

Teleconference with analysts and investors for the presentation of the financial statements for the first semester of 2024

On behalf of the Company, the following people participated: Mrs. Paula Coman, Mr. Liviu Vatavu, Mr. Ovidiu Bataga, Mr. Darius Agafitei and Mrs. Mihaela Obreja

Mr. Liviu VATAVU

Hello,

Welcome to the teleconference for the presentation of the financial results at Sem. I 2024. On behalf of Antibiotice, the teleconference is attended by:

- Mrs. Paula COMAN - Financial Executive Director
- Mr. Ovidiu BATAGA - National Sales Executive Director
- Mr. Darius AGAFITEI - Business Development and International Sales Executive Director
- Mr. Liviu VATAVU - Corporate Governance and Legal Director and
- Mrs. Mihaela OBREJA - Risk Management and Investor Relations Manager

Please note that the teleconference is being recorded.

Today we are presenting the financial results for the first semester of 2024 and as we have stated on our previous meetings, we would like this meeting to be interactive and we invite you to ask questions; please feel free to interrupt us when you feel this is necessary. We are here to talk with you and to answer all your questions and requests.

Before we start, I invite Mrs. Mandru to introduce herself.

Mrs. Daniela Mandru

Hello!

You already know my name; I am a financial analyst at Swiss Capital. Following the spectacular results of your company, we, as a Broker want to start covering your company and I hope to have a close relationship because it is necessary for an analyst to be able to properly present the current situation of your company and its development prospects.

Thank you very much!

Mr. Liviu VATAVU

We thank you for the introduction and for your interest in our company.

Mr. Ciprian NEDISAN also joined the meeting.

Mr. Ciprian NEDISAN

Yes, hello!

My name is Ciprian NEDISAN, I am an investor in your company and I follow your activity.

Mr. Liviu VATAVU

Thank you!

Mr. Gheorghe ILAS?

Mr. Gheorghe ILAS

Hello!

I am also a small shareholder of Antibiotice Iasi.

Mr. Liviu VATAVU

Welcome to today's meeting, we are glad to have you with us. We will start the presentation of the financial results during the first semester and I would like Mrs. Paula COMAN, our Financial Executive Director to go on.

Mrs. Paula COMAN

The company's results in the period January 2020 - June 2024, had an increase in the total revenues by 8%, in cumulative gross profit with the claw-back tax at the level of 28%; the sales on international markets increased by 25%, we had consolidated the 4th place from the viewpoint of the consumption of boxes on the Romanian market, with a market share of 4.6%; we maintained our position as value leader in the hospital segment and the value of the share experienced a maximum level of 3.3900 lei/share.

I will kindly ask my colleague Mr. Ovidiu BATAGA to rate our company's positions on the Romanian market.

Mr. Ovidiu BATAGA

Yes, thank you! Hello!

In terms of sales pace, we have a slide prepared in the presentation, I hope you can see it. It summarizes the portfolio on which we are today consolidating sales in the market, both in Romania and on the international market. As we have told you in the previous discussions, the organization of the company is in the form of divisions because we try to group the portfolios according to their destination and the therapy they cover. We are present on the market with 182 products, we cover 11 therapeutic classes and we are talking here about the finished products; besides these we would add the range of active substances that we are consolidating and we have been world leaders for some time and this year we manage to maintain the same position.

Regarding the products from the Oral Division, we have 85 products. We are always innovating here and renewing the portfolio. We can also see in the presentation that this year we have continued this innovation in the market. We have also come with a new business line, the umbrella brand Vetaria, which covers a range of veterinary products which are food supplements. We are just at the beginning, we launched it somewhere at the end of the

semester, in June. In addition to these, of course, there is the range that we are well known for, the antibiotics where we came up with the range of amoxicillin with clavulanic acid and cefuroxime. We also added other NON-RX type portfolios, the Urexpert, Lejer and Soriso range. Concerning the Topical products, another form that consecrates us in the market where we are leaders, we have a portfolio of 55 products, we have brought here 3 novelties, a range of dermato-cosmetics that includes Siloderm and an extension of the Tinero range in the form of cream and face mask.

