, protocol and promotion	28,842,999	20,539,289	40%
Other operating expenses	4,857,902	4,508	-
Transport expenses	3,362,981	3,237,709	4%
Insurance premium expenses	2,935,725	2,045,599	44%
Repair expenses	1,695,959	1,996,178	-15%
Travel expenses	1,391,135	1,093,080	27%
Professional training expenses	900,095	622,687	45%
Environmental protection expenses	960,693	1,039,685	-8%
Expenses with sponsorships and donations	640,439	760,215	-16%
Expenses with postal and telecommunications fees	539,858	435,193	24%
Representation expenses in the territories	496,061	769,829	-36%
Expenses with bank commissions	396,035	374,750	6%
Consulting expenses	381,418	0	
Rent expenses	238,372	215,708	11%
Expenses on the adjustment of the value of current assets, net	-2,842,436	6,535,688	-
Total other operating expenses	83,897,437	73,982,036	13%

The types of expenses included in the category of other operating expenses were:

- ✓ **expenses with taxes and fees** amounted to 39.1 million lei higher by 14% compared to the value recorded in the similar period of 2023. These expenses included the amount of local taxes and fees, product registration fees with the authorities (from Romania and abroad), claw back tax. Value of the claw back was 29.3 million lei, higher than the value recorded on 30.09.2023, i.e. 26.8 million lei, correlated with the increased level of medicine sales in the Romanian market. According to GEO no. 77/2011 on establishing contributions for financing expenses in the healthcare, for prescription drugs, included in the national health programs, with or without personal contribution, used in outpatient treatment based on medical prescription through open-circuit pharmacies as well as for those used in hospital treatment, borne from the single national health social insurance fund and from the budget of the Ministry of Health, the clawback fee is paid quarterly to the Budget of state;
- ✓ **expenses with services performed by third parties, protocol and promotion** include sales support services, drug serialization, market studies in the pharmaceutical field, equipment qualifications and maintenance, customs services, physical-chemical analyses, advertising and publicity expenses (which include media expenses, expenses related to the positioning projects of the products on the shelf, scientific promotion and participation in congresses, promotional materials). The cumulative value of these expenses in the first 9 months of 2024 was 29 million lei, higher than the value recorded on 30.09.2023, i.e. 20.5 million lei.
- ✓ **other operating expenses**, during the annual analysis of the portfolio of research and development projects, development projects were identified whose finalization would not bring the initially estimated level of turnover and profit, a situation in which the management decided to stop them and remove them from the accounting records. In this category of expenses, there were registered the compensations paid to a creditor of the company based on a final court decision;

- ✓ **transport expenses** amounted to 3.36 million lei, were carried out for the transport of finished products free of destination, sold in the domestic and international markets;
- ✓ **expenses with insurance premiums** amounted to 2.9 million lei, higher compared to the value recorded in the similar period of the previous year, i.e. 2 million lei. The increase in these expenses was determined by the increase in the value of insured receivables from the domestic and international market (increase in the value of receivables being closely related to the increasing trend of turnover), by an increased number of employees who benefit from private health insurance, by the insurance of the photovoltaic park of 2.5MW;
- ✓ **repair expenses** were in value of 1.7 million lei, made for maintaining production equipment in optimal condition, consolidating some constructions, maintaining and repairing the car fleet;
- ✓ **travel expenses** amounted to 1.39 million lei, a value higher than the level recorded in the same period of 2023, i.e. 1 million lei. The diversity of the activities carried out in our company, with specific legal regulations, involves traveling to the authorities, to business partners both in the country and abroad for consolidating and developing new partnerships, for attending conferences and international events in the pharmaceutical field and professional training courses;
- ✓ **professional training expenses** - maintaining and developing the professional skills of employees, through continuous professional training, determined a value of 0.9 million lei of these expenses, above the level achieved in the similar period of the previous year;
- ✓ **expenses with sponsorships and donations**, amounting to 0.64 million lei, included the amounts allocated to social responsibility projects in which the company has been actively involved, with a view to a sustainable development;
- ✓ **expenses with postal and telecommunications fees** in value of 0.539 million lei were made for communicating with our business partners to support the development of the activity;
- ✓ **environmental protection expenses** were paid according to the legal requirements to the authorities in the field of environmental protection;
- ✓ **representation expenses in the territories** - in the first 9 months of 2024, these expenses amounted to 0.49 million lei, lower compared to the level achieved in the previous year. Sales of products in the Antibiotice S.A. territories involve concluding contracts with partners in the respective areas to manage the registration of products with the authorities and to mediate sales in the market;
- ✓ **expenses with bank commissions** in value of 0.39 million lei were paid for the current operations of receipts and payments, in lei and foreign currency, as well as for the renewal of the operational financing contract;
- ✓ **consulting expenses** in value of 0.38 million lei were made for the assistance necessary for the development of projects to obtain non-reimbursable financing from various authorities;
- ✓ **rent expenses** amounting to 0.24 million lei were borne for the premises of Antibiotice S.A representative offices;
- ✓ **net expenses for adjusting the value of current assets**, of which:
 - expenses with the depreciation of current assets in value of 0.69 million lei constituted for finished products manufactured on other sites according to the accounting policies depending on the validity period of the items in stock;
 - income from the cancellation of adjustments for the depreciation of current assets (inventories and receivables) in the amount of 3.53 million lei, which were previously established by applying the prudential principle.

Operating profit - from the operational activity carried out in the first 9 months of 2024, we recorded an operating profit of 96.15 million lei, by 4% higher compared to the value recorded in the similar period of the previous year (92.56 million lei).

From the financial activity, on 30.09.2024, we recorded a financial income of 4.4 million lei, represented by income from exchange rate differences and interest income and financial expenses in the amount of 8.4 million lei (represented by expenses from exchange rate differences and interest expenses) which determined a negative financial result of 4 million lei approximately at the same level as that achieved on 30.09.2023 (3.9 million lei).

The value of expenses from exchange rate differences compared to September 2023 was mainly influenced by the variation in exchange rates (average euro rate 30.09.2024: 4.9744 lei, average euro exchange rate 30.09.2023: 4.9388 lei, average dollar exchange rate 30.09.2024: 4.5765 lei, average dollar exchange rate 30.09.2023: 4.5586 lei), by the payments and receipts in foreign currency and evolution of the balance of receivables and foreign debts.

Statement of financial position

Indicators	Period ended on September 30, 2024	Period ended on December 31, 2023	September 30, 2024/ December 31, 2023
Tangible assets	729,368,784	692,361,541	5%
Intangible assets	49,433,279	45,526,698	9%
Total fixed assets	778,802,063	737,888,239	6%
Stocks	156,909,617	160,214,484	-2%
Commercial and similar receivables	271,462,404	235,771,990	15%
Expenses recorded in advance	5,119,785	3,489,615	47%
Cash and cash equivalents	28,907,231	1,807,930	1499%
Total current assets	462,399,037	401,284,019	15%
Total assets	1,241,201,100	1,139,172,258	9%
Subscribed capital	67,133,804	67,133,804	0%
Reserves from revaluation	216,807,375	225,417,959	-4%
Legal reserves and other reserves	333,685,459	324,877,598	3%
Retained earnings	261,607,764	229,534,759	14%
Total equity	879,234,402	846,964,120	4%
Loans and bank debts	88,393,000	36,750,203	141%
Subsidies for investments - non-current portion	5,485,547	1,586,415	246%
Deferred tax liabilities	62,270,653	63,401,227	-2%
Total long-term debt	156,149,200	101,737,845	53%
Commercial and similar debts	162,195,052	150,780,362	8%
Bank loans	33,321,913	29,552,092	13%
Other debts	9,994,244	9,831,550	2%
Subsidies for investments - current portion	306,289	306,289	0%
Total current liabilities	205,817,498	190,470,293	8%
Total debts	361,966,698	292,208,138	24%
Total equity and liabilities	1,241,201,100	1,139,172,258	9%

Analysis of fixed assets

An important objective of „The Future Together” Business Plan is to make investments in order to develop and consolidate our business.

From the beginning of 2024, the inflows of tangible and intangible fixed assets, over the amount of depreciation expenses, determined a level of net fixed assets of 778.8 million lei on 30.09.2024, by 6% higher compared to the value recorded at the beginning of 2024, of which:

- the net accounting value of **tangible fixed assets** from the patrimony of Antibiotice S.A. was 729.37 million lei, by 5% higher compared to the value recorded at the end of 2023.
- **The intangible fixed assets**, represented by know-how, R&D projects in the development phase, software licenses, amounted to 49.4 million lei, by 8,6% higher compared to the value recorded on 31.12.2023.

Analysis of current assets

The value of current assets increased from the beginning of the year by 61.12 million lei (+15%). In their structure, trade receivables increased in accordance with the increasing evolution of sales and the term of collection of trade receivables. On 30.09.2024 the receivables collection term was 164 days, 3 days less compared to the one recorded on 31.12.2023. To counteract commercial risks, the company has insurance policies for receivables both from the domestic market and international markets.

At the end of September 2024, the stock level amounted to 156.9 million lei, lower by 2% compared to the value from the beginning of the year. The main categories of stocks are:

- raw materials and consumables (67.63 million lei). These had an optimal level correlated with the development of the production processes and with the supply rhythms on the domestic and international markets;
- The finished products manufactured on our own sites and on the partner sites (84.86 million lei), were in accordance with the sales plans in the domestic and international markets and with the delivery terms.

The value of cash and cash equivalents in the amount of 28.9 million lei included:

- available amounts in bank accounts from current operations;
- the amounts available from the installment collected from the credit concluded with the European Investment Bank as the source of financing the investment project "Production, packaging and storage site for sterile products, solutions and topicals".

Debt analysis

In the long term, Antibiotice S.A. aims to consolidate the net accounting asset, at the end of September 2024, its value being 879.23 million lei, higher by 3,8% compared to the value recorded on 31.12.2023, effect of the favorable evolution of the economic-financial results.

On 30.09.2024, the **current debts** recorded a value of 205.8 million lei, higher by 8.1% compared to the value from the beginning of 2024. In their structure:

- the term bank loans were 12.8% higher compared to the level from the beginning of the year. The value of this indicator also included the value of the repayment rates related to the investment loan concluded in 2018 with UniCredit Bank due in a period of up to 12 months.
- commercial and similar debts included:
 - debts to suppliers of raw materials, consumables, services, in the due term, in the amount of 66.3 million lei, lower by 13% compared to the value from the beginning of the year (76.5 million lei);
 - the debts to fixed assets suppliers, in the due term, in the amount of 45.71 million lei were higher by 13% compared to the value from the beginning of the year (40.41 million lei);
 - the contributions and taxes related to salaries in the balance at the end of September 2024, due on 25.10.2024;
 - dividends distributed from the profit of 2023, in the balance at the end of September 2024 (26.9 million lei), paid in October 2024.
- other debts were represented by the amounts owed to the State Budget due on 25.10.2024 - current profit tax (0.13 million lei), the contribution to the Solidarity Fund regulated by Law no. 448/2006 regarding the protection and promotion of the rights of persons with disabilities (0.16 million lei) and on 25.11.2024 - clawback tax, the value in the balance was 9.7 million lei.

Subsidies for short-term investments in the amount of 0.306 million lei were represented by the amounts recorded as income according to the amortization of the investments for which subsidies were obtained, respectively:

- investments in environmental protection for the Sewage Treatment Plant;

- investments in the project POIM COD SMIS 2014-109717 „Intelligent energy consumption monitoring system”.

The company did not register outstanding obligations to the state budget.

The cash flow, prepared by the indirect method, was determined starting from the gross profit, corrected with the influences of non-monetary operations (expenses with depreciation of fixed assets, adjustment of current assets) and with the variation of working capital elements. Its analysis shows the company's ability to generate cash from the operating activity.

Applying the principles of business consolidation

The synthesis of the main diagnostic indicators, determined based on the data from the Interim Financial Statements as of 30.09.2024, highlights the financial balance and the continued concern for the efficiency of the business.

intermediate management balances table

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No.	Calculation mode	Indicators	September 30, 2024	September 30, 2023	September 30, 2024/ September 30, 2023
1	1=2+3+4	Revenues from contracts with clients (turnover) + Changes in stocks of finished products and production in progress + Revenues from fixed assets projects:	504,157,428	468,077,539	8%
2		Revenues from contracts with clients (turnover) from which:	506,052,026	463,431,386	9%
3		Changes in stocks of finished products and production in progress	-10,083,362	-4,912,797	105%
4		Income from fixed assets projects	8,188,764	9,558,951	-14%
5		Raw material expenses	93,812,752	99,739,729	-6%
6		Material expenses	12,591,283	10,810,352	16%
7		Expenses with finished products made on partner sites	61,327,743	43,022,268	43%
8	8=1-5-6-7	Gross margin	336,425,651	314,505,191	7%
9	9=8/1	Gross margin (%)	67%	67%	-1%
10	10=11+12	External operating expenses:	52,660,636	49,639,453	6%
11		Expenses with electricity, natural gas and drinking water	11,479,998	18,309,432	-37%
12		Expenses with services performed by third parties	41,180,638	31,330,021	31%
13	13=8-10	Added value	283,765,014	264,865,738	7%
14		Expenses with taxes and fees	39,100,201	34,311,918	14%
15		Employee benefit expenses	114,310,723	110,065,556	4%
16		Depreciation expenses	33,044,582	20,526,823	61%
17		Adjustments for depreciation of current assets, net	-2,842,436	6,535,688	-143%
18		Other operating income	2,453,220	933,899	163%
19		Other operating expenses	6,459,034	1,804,408	258%
20	20=13-14-15-16+/-17+18-19	Operating profit (EBIT)	96,146,130	92,555,245	4%
21		Financial profit	-3,955,249	-3,867,538	2%
22		Total income	511,050,765	478,661,054	7%
23		Total expenses	418,859,884	389,973,347	7%
24		Gross income	92,190,881	88,687,707	4%
25		Profit tax	4,254,353	11,954,174	-64%
26		Net income	87,936,528	76,733,533	15%
27	27=24/2	Gross profit margin (EBT margin)	18%	19%	-5%

28		Claw back fee expenses	29,333,420	26,819,766	9%
29	29=(24+28)/2	Profitability gross profit + claw-back tax	24%	25%	-4%
30		Net income	87,936,528	76,733,533	15%
31	31=30/2	Net profit profitability	17%	17%	5%
32	32=16+20	Earnings before interest, taxes, depreciation, and amortization (EBITDA)	129,190,712	113,082,067	14%
33		Current assets	462,399,037	401,284,019	15%
34		Cash and cash equivalents	28,907,231	1,807,930	1499%
35		Short-term bank debts	33,321,913	29,552,092	13%
36		Total bank debts	121,714,913	66,302,295	84%
37		Net accounting assets (equity)	879,234,402	846,964,120	4%
38	38=(33-34)/35	Current liquidity	13.01	13.52	-4%
39	39=36/32	Total bank liabilities/EBITDA	0.94	0.59	61%
40	40=36/37	Total bank liabilities / Equity	0.14	0.08	77%
41		Indebtedness ratio (Total liabilities/Total assets)	29%	25%	17%

The **gross margin** indicator reflects the performance of the company's sales and production activity. This has a level similar to that recorded in the same period of the previous year due to the efficient correlation of production, sales and stock level, as well as the efficiency of raw materials and material purchases.

Added value reflects what the company adds to the economic circuit through its own activity. The activity carried out during the reference period led to a value higher by 7% compared to the value from 30.09.2023.

EBIT - operating result recorded a 4% increase compared to the value recorded on 30.09.2023.

Gross result amounted to 92.19 million lei, higher than the value recorded in the similar period of 2023 (88.69 million lei).

EBITDA, the indicator calculated for the economic activity of the last 12 months which reflects profit before interest, taxes and depreciation, showed an upward trend. From the activity carried out between January - September 2024, the profitability indicators, respectively gross profit profitability, gross profit profitability cumulated with the value of the clawback tax, net profit profitability were at the level foreseen in the company's plans.

Current liquidity, determined as the ratio between current assets less cash availability and short-term bank debts, was 13.01 (above the level agreed by the banking institutions, i.e. 1.2). This indicator indicates the maintenance of short-term financial balance and the company's ability to honor current bank obligations on account of liquid assets. Total bank debts reported at the EBITDA level recorded a level of 0.94, being within the parameters agreed by the financial institutions (the maximum level allowed is 3.5). Also, the total bank debt compared to equity recorded a level of 0.14, being within the parameters agreed by the financial institutions (the maximum level allowed is 1).

On 30.09.2024, the economic-financial indicators provided in Regulation no. 5/2018 on issuers of financial instruments and market operations were as follows:

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Indicators	Calculation mode	Unit of measure	30.09.2024	30.09.2023
Current liquidity	Current Assets/Current Liabilities	number of times	2.25	2.41
Degree of indebtedness	Borrowed capital/Equity *100	%	13.84%	10.67%

Days's sales outstanding ratio	Average customer balance /Turnover*Time	days	144	159
Fixed assets turnover	Turnover/Fixed assets	number of rotations	0.65	0.82

The value of fixed assets was closely correlated with the achievement of the investment program. Investments made in the first 9 months of 2024 amounted to **78.5 million lei**.

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

- I. **Investments for strategic development** - recorded in the first 9 months - 13.4 million lei

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 program for 2024 has the following objectives: *(a) the modernization of the company's product portfolio and (b) the provision of competitive pharmaceutical products on the foreign market.*

2. Investments in new production sites

The project *"Site for producing, packaging and storing sterile products, solutions and topicals"* is part of the Business Plan of S.C. Antibiotice S.A. for 2030. The investment covers the 3 stages for the injectable products and sterile topicals on the industrial site of Antibiotice S.A.: *production, packaging and storage*. The procedures for concluding the design and execution contracts for the two manufacturing flows were carried out.

- II. **Investments for consolidating the business** - in the first 9 months - 65.1 million lei

1. Investments in information technology, telecommunications and digitization of processes

Within the digitization and computerization plan, Antibiotice prioritized investments to increase the company's efficiency, by reorganizing all processes based on automation and implementing an integrated IT system, modernizing IT networks, improving IT security to provide a complete work tool.

2. Adaptation of the supply and utility distribution infrastructures, storage of raw materials and finished products, transport and connection to the national road system to the development trends of the industrial site

In the first 9 months of the current year, our company continued the investment in new storage capacity for finished products. This investment started in 2023 and will be completed by the end of 2024, including the purchase of shelves, equipment for lifting and transporting goods, equipment.

In order to modernize the installations for the production and distribution of utilities, projects that take place over several years, depending on the complexity and costs of the investments, are in various phases of development, for the modernization of: drinking water networks, transformation stations and electrical energy distribution installations, production and distribution of steam, compressed air installations, etc. These projects aim to comply with the environmental protection legislation and ensure the continuity of the technological processes carried out on the site.

3. Investments in the Integrated Management System (Quality, Environment, Sustainability, Occupational Health and Safety)

Equipment was purchased for the quality control laboratories. In the first 9 months, investments were made to modernize the quality control laboratories to ensure standards and operational efficiency.

4. Investments for modernizing the existing sites and equipment

For modernizing the drug manufacturing flows in the three divisions, procedures were carried out for the purchase of equipment, installations, supplies and laboratory equipment in 2024. By the end of 2024, all manufacturing flow modernization projects will be completed as planned.

Improvement of Corporate Governance systems

Corporate governance declaration

Antibiotice undertakes the implementation of robust corporate governance practices, intended to promote trust and responsibility and to bring long-term value in its relationship with shareholders, employees, customers and other interested parties.

Corporate governance refers to the system of rules, policies, practices and processes by which a company is managed, controlled and administered, including the relationships and responsibilities between the company's management, the Management Board, shareholders and other interested parties. The main objective of corporate governance is to ensure that a company operates in an ethical, transparent and responsible manner, while maximizing long-term shareholder value.

Antibiotice S.A. was established by the Decision of the Council of Ministers no. 2980/29.12.1952 under the name of Fabrica de Antibiotice Iasi which, based on GD no.1200/1990, turned in Antibiotice S.A. Through the GD no. 410/2009, the transfer of the shares held in the name of the state to the trading company Antibiotice - S.A. Iasi from the portfolio of the Authority for the Valorization of State Assets at the Ministry of Health was ordered. By the GD no. 144/2010 on the organization and operation of the Ministry of Health, Antibiotice S.A. has been included in the list of units under the authority of the ministry.

Antibiotice S.A. has been listed on the Bucharest Stock Exchange, in the Premium category, since 1997. Our company has adhered to the corporate governance rules of BVB and ensures compliance with capital market legislation (*Law no. 24/2017, respectively ASF Regulation no. 5/2018 on issuers of financial instruments and market operations*).

Antibiotice S.A. is a company in which the Romanian state owns the majority of shares (53.0173%), through the Ministry of Health (public tutelary authority), being a public enterprise in the sense of Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, with subsequent amendments and additions, which regulate its organization and operation.

Implementation of corporate governance principles

The Corporate Governance Code of Antibiotice S.A. is the basis of good company governance practices. The Code outlines the general framework for the administration of the company and responsibilities of the Management Board, risk management system and internal control, the fair reward and remuneration of management and the building of transparent relations with investors.

Antibiotice's main objectives and indicators

The main objectives of Antibiotice S.A., along with the performance indicators that allow monitoring progress in achieving the objectives, are:

No.	Objective	Strategic financial/non-financial objective to be achieved in the future mandate
1.	Increase of turnover in the EU	Delivery of medicines in the EU

2.	Increase of the market share in Romania	Effective marketing strategies and campaigns
3.	Development of the national production capacity of medicines and medical devices; Development of new own production capacities and new technological lines	Development of new own production capacities and technological lines
4.	Ensuring the availability, safety and authenticity of medicines	Maintaining the product quality assurance system
5.	Carrying out research activities for the development of new medicines	Development of research and development projects

Dividend policy

During the first 9 months of the current year, 42,155,223 shares amounting to 97,431,394.83 million lei (19,585,043.92 EURO, 21,293,464.62 USD) were traded, with an average price of 2.3113 lei/share.

Communication with shareholders and investors

Communication with shareholders and investors includes: meetings with shareholders and investors, organization of conferences, private meetings with shareholders, teleconferences and videoconferences, management of the section specifically dedicated to relations with investors on the company's website, facilitating access to relevant information about the company's activities and the reports drawn up by it, the communication of the company's corporate governance policies, communication of information with an impact both on the company and on the shareholders and investors.

Maintaining the relations with investors is based on effective communication, adjusted based on market feedback, which allows shareholders to understand and evaluate, on the basis of objective information, transmitted in a timely manner, the changes in trading patterns, the directions of company development and information with impact on risk management strategies.

Until 30.09.2024, the communication with shareholders and investors materialized in:

- Organizing meetings with investors to present the annual financial results;
- Organization of teleconferences, in accordance with the financial calendar of the Company; Interested investors and analysts participate in these events, who have the opportunity to send their questions, opinions and suggestions, thus ensuring a dialogue with the exponents of the capital market in Romania, so that they get a sufficient basis for the investment decision-making process.
- Posting presentations and audio recordings from teleconferences with investors on the company's website;
- The prompt transmission of information at the request of shareholders, potential investors and capital market participants;
- Participation in conferences organized by third parties regarding the Romanian capital market and presentation of the company's financial results and growth opportunities;
- Participation of the Company's representatives in informative seminars organized by the authorities in the field in order to improve corporate governance and increase transparency towards shareholders;
- Organization of the General Shareholders' Meetings, changes in the company's structure, decisions of the general meetings, as well as the actions related to the guarantee of the shareholders' rights - the distribution of dividends for the financial year 2024 were carried out in accordance with the legal regulations;

- Collecting information, making and verifying current reports, submitting them to the competent authorities (BVB and ASF) and publishing them on the Company's website in compliance with the terms imposed by the legislation in force;
- Participation in training courses and discussion sessions regarding corporate governance standards, communication platforms with investors and other tools provided by the capital market authorities;
- Constant updating of the company's website, in order to improve access to relevant information for shareholders and investors.

The agenda of events, which aim to maintain a permanent dialogue between the company's management, investors and analysts, included until 30.09.2024, three teleconferences for the presentation of individual financial statements, on March 7, May 21 and August 20, 2024.

All the documents related to the smooth running of the events mentioned above, were published in accordance with the legislation in force, i.e.: Law no. 31/1990 on trading companies, republished, with subsequent changes and additions, Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, Law no. 24/2017 on issuers of financial instruments and market operations, Regulation no. 5/2018 on issuers of financial instruments and market operations.

Internal managerial control

In our company, the Managerial Control activity is carried out on the basis of the annual activity plan, drawn up on the basis of the legislative provisions of GD no. 1151/2012 for the approval of the Methodological Norms regarding the way of organizing ,and exercising financial management control, approved by the general director. Managerial control involves both activities of monitoring the way of fulfilling the provisions, decisions, minutes of the Management Board and reports in this regard, as well as carrying out missions at the request of the General Director.

Financial management control

Management Financial Control is carried out based on the provisions of GD no. 1151/2012 for the approval of the Methodological Norms regarding the way of organizing and exercising financial management control. Within this activity, verification missions are carried out, according to legal regulations and the annual activity plan, on different subjects, such as a) verifies the compliance with legal provisions and internal regulations regarding the existence, integrity, preservation and use of means and resources, held under any title, and the manner of their reflection in the accounting records; b) verifies the compliance with the legal provisions in substantiating the project of the Income & Expenditure Budget of the economic operator and of the projects of the Income & Expenditure Budgets of the subunits in its structure; c) verifies the compliance with the legal provisions in the execution of the Income & Expenditure Budget of the economic operator and the subunits in its structure d) verifies the compliance with legal provisions and internal regulations regarding the way to perform the annual inventory of assets, liabilities and equity; e) verifies the compliance with legal provisions and internal regulations regarding the receipts and payments in lei and foreign currency, of any kind, in cash or by bank transfer; f) verifies the compliance with the legal provisions regarding the registration in the accounting records of the economic-financial operations; g) verifies the compliance with legal provisions and internal regulations regarding the preparation, circulation, storage and archiving of primary, accounting and technical-operative documents; h) prepares economic-financial analyzes for the management of the economic operator in order to substantiate decisions and improve performance.

Risk management

The risk management process within Antibiotice seeks to identify the risks to which the organization is exposed in order to anticipate and manage them, so that they do not affect the efficient fulfillment of the company's objectives. The process of identifying, evaluating, managing and reporting of risks respects the legal and regulatory requirements in force.

Antibiotice S.A. seeks to understand the risks to which it is exposed and their causes, as well as to improve the company's risk profile, by managing the process of identifying, evaluating and managing risks and implementing the necessary control measures to keep the risk exposure within the tolerable zone.

For each of the internal organizational structures of Antibiotice SA, the specific risks are identified, and significant risks which may affect the achievement of the company's general objectives are analyzed and prioritized annually, by establishing the risk profile and the tolerance limit. They are subsequently approved by the company's management.

Also, the "Plan for implementing the control measures for significant risks in the company" is drawn up annually.

The cyclic review of the main risks involves assessing the probability of their occurrence and their potential consequences to confirm the level of exposure and evaluate their management strategies.

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

In 2024, the General Risk Register was created and approved, with the aim of minimizing the significant risks to which the company is exposed with an impact on its objectives. The relevant risks were synthesized according to their magnitude using criteria regarding the impact and probability of occurrence.

The main risk categories identified were:

- business risks (economic, legislative, generated by partners), integrity risks;
- financial risks (currency, liquidity, interest rate, commercial);
- operational risks (personnel, information technology and information security);
- occupational health and safety risks;
- environmental risks;
- the risks generated by climate change.

Ethics and compliance

Business ethics refers to the moral principles and values that guide behavior and decisions in the business environment. For us, the fundamental ethical values assumed by the entire company team are integrity, professionalism, responsibility and transparency. These ethical principles are applied in all aspects of the business, from relations with employees, clients and commercial partners, to the way the company carries out its activities and fulfills its social responsibilities.

In our company, the Code of Ethics establishes the principles and rules intended to determine a professional, honest conduct and to create an organizational culture based on integrity standards, in accordance with the legislation in force. Any violation of the Code is considered an ethical incident, failure to comply with the Code may lead to disciplinary sanctions. Compliance with the provisions of the Code of Ethics is mandatory for all the structures of the company (employees, executive management, directors, managers, Management Board members).

The Ethics and Integrity Council operates within Antibiotice S.A., monitoring the compliance with the provisions of the Code of Ethics and implementing the principles and deontological norms specific to the promotion of prescription drugs, supporting the

company's management in making decisions regarding business conduct and the ethical promotion of prescription drugs, by the promotion and sales employees.

Also, the Ethics and Integrity Council analyzes all the ethics incidents that were reported to it or about which it self-reported.

The Management Report on 30.09.2024 was drawn up based on the interim individual financial statements.

General Director,
Ioan NANI, Economist

Executive Financial Director,
Paula COMAN, Economist

ANTIBIOTICE S.A.

**INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD OF 9 MONTHS
ENDED ON SEPTEMBER 30, 2024**

**Prepared in accordance with
International Financial Reporting Standards (“IFRS”)
adopted by the European Union**

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM FINANCIAL STATEMENTS
(all amounts are expressed in LEI ("RON"), unless otherwise specified)

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ANTIBIOTICE S.A.
INDIVIDUAL INTERIM STATEMENT OF THE COMPREHENSIVE INCOME
FOR THE 9 MONTH PERIOD ENDED ON SEPTEMBER 30, 2024
(all amounts are expressed in LEI ("RON"), unless otherwise specified)

	Note	Period ended on September 30, 2024 (unaudited)	Period ended on September 30, 2023 (revised)
Revenues from contracts with clients, of which:		506,052,026	463,431,386
<i>Revenues from the sale of finished products</i>	3	403,210,601	377,657,218
<i>Revenues from the sale of products made on other manufacturing sites</i>	3	101,777,669	84,929,147
<i>Income from the provision of services</i>	3	1,063,756	845,021
Other operating income	4	2,143,232	730,720
Income from subsidies	4	309,988	203,180
Changes in stocks of finished products and production in progress		(10,083,362)	(4,912,797)
Income from tangible fixed assets projects		8,188,764	9,558,951
Expenses with raw materials, used consumables and products made on other manufacturing sites	5	(167,731,777)	(153,572,348)
Employee benefit expenses	6	(114,310,723)	(110,065,556)
Transport costs		(3,362,981)	(3,237,709)
Utility costs		(11,479,998)	(18,309,432)
Amortization and adjustments for the depreciation of fixed assets, net		(33,044,582)	(20,526,823)
Adjustments for depreciation of current assets, net		2,842,436	(6,535,688)
Sponsorships, donations		(640,439)	(760,215)
Other expenses	7	(82,736,454)	(63,448,424)
Operational result		96,146,130	92,555,245
Exchange rate differences, net	8	(556,092)	(766,743)
Interest expense, net	8	(3,399,157)	(3,178,198)
Other financial expenses	8	-	77,403
The financial result	8	(3,955,249)	(3,867,538)
Pre-tax profit		92,190,881	88,687,707
Income tax expense	9	(4,254,353)	(11,954,174)
The profit of the financial exercise		87,936,528	76,733,533
Basic/diluted earnings per share		0.1310	0.1143
Profit of the financial year		87,936,528	76,733,533
Other elements of the overall result		-	-
Elements that will not be classified in profit or loss		-	-
Revaluation of tangible assets		-	-
Deferred tax related to revaluations of tangible assets		-	-
Other elements of the overall result		-	-
Total overall result		87,936,528	76,733,533

Approved by the Management Board on: **14.11.2024**

General Director,
Mr. Ioan NANI

Financial Director,
Mrs. Paula COMAN

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM STATEMENT OF THE COMPREHENSIVE INCOME
FOR THE 9 MONTH PERIOD ENDED ON SEPTEMBER 30, 2024
(all amounts are expressed in LEI ("RON"), unless otherwise specified)

	3-month period ended on September 30, 2024 (July-September 2024) (unaudited)	3-month period ended on September 30, 2023 (July-September 2023) (revised)
Revenues from contracts with clients, of which:	155,201,952	147,560,470
<i>Revenues from the sale of finished products</i>	118,843,217	118,127,253
<i>Revenues from the sale of products made on other manufacturing sites</i>	35,855,249	29,202,170
<i>Income from the provision of services</i>	503,486	231,047
Other operating income	190,388	64,857
Income from subsidies	129,221	67,727
Changes in stocks of finished products and production in progress	(28,072,272)	(28,792,182)
Income from tangible fixed assets projects	2,503,835	2,976,306
Expenses with raw materials, used consumables and products made on other manufacturing sites	(40,251,143)	(37,030,124)
Employee benefit expenses	(38,662,375)	(36,651,401)
Transport costs	(1,102,887)	(885,493)
Utility costs	(2,647,605)	(3,159,939)
Amortization and adjustments for the depreciation of fixed assets, net	(11,456,348)	(7,087,188)
Adjustments for depreciation of current assets, net	3,526,478	13,843
Sponsorships, donations	(352,925)	(370,393)
Other expenses	(22,444,224)	(19,343,736)
Operational result	16,562,095	17,362,747
Exchange rate differences, net	(1,382,511)	(184,372)
Interest expense, net	(1,418,538)	(1,063,938)
The financial result	(2,801,049)	(1,248,310)
Pre-tax profit	13,761,046	16,114,437
Income tax expense	(18,548)	(1,383,217)
The profit of the financial exercise	13,742,498	14,731,220
Basic/diluted earnings per share	0.0205	0.0219
Profit of the financial year	13,742,498	14,731,220
Other elements of the overall result	-	-
Elements that will not be classified in profit or loss	-	-
Revaluation of tangible assets	-	-
Deferred tax related to revaluations of tangible assets	-	-
Other elements of the overall result	-	-
Total overall result	13,742,498	14,731,220

Approved by the Management Board on: **14.11.2024**

General Director,
Mr. Ioan NANI

Financial Director,
Mrs. Paula COMAN

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM STATEMENT OF THE FINANCIAL POSITION
FOR THE 9-MONTH PERIOD ENDED ON SEPTEMBER 30, 2024
(all amounts are expressed in LEI ("RON"), unless otherwise specified)

	Note	Period ended on September 30, 2024 (unaudited)	Period ended on December 31, 2023 (audited)
Assets			
Fixed assets			
Tangible assets	10	729,368,784	692,361,541
Intangible assets	11	49,433,279	45,526,698
Total fixed assets		778,802,063	737,888,239
Current assets			
Inventories	12	156,909,617	160,214,484
Trade and similar receivables	13	271,462,404	235,771,990
Expenses recorded in advance		5,119,785	3,489,615
Cash and cash equivalents	14	28,907,231	1,807,930
Total current assets		462,399,037	401,284,019
Total assets		1,241,201,100	1,139,172,258
Equity and liabilities			
Equity			
Subscribed capital	15	67,133,804	67,133,804
Reserves from revaluation	15	216,807,375	225,417,959
Legal reserves and other reserves	15	333,685,459	324,877,598
Retained earnings		261,607,764	229,534,759
Total equity		879,234,402	846,964,120
Long-term liabilities			
Loans and bank debts	17	88,393,000	36,750,203
Subsidies for investments - non-current portion	18	5,485,547	1,586,415
Deferred tax liabilities		62,270,653	63,401,227
Total long-term liabilities		156,149,200	101,737,845
Current liabilities			
Trade and similar liabilities	16	162,195,052	150,780,362
Bank loans	17	33,321,913	29,552,092
Other liabilities	16	9,994,244	9,831,550
Subsidies for investments - current portion	18	306,289	306,289
Total current liabilities		205,817,498	190,470,293
Total liabilities		361,966,698	292,208,138
Total equity and liabilities		1,241,201,100	1,139,172,258

Approved by the Management Board on: **14.11.2024**

General Director,
Mr. Ioan NANI

Financial Director,
Mrs. Paula COMAN

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 9-MONTH PERIOD ENDED ON SEPTEMBER 30, 2024
(all amounts are expressed in LEI ("RON"), unless otherwise specified)

DECEMBER 31, 2023	Share capital	Legal reserves and other reserves	Revaluation reserves	Cumulative retained earnings	Total equity
Balance as of January 01, 2023 reported	67,133,804	305,594,766	111,164,239	157,537,792	641,430,601
Corrections of the previous period	-	-	86,594,381	12,958,610	99,552,991
Balance as of 01 January 2023 (audited)	67,133,804	305,594,766	197,758,620	170,496,402	740,983,592
The result of the year	-	-	-	81,088,596	81,088,596
Other elements of the overall result	-	-	30,210,432	-	30,210,432
Total overall result	-	-	30,210,432	81,088,596	111,299,028
Reserves representing the surplus realized from revaluation	-	-	(2,551,093)	2,551,093	-
Dividends paid in 2023	-	-	-	(5,318,500)	(5,318,500)
Transfer from the retained earnings over to other reserves	-	19,282,832	-	(19,282,832)	-
Sold la 31 decembrie 2023 (auditat) Balance on December 31, 2023 (audited)	67,133,804	324,877,598	225,417,959	229,534,759	846,964,120

The dividends related to the year 2022 were distributed as follows:

Ministry of Health - 2.819.724

Other legal entities and individuals - 2.498.776

Approved by the Management Board on: **14.11.2024**

General Director,
Mr. Ioan NANI

Financial Director,
Mrs. Paula COMAN

The attached notes are an integral part of the individual interim financial statements.

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 9-MONTH PERIOD ENDED ON SEPTEMBER 30, 2024
(all amounts are expressed in LEI ("RON"), unless otherwise specified)

SEPTEMBER 30, 2024	Share capital	Legal reserves and other reserves	Revaluation reserves	Cumulative retained earnings	Total equity
Balance on 01 January 2024 (audited)	67,133,804	324,877,598	225,417,959	229,534,759	846,964,120
Result of the year	-	-	-	87,936,528	87,936,528
Total overall result	-	-	-	87,936,528	87,936,528
Dividends registered in 9 months 2024 related to 2023	-	-	-	(55,669,264)	(55,669,264)
Reserves representing the surplus achieved from revaluation	-	-	(8,610,584)	8,610,584	-
Transfer from the retained earnings over to other reserves	-	8,807,861	-	(8,804,843)	3,018
Balance on September 30, 2024 (unaudited)	67,133,804	333,685,459	216,807,375	261,607,764	879,234,402

The dividends related to the year 2023 were distributed as follows:

Ministry of Health - 29.514.327

Other legal entities and individuals - 26.154.937

Approved by the Management Board on: **14.11.2024**

General Director,
Mr. Ioan NANI

Financial Director,
Mrs. Paula COMAN

The attached notes are an integral part of the individual interim financial statements.

ANTIBIOTICE S.A.
INDIVIDUAL INTERIM CASH FLOWS STATEMENTS
FOR THE 9-MONTH PERIOD ENDED ON SEPTEMBER 30, 2024
(all amounts are expressed in LEI ("RON"), unless otherwise specified)

The indirect method	Note	Period ended on September 30, 2024 (unaudited)	Period ended on September 30, 2023 (revised)
Pre-tax profit		92,190,882	88,687,707
Adjustments for:			
Depreciation related to intangible assets		2,758,055	1,602,058
Depreciation related to tangible assets		30,286,527	18,924,764
Expenses related to inventory provisions		(2,840,701)	(9,983,590)
(Revenues) related to customer provisions and assimilated accounts		(1,736)	4,879,991
Expenses/Incomes related to provisions for risks and expenses		(6,635,020)	7,117,881
The net loss from the disposal of tangible assets		2,842,436	2,841,312
Income from subsidies		(309,988)	(203,180)
Interest expense		3,400,903	3,180,364
Interest income		(1,747)	(2,166)
Cash flow generated from operating activity before changes in working capital		121,689,612	117,045,141
(Increases) of stocks		(12,682,991)	(26,444,947)
(Increases)/Decreases in receivables		(35,690,414)	(46,421,764)
(Increases) of expenses in advance		(1,630,170)	(1,208,457)
Increases / (decreases) in debts		14,345,942	33,454,907
Income increases in advance		(309,988)	(203,180)
Interest paid		(3,400,903)	(3,180,364)
Interest collected		1,747	2,166
Profit tax paid		(2,686,521)	(11,514,835)
Net cash from operating activities		79,636,314	61,528,666
Cash flows from investment activities			
Purchases of tangible assets		(48,247,447)	(34,936,147)
Purchases of intangible assets		(3,856,899)	(18,382,813)
Net cash from investment activities		(52,104,346)	(53,318,960)
Cash flows from financing activities			
Decrease in the use of the credit line		3,767,671	4,293,990
Collection/(Repayment) of long-term loan		26,917,108	(7,703,755)
Dividends paid		(31,117,447)	(3,361,503)
Net cash from financing activities		(432,667)	(6,771,268)
(Decrease)/Net increase in cash and cash equivalents		27,099,301	1,438,437
Cash and cash equivalents at the beginning of the financial year	14	1,807,930	1,727,454
The effect of the exchange rate on the movement of cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial year	14	28,907,231	3,165,891

Approved by the Management Board on: **14.11.2024**

General Director,
Mr. Ioan NANI

Financial Director,
Mrs. Paula COMAN

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE 9-MONTH PERIOD ENDED ON SEPTEMBER 30, 2024
(all amounts are expressed in LEI ("RON"), unless otherwise specified)

1. GENERAL INFORMATION

Antibiotice S.A. ("ATB" - Bucharest Stock Exchange symbol, "The Company") is a commercial company established in Romania, with registered office at Str. Valea Lupului, nr. 1, Iasi. The company is registered at the Trade Registry Office under no. J 22/285/1991 and has the unique registration code 1973096.

The scope of activity of Antibiotice S.A. is the manufacture of basic pharmaceutical products, according to the Classification of Economic Activities in the National Economy, CAEN code 2110.

These are the individual interim financial statements of Antibiotice S.A. drawn up on 30.09.2024.

Antibiotice S.A.

- is the most important manufacturer of generic medicines in Romania, owned entirely by the Romanian state;
- is the only Romanian company that produces active substances through biosynthesis processes;
- has been listed on the Bucharest Stock Exchange in the premium category, since 1997;
- has a product portfolio that includes finished products, generic medicines for human use (Rx products and non-Rx products), active substances based on biotechnologies derived from *streptomyces noursei* for pharmaceutical use (in the form of compacted nystatin, micronized nystatin and standard nystatin) , biocidal products for disinfecting surfaces and hands, veterinary medicines and biofertilizers. The product portfolio consists of over 160 products from 11 therapeutic classes. The prescription products are mainly grouped by ATC1 therapeutic classes and are intended for pathologies with increased incidence and the treatment of chronic conditions. The non-prescription products are grouped into portfolio concepts, for a more efficient communication to the target audience. The concepts include food supplements, medical devices, cosmetics, OTC medicines and OTX medicines (Rx products with OTC behavior are released from the pharmacy without a medical prescription). The products in the current portfolio are carefully monitored, taking actions to adapt to national requirements and international regulations, through the analysis of therapeutic trends, medical guidelines, new efficacy and safety studies. The expansion of the product portfolio makes a major contribution to the development of Antibiotice on the domestic market, as well as on international markets, both through its own research and development activity, as well as through the assimilation of new products through business development (in-licensing contracts);
- has a diversified production capacity, organized on 3 production divisions, 8 manufacturing flows on which: penicillin injectable powders are produced; penicillin capsules; non-beta-lactam capsules; cephalosporin capsules; tablets; ointments, creams, gels; suppositories; pessaries; active substances obtained through biosynthesis and 10 partner sites. All production capacities are the property of the company and they are located at the registered office. The company has the right of ownership over all fixed assets registered in the company's accounting;
- owns a modern Research and Development Center;
- holds internationally recognized certifications and authorizations: authorization from the US Medicines Regulatory Agency (FDA) for Nystatin and injectable penicillin products, Certificate of Conformity with the European Pharmacopoeia (COS) for Nystatin, Certificate of Good Manufacturing Practice (GMP)) for all manufacturing flows, TÜV Rheinland Certification for integrated management (quality, environment, occupational health and safety);
- is WHO prequalified and has WHO certification for the range of essential antituberculosis drugs;
- is the worldwide leader in the production of active substances based on biotechnologies derived from *streptomyces noursei* for pharmaceutical use (in the form of compacted Nystatin, micronized Nystatin and standard Nystatin);
- is a traditional supplier of anti-infective drugs for hospitals in the USA, Vietnam and European markets (Great Britain, Denmark, Holland, Serbia, Lithuania, Hungary, etc.);
- is the world market leader for the consumption of active substances based on biotechnologies derived from *streptomyces noursei* for pharmaceutical use (in the form of compacted Nystatin, micronized Nystatin and standard Nystatin). The superior quality of this product, recognized by the US authorities (FDA) as an international reference standard, is reflected in a continuous increase in the number of new customers in Europe, South America and North America.

ANTIBIOTICE S.A.

EXPLANATORY NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS

FOR THE 9-MONTH PERIOD ENDED ON SEPTEMBER 30, 2024

(all amounts are expressed in LEI ("RON"), unless otherwise specified)

2. MAIN ACCOUNTING POLICIES

The individual interim financial statements were drawn up in accordance with the provisions of Order no. 2844/2016 for the approval of the accounting regulations in accordance with the International Financial Reporting Standards applicable to commercial companies whose securities are admitted to trading on a regulated market, with subsequent regulations and clarifications. These provisions comply with those of the International Financial Reporting Standards adopted by the European Union. The individual interim financial statements were drawn up on the basis of the continuity of the activity.

The accounting policies and evaluation methods adopted for the preparation of individual interim financial statements are consistent with those used for the preparation of the annual financial statements of Antibiotice S.A. on December 31, 2023.

These individual interim financial statements have been prepared in accordance with IAS 1 Presentation of financial statements, as adopted by the European Union. They do not include all the information required for a complete set of financial statements in accordance with IFRS and they should be read together with the Company's annual financial statements, prepared on December 31, 2023. However, certain selected explanatory notes are included to explain the events and the transactions that are significant for understanding the changes in the company's financial position and performance since the last individual annual financial statements on the date and for the period ending on September 30, 2024.

2.1 Crucial accounting evaluations and estimates

The company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on the historical experience and other factors, including forecasting of future events that are believed to be reasonable under the existing circumstances. In the future, the actual experience may differ from the present estimates and assumptions. Examples of evaluation, estimation, assumptions applied within the company are given below:

- The valuation of land investments and the company owned buildings - Based on the evaluations made by external assessors, the fair value of real estate investments and the company owned buildings is determined. These evaluations are based on assumptions that include future rental income, anticipated maintenance costs, future development costs and the discount rate. The evaluators also refer to the information on the market related to the prices of transactions with similar properties.
- Adjustments for the impairment of receivables – For trade receivables, a simplified approach is adopted in which impairment losses are recognized based on the expected lifetime credit losses at each reporting date. If there are credit insurances or guarantees for outstanding balances, the calculation of expected losses from receivables is based on the probability of non-repayment of the insurer for the insured part of the outstanding balance and the remaining uncovered amount will have the probability of non-repayment of the counterparty. For trade receivables, the simplified model regulated by IFRS 9 is used.
- Adjustments for inventory impairment - The assessment for inventory impairment is performed on an individual basis and it is based on the management's best estimate of the present value of cash flows expected to be received. Each impaired asset is analyzed individually. The accuracy of the adjustments depends on the estimation of future cash flows. The adjustments regarding stocks are based on the calculation performed at the end of the financial year for the specific value adjustment related to stocks of raw materials, consumables and finished products that no longer comply from a qualitative viewpoint. The calculation of the general adjustment for stock depreciation is made according to the validity period of the items in stock.
- Judicial proceedings - The company reviews the unresolved legal cases following the developments in the judicial proceedings and the existing situation at each reporting date, in order to evaluate the provisions and the presentations of its financial statements. Among the factors considered in making decisions related to provisions are the nature of the litigation or claims and the potential level of damages in the jurisdiction where the litigation is adjudicated, the progress of the case (including progress after the date of the financial statements but before those statements are issued), the opinions of the legal advisors, the experience in similar cases and any decision of the company's management related to the way it will respond to the litigation, complaint or evaluation.
- Accounting estimates of expenses - There are objective situations in which until the closing date of some fiscal periods or until the closing date of a financial exercise the exact values of some expenses committed by the company are not known (e.g.: marketing-sales campaigns to promote products and sales promotion). For this category of expenses, preliminary expenses will be made, which will be actually recorded in the following periods.
- Taxation - The taxation system in Romania is in a stage of consolidation and harmonization with the European legislation. There are uncertainties regarding the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Considering the diversity of business relationships and the longevity and complexity of the existing contractual agreements, the differences that occur between the actual results and the assumptions made or the future changes to these assumptions could require future adjustments to the tax revenues and expenses already recorded. In Romania, the fiscal year remains open for fiscal verification for 5 years. The management of the company believes that the fiscal obligations included in the individual interim financial statements are adequate.

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3. OPERATING INCOME

Below there is an analysis of the revenues:

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
Sales of finished products	463,312,262	441,609,507
Sales of products made on other manufacturing sites	120,910,930	95,359,131
Income from other activities	1,063,756	845,021
Trade discounts granted	(79,234,922)	(74,382,272)
Total	506,052,026	463,431,386

According to the geographical distribution, the turnover is structured as follows:

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
On the Romanian market	303,793,032	288,673,223
On foreign markets	202,258,994	174,758,163
Total	506,052,026	463,431,386

4. OTHER INCOME

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
Income from compensations, fines and penalties	8,779	4,179
Income from the sale of tangible and intangible assets	163,500	1,500
Other operating income	1,970,953	725,041
Total	2,143,232	730,720
Income from subsidies	309,988	203,180
Total	2,453,220	933,900

5. COSTS OF RAW MATERIALS, USED CONSUMABLES AND PRODUCTS MADE ON OTHER MANUFACTURING SITES

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
Raw material expenses	93,812,752	99,739,729
Consumables expenses	12,579,872	10,790,286
Expenses with products made on other manufacturing sites	61,327,743	43,022,268
Expenses with used packaging	11,410	20,065
Total	167,731,777	153,572,348

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6. EXPENSES WITH EMPLOYEE BENEFITS AND REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
Wages	102,265,970	100,653,526
Labor insurance deduction	2,648,548	2,207,556
Meal vouchers and other benefits granted to employees	9,396,205	7,204,474
Total expenses with employee benefits	114,310,723	110,065,556

The remuneration granted to the Management Board and the Executive Management is shown in the table below:

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
Wages	421,262	324,624
Management Board	1,112,964	674,113
Taxes and social deductions	116,952	89,277
Variable allowances	1,654,886	2,971,266
Total	3,306,064	4,059,280

7. OTHER EXPENSES

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
Expenses with services performed by third parties	13,981,664	9,117,732
Repair expenses	1,695,959	1,996,178
Expenses with other taxes and fees*	39,100,201	34,311,918
Protocol, advertising and publicity expenses	14,861,335	11,421,557
Insurance premium expenses	2,935,725	2,045,599
Consultancy expenses	381,418	-
Other general expenses	7,234,920	2,807,250
Rent expenses	238,372	215,708
Travel expenses	1,391,135	1,093,080
Expenses with postal and telecommunications fees	539,858	435,193
Expenses with postal and telecommunications fees	375,867	4,209
Total	82,736,454	63,448,424

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7. OTHER EXPENSES (continued)

Other general expenses in the amount of 7,234,920 lei recorded on 30.09.2024 include:

- Environmental protection expenses in the amount of 960,694 lei;
- Expenses for supporting international sales, in the amount of 496,061 lei;
- Professional training expenses, in the amount of 900,095 lei;
- Expenses with bank commissions in the amount of 396,035 lei;
- Other operating expenses in the amount of 4,482,035 lei (the annual analysis of research projects led to the registration of the amount of 3,809,084 lei related to research projects that will not be completed).

Other general expenses in the amount of 2,807,250 lei recorded on 30.09.2023 include the following:

- Environmental protection expenses in the amount of 1,039,685 lei;
- Expenses for supporting international sales, in the amount of 769,829 lei;
- Professional training expenses in the amount of 622,687 lei;
- Expenses with bank commissions in the amount of 374,750 lei;
- Other operating expenses in the amount of 299 lei.

* Expenses with other taxes and fees

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
Expenses on the tax on buildings	1,566,072	1,142,354
Land tax expenses	511,230	401,366
Expenses on the tax on means of transport	31,923	29,075
Expenses on other taxes and fees	7,604,188	5,877,152
Expenses on the tax for the registration of licenses	-	6,672
Expenses related to the environmental fund	47,148	30,061
Expenses on company taxes and advertising	6,220	5,472
Clawback fee charges	29,333,420	26,819,766
Total	39,100,201	34,311,918

8. FINANCIAL RESULT

Financial income and expenses:

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
Interest income	1,747	2,166
Interest expenses	(3,400,904)	(3,180,364)
Interest expense, net	(3,399,157)	(3,178,198)
Income from exchange rate differences	4,438,370	9,647,449
Expenses from exchange rate differences	(4,994,462)	(10,414,192)
Exchange rate differences, net	(556,092)	(766,743)
Other financial expenses	-	77,403
The financial result	(3,955,249)	(3,867,538)

The interest expenses relate to loans from banks, which are valued at amortized cost.

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9. EXPENSES WITH CURRENT PROFIT TAX AND DEFERRED TAX

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
Current income tax expenses	5,384,927	13,174,336
The impact of deferred income tax	(1,130,574)	(1,220,162)
Total	4,254,353	11,954,174

The profit tax

The current profit tax for 9 months 2024 and 2023 is determined at a statutory rate of 16% based on the adjusted accounting profit with non-deductible expenses and non-taxable income. The final value of the profit tax is reduced by tax credits.

The deferred income tax on September 30, 2024 and December 31, 2023 is determined based on the tax rate of 16%, which is expected to be in effect when the temporary differences resume.

	Period ended on September 30, 2024 (unaudited) RON	Period ended on September 30, 2023 (revised) RON
Accounting profit:	105,680,918	100,819,431
Tax at the Romanian corporate tax rate of 16% (2024: 16%)	16,908,947	16,131,109
Effect of non-deductible expenses	6,540,327	3,397,984
The effect of non-taxable income	(4,675,609)	(1,690,368)
Tax related to reinvested profit	(10,904,046)	(2,206,558)
Other tax effects	(3,615,266)	(3,677,993)
Income tax expenses	4,254,353	11,954,174

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10. FIXED TANGIBLE ASSETS

	Land	Buildings	Machinery and equipment, vehicles	Installations and furniture items	Tangible fixed assets in progress	Total
COST						
Balance on January 1, 2023 (audited)	203,674,702	267,974,628	261,368,188	9,839,442	9,087,755	751,944,716
Increases:	-	-	-	-	83,025,003	83,025,003
Transfers to/from fixed assets in progress	-	21,432,297	27,448,395	560,988	(49,441,679)	-
Increase/(decrease) from revaluation	1,119,770	23,416,021	-	-	-	24,535,791
Disposals and other discounts	-	(52,921)	(2,573,774)	(165,743)	-	(2,792,438)
Balance on December 31, 2023 (audited)	204,794,472	312,770,025	286,242,809	10,234,687	42,671,079	856,713,072
Balance on January 1, 2024 (audited)	204,794,472	312,770,025	286,242,809	10,234,687	42,671,079	856,713,072
Increases:	-	-	-	-	67,911,159	67,911,159
Transfers to/from fixed assets in progress	-	46,452,089	37,105,689	2,896,728	(86,454,506)	-
Disposals and other discounts	-	(744,329)	(7,157,185)	(60,561)	-	(7,962,075)
Balance on September 30, 2024 (unaudited)	204,794,472	358,477,785	316,191,313	13,070,854	24,127,732	916,662,156

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10. FIXED TANGIBLE ASSETS (continued)

	Land	Buildings	Machinery and equipment, vehicles	Installations and furniture items	Tangible fixed assets in progress	Total
CUMULATIVE DEPRECIATION						
Balance on January 1, 2023 (audited)	-	-	145,350,343	6,695,462	-	152,045,805
Depreciation recorded during the year	-	10,705,925	14,571,307	409,016	-	25,686,248
Disposals and other discounts	-	(52,921)	(2,628,148)	(165,444)	-	(2,846,513)
Cumulative depreciation of revalued tangible assets	-	(10,534,008)	-	-	-	(10,534,008)
Balance on December 31, 2023 (audited)	-	118,996	157,293,502	6,939,034	-	164,351,532
Balance on January 1, 2024 (audited)	-	118,996	157,293,502	6,939,034	-	164,351,532
Depreciation recorded during the year	-	16,545,517	13,379,597	361,413	-	30,286,527
Disposals and other discounts	-	(126,941)	(7,157,185)	(60,561)	-	(7,344,687)
Balance on September 30, 2024 (unaudited)	-	16,537,572	163,515,914	7,239,886	-	187,293,372
NET BOOK VALUE						
Net book value on December 31, 2023 (audited)	204,794,472	312,651,028	128,949,308	3,295,653	42,671,079	692,361,541
Net book value on September 30, 2024 (unaudited)	204,794,472	341,940,213	152,675,399	5,830,968	24,127,732	729,368,784

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10. FIXED TANGIBLE ASSETS (continued)

The most important investment projects carried out in 2024 are the following:

1. Photovoltaic plant of 1.2 MW

The works on this investment have been completed. Currently, within the CEF1.2 MW connection procedure, the documentation for updating the Connection Certificate of the Antibiotice S.A. platform has been submitted to the Electricity Grid Connection Service - Delgaz Grid, for a 3.7 MW photovoltaic park that will include both the 2.5 MW photovoltaic power plant, previously commissioned and the 1.2 MW power plant.

2. Outdoor lighting and video surveillance

The outdoor lighting on the Antibiotice S.A. platform has a multi-stage development plan, always adapting to changes brought about by the demolition of buildings and trestles or with the installation of video surveillance cameras.

Currently, most of the existing devices have deficiencies in operation and do not ensure an optimal level of light flux, which leads to physical insecurity, the impossibility of monitoring the perimeter areas both with human personnel and by taking images through video surveillance cameras, inadequate lighting of the car and pedestrian traffic areas within the premises. Works on this investment objective began in 2023 and are still ongoing and they are scheduled to be completed in 2024.

3. Drinking water supply system

The works to modernize the drinking water supply network began in 2017 and they involve replacing steel pipes in various stages of wear with polypropylene pipes, a project that is being carried out in several stages. So far, sections representing about 50% of the total length of the drinking water supply network have been modernized, and the remaining sections that still to be modernized will be completed by 2026.

4. Warehouse for finished pharmaceutical products

This investment, worth approximately 40 million RON (including shelving system, lifting equipment, endowments, etc.), meets the needs of Antibiotice S.A. to have a modern and efficient warehouse, capable of managing the planned future production. With a storage capacity adapted to the anticipated growth until 2030, this warehouse will serve as an essential pivot for the storage and distribution of pharmaceutical products. The construction works have begun in August 2024. Currently, the construction and installation works are completed. Training activities are currently underway for the Antibiotice personnel who will operate and maintain the new warehouse. Also, various activities are underway or are to be started for the commissioning and authorization of operation by the Inspectorate for Emergency Situations and by ANMDMR.

5. Other investments

The modernization of the utility production and distribution installations (steam, condensate, electrical, etc.), the development of the product portfolio through the company's own research and licensing, the re-technologizing of research and quality control laboratories, in information technology, for the integrated management system (quality, environment, sustainability and occupational safety) for the modernization of existing sites and equipment.

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11. INTANGIBLE ASSETS

The recording of intangible assets is carried out in accordance with IAS 38 "Intangible Assets" and IAS 36 "Impairment of Assets". Externally acquired intangible assets are initially recognized at initial cost and subsequently amortized on a straight-line basis over their useful economic life.

The expenses related to the acquisition of patents, copyrights, licenses, trademarks and other intangible assets recognized from an accounting viewpoint, with the exception of formation expenses, goodwill, intangible assets with an indefinite useful life, classified as such according to accounting regulations, are recovered through straight-line depreciation deductions over the contract period or over the period of use, as the case may be.

Internally generated intangible assets

The research expenses (or in the research stage of an internal project) are recognized as expenses of the exercise to which they relate.

The development expenses related to new product projects are recognized as intangible assets. They consist of: consumption of raw materials and consumables, labor costs related to hours worked for each project, other fees paid to pharmaceutical regulatory authorities with the amounts necessary for authorization.

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11. INTANGIBLE ASSETS (continued)

	Concessions, patents and other similar rights (externally generated)	Other intangible assets (internally generated)	Other intangible assets (externally generated)	Development expenses (internally generated)	Development expenses (externally generated)	Total intangible assets
COST						
Balance on January 1, 2023 (audited)	12,275,985	9,974,392	4,197,131	29,078,675	1,215,462	56,741,645
Increases	841,177	-	-	13,220,959	950,027	15,012,163
Transfers	-	10,700,896	764,071	(10,471,332)	(993,635)	-
Balance on December 31, 2023 (audited)	13,117,162	20,675,288	4,961,202	31,828,302	1,171,854	71,753,808
Balance on January 1, 2024 (audited)	13,117,162	20,675,288	4,961,202	31,828,302	1,171,854	71,753,808
Increases	1,768,946	-	-	8,157,642	547,132	10,473,720
Disposals / discounts	(3,037,722)	-	-	(3,809,084)	-	(6,846,806)
Transfers	-	5,618,640	270,725	(5,790,205)	(99,160)	-
Balance on September 30, 2024 (unaudited)	11,848,386	26,293,928	5,231,927	30,386,655	1,619,826	75,380,722

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11. INTANGIBLE ASSETS (continued)

	Concessions, patents and other similar rights (externally generated)	Other intangible assets (internally generated)	Other intangible assets (externally generated)	Development costs (internally generated)	Development costs (externally generated)	Total intangible assets
Cumulative depreciation						
Balance on January 1, 2023 (audited)	11,385,762	8,400,531	4,197,131	-	-	23,983,424
Depreciation expense	425,274	1,705,435	112,977	-	-	2,243,686
Balance on December 31, 2023 (audited)	11,811,036	10,105,966	4,310,108	-	-	26,227,110
Balance on January 1, 2024 (audited)	11,811,036	10,105,966	4,310,108	-	-	26,227,110
Depreciation expense	483,585	2,155,347	119,123	-	-	2,758,055
Disposals/discounts	(3,037,722)	-	-	-	-	(3,037,722)
Balance on September 30, 2024 (unaudited)	9,256,899	12,261,313	4,429,231	-	-	25,947,443
Net book value						
On December 31, 2023 (audited)	1,306,126	10,569,322	651,094	31,828,302	1,171,854	45,526,698
On September 30, 2024 (unaudited)	2,591,487	14,032,615	802,696	30,386,655	1,619,826	49,433,279

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12. STOCKS

	Balance on September 30, 2024 (unaudited) RON	Balance on December 31, 2023 (audited) RON
Finished products	68.519.106	77.950.369
Raw materials	69.589.938	68.605.059
Products made on other manufacturing sites	25.683.701	21.176.967
Consumables	213.488	223.865
Inventory items	18.029	9.959
Waste products	6.934	3.743
Packaging materials	95.300	74.492
Products in progress	4.093.714	6.321.323
Stocks - gross value	168.220.210	174.365.777
Value adjustments for raw materials and materials	(1.964.160)	(1.964.160)
Value adjustments for finished products	(6.241.159)	(9.511.394)
Value adjustments for products made on other manufacturing sites	(3.105.274)	(2.675.739)
Total value adjustments	(11.310.593)	(14.151.293)
Total stocks - net value	156.909.617	160.214.484

13. TRADE AND SIMILAR RECEIVABLES

	Balance on September 30, 2024 (unaudited) RON	Balance on December 31, 2023 (audited) RON
Short term receivables		
Trade receivables	280,060,547	238,897,257
Customers - invoices to be drawn up	(17,386,046)	(7,528,379)
Trade effects	6,461,052	10,393,167
Advances paid to suppliers of fixed assets	11,601,068	410,546
Advances paid to suppliers of stocks and services	2,438,834	1,451,944
Advances paid to employees	-	126
Other receivables	8,914,086	12,776,201
Adjustments for impairment	(20,627,137)	(20,628,873)
Balance at the end of the period	271,462,404	235,771,990

Changes in impairment adjustments for doubtful receivables.

	Period ended on September 30, 2024 (unaudited) RON	Period ended on December 31, 2023 (audited) RON
Balance at the beginning of the period	(20,628,873)	(21,724,353)
Adjustment of the depreciation recorded in the statement of the overall result in relation to trade receivables	1,736	1,095,480
Balance at the end of the period	(20,627,137)	(20,628,873)

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14. CASH AND CASH EQUIVALENTS

The cash and the cash equivalents at the end of the financial year, as presented in the individual interim statement of cash flows, can be reconciled with related items in the balance sheet, as follows:

	Period ended on September 30, 2024 (unaudited) RON	Period ended on December 31, 2023 (audited) RON
Available at the bank	28,898,248	1,792,024
Cash and cash equivalents	8,983	15,906
Total	28,907,231	1,807,930

The company has open accounts at commercial banks in Romania that are part of European banking groups or at state banks.

15. SHARE CAPITAL

	Balance on September 30, 2024 (unaudited) RON	Balance on December 31, 2023 (audited) RON
Ordinary shares paid in full	67,133,804	67,133,804

The subscribed capital of the company on September 30, 2024 is 67,133,804 lei, the nominal value of a share being 0.1000 lei/share. The company has a number of 671,338,040 shares that give equal rights to the company's shareholders. Antibiotice S.A. did not issue shares that would offer preferential rights to the shareholders. In accordance with the provisions of IAS 29 – hyperinflationary economies, the social capital was restated taking into account the inflation index communicated by the National Statistics Commission. It was applied starting with the balance determined according to GD 500/1994, from the date of contribution until 31.12.2003, the date on which it was believed that the national economy ceased to be hyperinflationary. Later, the share capital was increased according to the historical amounts registered at the Trade Registry.

On 31.12.2012, in the company's balance sheet there is a loss carried forward resulting from the application for the first time of IAS 29 "Financial Reporting in Hyperinflationary Economies" which is proposed to be covered by the amount resulting from the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" as follows:

Retained earnings loss from applying IAS 29 for the first time	197,701,352
Share capital adjustments, applying IFRS for the first time	197,701,352

Reserves

The reserves include the following:

Description	Period ended on September 30, 2024 (unaudited) RON	Period ended on December 31, 2023 (audited) RON
Fixed asset revaluation reserves	258,104,048	268,354,743
Legal reserves	13,426,761	13,426,761
Deferred profit tax recognized on account of equity	(41,296,673)	(42,936,784)
Other reserves	320,258,698	311,450,837
Total	550,492,834	550,295,557

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15. SHARE CAPITAL (continued)

The shareholding structure

	Balance on September 30, 2024 (unaudited)		Balance on December 31, 2023 (audited)	
	Number of shares	% ownership	Number of shares	% ownership
MINISTRY OF HEALTH	355,925,135	53.0173	355,925,135	53.0173
INFINITY CAPITAL INVESTMENTS S.A.	197,475,826	29.4153	197,475,826	29.4153
Other natural and legal persons	117,937,079	17.5674	117,937,079	17.5674
Total	671,338,040	100.0000	671,338,040	100.0000

Reserve from revaluation

The reconciliation between the initial and final balance of the revaluation reserve is as follows:

	Period ended on September 30, 2024 (unaudited) RON	Period ended on December 31, 2023 (audited) RON
Balance at the beginning of the period for the revaluation reserve	268,354,744	235,426,926
Balance at the beginning of the period for the deferred tax related to the revaluation reserve	(42,936,785)	(37,668,306)
The transfer of the revaluation reserve to the retained earnings as a result of depreciation and disposals of tangible assets, net of tax	(10,250,695)	(2,065,204)
Revaluation of tangible assets	-	34,993,022
Decrease in deferred tax related to the revaluation reserve	1,640,111	485,889
Deferred profit tax	-	(5,754,368)
Balance at the end of the period for the revaluation reserve	258,104,049	268,354,744
Balance at the end of the period for the deferred tax related to the revaluation reserve	(41,296,674)	(42,936,785)
Reconciliation of revaluation reserves	216,807,375	225,417,959

In the following, the nature and purpose of each reserve within the equity capital are described:

The nature of the reserve	Description and purpose of the reserve
Fixed asset revaluation reserves	If the book value of a tangible fixed asset is increased as a result of the revaluation, then the increase must be recognized in other elements of the overall result and accumulated in the equity, as surplus from the revaluation. The revaluation reserves cannot be distributed and cannot be used to increase the share capital.
Legal reserves	According to Law 31/1990, every year at least 5% of the profit is taken for the formation of the reserve fund, until it reaches at least one fifth of the share capital.
Other reserves	Other reserves include reserves representing fiscal facilities that cannot be distributed, having implications on the recalculation of the profit tax. The difference represents reserves made up of profits.

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16. TRADE AND SIMILAR DEBTS

The financial liabilities mainly include trade debts and other short-term financial debts (debts related to personnel, debts related to taxes and duties, debts related to short-term bank loans, debts related to various creditors) which are initially recognized at fair value and subsequently recorded at amortized cost using the effective interest method.

	Balance on September 30, 2024 (unaudited) RON	Balance on December 31, 2023 (audited) RON
Trade debts	64,280,175	73,656,235
Effects to pay	2,018,197	2,883,929
Debts from the purchase of fixed assets	45,713,981	40,406,065
Other current liabilities*	49,805,370	33,405,736
Advances collected based on orders	377,329	428,397
Total	162,195,052	150,780,362

* Other current liabilities

	Balance on September 30, 2024 (unaudited) RON	Balance on December 31, 2023 (audited) RON
Salary debts to employees and social insurance debts **	20,946,438	29,726,847
Unclaimed employee rights	52,200	34,184
Other creditors	1,155,455	1,129,950
Interest payable	2,678	96,359
Other payment taxes	717,344	38,978
Dividend payment	26,931,255	2,379,418
Total	49,805,370	33,405,736

** provisions for unused vacations were included

Other debts

The claw-back tax regulated by the Emergency Ordinance no. 77/2011 regarding the establishment of contributions for the financing of expenses in the field of health, paid quarterly to the State Budget for **prescription medicines**, included in the national health programs, with or without personal contribution, used in outpatient treatment based on medical prescription through open-circuit pharmacies, for those used in hospital treatment, supported by the unique National Social Health Insurance Fund and the budget of the Ministry of Health.

	Balance on September 30, 2024 (unaudited) RON	Balance on December 31, 2023 (audited) RON
Current profit tax	130,120	-
Clawback tax	9,700,000	9,691,498
Other special funds	164,124	140,052
Total	9,994,244	9,831,550

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17. LOANS FROM BANKS

The bank loans on September 30, 2024 and December 31, 2023 are the following:

The financing bank	The type of financing	Date of grant	Balance on December 31, 2023 (auditat)	Balance on September 30, 2024 (unaudited)	Short-term on September 30, 2024 (unaudited)	Long-term on September 30, 2024 (unaudited)	Period
Banca Transilvania	line of credit - working capital	21.03.2024	-	22,625,790	22,625,790	-	12 MONTHS
Unicredit Bank	line of credit - working capital	17.08.2016	29,552,092	-	-	-	84 MONTHS
Unicredit Bank	investment credit	03.05.2018	36,750,203	39,381,923	10,696,123	28,685,800	120 MONTHS
European Investment Bank	Investment credit	26.06.2024	-	59,707,200	-	59,707,200	96 MONTHS
TOTAL			66.302.295	121.714.913	33.321.913	88.393.000	

To finance the current activity, the company has two loans in the form of a multi-currency line of credit with use in Ron, Euro and USD, in total amount of 50,000,000 lei, of which the amount of 35,000,000 lei is contracted from Transilvania Bank and the amount of 15,000,000 lei is contracted from UniCredit Bank.

In 2018, the company contracted an investment loan from UniCredit Bank in the total amount of 15,406,300 euros to finance the investment in the new manufacturing site of topical products and for the purchase of the equipment necessary to implement the serialization. Starting with April 2021, the repayment of the principal began, the last installment to be reimbursed is in May 2028.

In order to support the financing of the investment project "Production capacity, packaging and storage of sterile products, solutions and topicals", Antibiotice SA contracted in November 2023 a financing contract with the European Investment Bank, in the amount of 25,000,000 euros. In June 2024, the Company drew a first tranche of this credit, in the amount of 12,000,000 euros.

The credit agreement concluded with the European Investment Bank provides for the following indicators that the financing institution monitors: current liquidity to be at least 1.2 where current liquidity is calculated as the ratio between current assets (minus cash and cash equivalents) and short-term bank debts; total bank debt/EBITDA – cannot be higher than 3.5 and the total bank debt/equity must not exceed 1. On September 30, 2024, the Company fulfilled these financial indicators.

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18. SUBSIDIES FOR INVESTMENTS

	Period ended on September 30, 2024 (unaudited) RON	Period ended on December 31, 2023 (audited) RON
On January 1	1,892,704	2,163,611
Subsidy receipts	4,209,120	-
Transferred to the statement of the comprehensive income	(309,988)	(270,907)
On September 30, 2024 / December 31, 2023	5,791,836	1,892,704
Current	306,289	306,289
Fixed	5,485,547	1,586,415

In the first semester of 2024, Antibiotice S.A. collected from the Ministry of Energy through the National Recovery and Resilience Plan the amount of 4,078,620 lei for the financing of the "2.5MW Photovoltaic Power Plant" project.

The subsidies for short-term investments in the amount of 306,289 lei are represented by the amounts recorded on income according to the amortization of investments, respectively:

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

19. RISK MANAGEMENT

The activities carried out by the Company may give rise to various risks. The risk management monitors the effect of these risks and events that may have adverse effects on the company's operations.

The company is exposed through its operations to the following financial risks:

- The credit risk;
- The market risk, which includes interest rate risk, currency risk and instrument price risk;
- The liquidity risk.

Like all other activities, the Company is exposed to risks arising from the use of financial instruments.

There were no major changes in the company's exposure to risks regarding the financial instruments, its objectives, policies and processes for managing these risks or the methods used to assess them compared to previous periods.

The company is mainly exposed to risks arising from the use of financial instruments; the main financial instruments used by the company are:

- Trade receivables and other receivables;
- Cash and cash equivalents;
- Trade debts and other debts.

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19. RISK MANAGEMENT (continued)

A summary of the financial instruments held by category is presented below:

Trade receivables, cash and cash equivalents at amortized cost	Period ended on September 30, 2024 (unaudited)	Period ended on December 31, 2023 (audited)
Trade and similar receivables	271,462,404	235,771,990
Cash and cash equivalents	28,907,231	1,807,930
Total	300,369,635	237,579,920

The values by maturity intervals of the financial assets are

Financial liabilities at amortized cost	Period ended on September 30, 2024 (unaudited)	Period ended on December 31, 2023 (audited)
Trade and similar liabilities	162,195,052	150,780,362
Bank loans	33,321,913	29,552,092
Total	195,516,965	180,332,454

The values by maturity intervals of the financial debts are presented at the liquidity risk

Calculation and analysis of the net situation (equity)

Indicators (RON)	Period ended on September 30, 2024 (unaudited)	Period ended on December 31, 2023 (audited)
Short-term loans and credits	33,321,913	29,552,092
Long-term loans and credits	88,393,000	36,750,203
Cash and cash equivalents	(28,907,231)	(1,807,930)
Net liabilities	92,807,682	64,494,365
Total equity	879,234,402	846,964,120
Net liabilities in equity (%)	10.56%	7.61%

The credit risk

The credit risk is the risk of financial loss for the company that occurs if a customer or counterparty to a financial instrument does not fulfill its contractual obligations. The company is exposed to the credit risk resulting from its operational activity, mainly from the collection of trade receivables.

Regarding cash and cash equivalents, the company analyzed the credit risk and determined that it is not significant.

Receivables

The trade receivables come from commercial relations with distributors in the national pharmaceutical market and from commercial relations with partners in the international market.

At the company level, there is a Commercial Policy, in which the commercial conditions of sale are clearly presented and there are conditions imposed in the selection of clients.

At the company level, exposure to credit risk is controlled. A specialized department permanently monitors each debtor in commercial relations on the domestic market.

For domestic and international receivables, credit risk is constantly evaluated, taking into account financial performance, payment history, and insurance policies are concluded.

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19. RISK MANAGEMENT (continued)

The balance of receivables is monitored at the end of each month and any delay from a customer is analyzed.

The credit risk profile of commercial receivables is presented according to their maturity, monitoring the receivables from the domestic market and from the international market separately. Historical non-payment rates are analyzed.

Trade receivables do not bear interest and generally have payment terms that vary between advance payment and 180 days.

Trade receivables are considered in default when they are overdue for more than 90 days. Trade receivables are canceled when the management considers that there is no probability of collection.

In accordance with IFRS 9, the financial assets and liabilities of the company are valued at amortized cost.

The company has not included information regarding the fair value for financial assets and liabilities that are not valued at fair value if the accounting value represents a reasonable approximation of the fair value. The company used the simplified approach of IFRS 9 for the determination of expected credit loss for trade receivables related to third parties that did not contain a significant financing component.

The methodology used by the company to evaluate the expected losses of trade receivables can be described as follows:

- determining an appropriate surveillance period for tracking the historical loss rate. The company selected 3 previous periods for data collection;
- collecting data on commercial receivables and grouping them according to maturity in each analyzed period;
- analysis of the evolution of these balances over a period of 12 months and the determination of the unpaid amounts from each group of balances to determine the proportion of balances from each category of debt that was not collected in the end;
- determination of the weighted average rate of losses (%) depending on maturity for the 3 analyzed periods;
- application of the loss rate thus determined for trade receivables on September 30, 2024.

The market risk

Market risk represents the possibility of recording losses or not realizing the estimated profits resulting, directly or indirectly, from fluctuations in the market price, interest rate or exchange rate related to the company's assets and liabilities.

The main subcategories of market risk are the following:

Interest rate risk: the risk that the fair value of future cash flows or future cash flows related to financial instruments will fluctuate with changes in interest rates.

Currency risk: the risk that the fair value of future cash flows or future cash flows related to financial instruments will fluctuate with changes in exchange rates.

The company is mainly exposed to currency risk in purchases made from external suppliers of raw materials, packaging and other materials. The suppliers from whom the company purchases these items necessary to support the production of medicines must have quality documents, stipulated in the European rules for the production and registration of medicines on the market.

The liquidity risk

The company's policy is to ensure that it will have enough cash to allow it to meet its obligations when they become due. To achieve this objective, it seeks to maintain cash balances to meet the payment needs.

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. The company prepares budgets, analyzes and estimates of cash flows, which allow the evaluation of the level of financing required in the following periods.

The Company's management closely monitors the situation and acts accordingly. The management is of the opinion that, based on the perspective of the cash flow and the support available from the shareholders, the company is in a negative position regarding the ability to pay, in the interval of more than 12 months. The management is confident that in 12 months there will be enough resources to cover the payment needs.

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20. INFORMATION RELATING TO ITEMS REGISTERED OFF-BALANCE SHEET

On September 30, 2024 Antibiotice S.A. owns stocks of inventory items commissioned in the amount of 8,504,297 lei and other off-balance sheet values in the amount of 1,909,721 lei.

21. CONTINGENT LIABILITIES

On September 30, 2024 and December 31, 2023, Antibiotice S.A. had no contingent liabilities.

22. PRESENTATION OF AFFILIATED PARTIES

Nature of relationships with related parties

For the purpose of presentation in the individual interim financial statements in accordance with the provisions of IAS 24, the Company monitors the relations with the affiliated entities. During the years 2022 and 2023, the shareholder Infinity Capital Investments S.A. purchased shares of the company, increasing the share held in the share capital of Antibiotice S.A. from 27.0379% to 29.4153%, thus becoming an associated entity with significant influence. The shareholder Infinity Capital Investments S.A. has two members in the Management Board of the Company.

Amounts due and receivable from related parties

In the period 01.01.2024 - 09.30.2024 and during the financial year ended in 2023, the Company had no claims or debts with the associated entity.

Information regarding transactions with related parties

In the period 01.01.2024 - 09.30.2024 and during the financial year ended in 2023, the company did not carry out commercial transactions with the associated entity.

23. EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events that are not presented in these individual interim financial statements.

24. INFORMATION RELATING TO THE AUDIT OF INDIVIDUAL INTERIM FINANCIAL STATEMENTS

The individual interim financial statements for the 9-month period ending on September 30, 2024 are not audited.

Approved by the Management Board on: **14.11.2024**

General Director,
Mr. Ioan NANI

Financial Director,
Mrs. Paula COMAN

Report date: **15.11.2024**
Name of issuing company: **Antibiotice SA**
Headquarters: **Iași, str. Valea Lupului nr. 1, cod poștal 707410,**
<http://www.antibiotice.ro>
E-mail: **relatiicuinvestitorii@antibiotice.ro**
Telephone/fax no.: **0232 209000 / 0232 209633**
Unique registration code in the Trade register Office: **RO1973096**
Order number in the trade Register: **J22/285/1991**
Subscribed and paid-up capital: **67.133.804 lei**
Regulated market on which the securities issued are traded: **Bucharest Stock Exchange**

Notice of availability for the Report on 30 September 2024

Antibiotice Iași informs the investors that the *report on 09/30/2024* is available through the *Bucharest Stock Exchange* and *Financial Surveillance Authority* as well as on our website: www.antibiotice.ro (Investors/Financial Information/Financial Reports - 2024, 9 months).

We mention that the above-mentioned report can also be obtained at our company's headquarters (Investor Relations, phone no. 0372065570, 0372065572, 0372065583, fax 0372065633, e-mail: relatiicuinvestitorii@antibiotice.ro).

General Director,
ec. Ioan NANI

Financial Director,
ec. Paula-Luminița COMAN