As far as the Sterile Division is concerned, this is a business core that made us well known, there are 49 products on the market today, the overwhelming majority of which are prescription medicines which includes the entire range of cephalosporins and last generation products, to which two OTCs are added, distilled water and saline.

On the domestic market, sales have strengthened this year as well. This is a dynamic market and you probably followed the press releases from the market research firms CEGEDIM and IQVIA, we work with both.

We consolidated sales in the market worth 205.3 million lei and we maintained our 4th place out of a total of 345 companies that are currently present on the generics market; a physical quota is being consolidated - first of all we are following the sale in boxes since it consolidates the manufacturing. We are a producing company and the most important producer of generics in Romania, with 4.6% of this share.

We are the quantitative leader in established forms, as we previously said, in ointments over 20% of a total of 125 companies. For the range of topicals, suppositories and pessaries, it's about 30% of a total of 49 companies; for injectables it is about 60% of the physical market share of almost 60 companies. The form that made our company well known in terms of anti-infectives is that of capsules; we are still in a very honorable 2nd place, somewhere at 6.6% of the physical market share out of a total of 190 companies. Certainly, we experienced high sales on the hospital segment recently, we are present there with 13% of the generic market share, we are also proud of this share in a market where 227 companies are active - there is a dynamic and very fierce competition on this market, so to speak.

Mrs. Daniela Mandru:

On the domestic market you say that you have consolidated sales worth 250.3 million lei, but related to market shares in Romania you have sales of 201.8 million lei. Where does the difference between the two figures come from?

Mr. Ovidiu Bataga:

There is no difference here: in this slide we present the sale in the market at the sell out level (source: Cegedim sell out); in the financial data, we have the net turnover (resulting from the contracts with clients). This is not a difference, but a different structure and a different source of information.

Mrs. Daniela Mandru:

What does sell out mean?

Mr. Ovidiu Bataga:

Sell out - the medicines sold through pharmacies and hospitals, the actual consumption of patients. Cegecim, as a market research company, gathers and collects data from pharmacies and hospitals, having a sample with which it collaborates and extrapolates the market data, that is, what the patient actually consumes when he buys medicines from pharmacies and when in hospital.

Mrs. Daniela Mandru:

Ok, I noticed (and this is difficult for me) that you keep changing the format of the reports. If I read older reports I have some data, then the respective provision of data in the reports stops. For instance, I want to know the share of RX and OTC in the first semester. In the Reports, do you report the share of RX and NonRX only on the domestic market, or is it for the whole market including the international one?

Mr. Ovidiu Bataga:

These shares are only related to the domestic market. In hospitals we sell 30% of the total, the retail is 70%, the OTC is 14% and the RX is 86%.

Mrs. Daniela Mandru:

If you have the leading position in generics in hospitals, could you give us an absolute value in millions of lei, of sales for hospitals, in the first semester?

Mr. Ovidiu Bataga:

The data from the administrators' reports come from 2 sources: the financial data are the audited ones of the net turnover type, and where we want to know how we are positioned in the market, we rely on the data from the market research firms, which we purchase (Cegecim and IQVIA). They are not different, except that on the one hand there are the actual consumptions in the market, and on the other hand, in the financial statements we have the turnover achieved by the company. They differ only as data sources. These are boxes sold, only the destination differs. The destination of Antibiotic goods is the distribution, because we sell pharmaceutical products through distribution and the Cegecim and IQVIA data relate to the actual consumption by the final consumer. When we manufacture and manage the net turnover, we must also relate to the actual consumption in the market.

Mrs. Daniela Mandru:

When dividing by sales channels, you have hospitals, pharmacies and retail. Initially, I would have believed that retail stands for pharmacies. What does retail relate to?

Mr. Ovidiu Bataga:

There are two major sales channels in all markets: the Hospital segment - the closed circuit hospital pharmacy and the Retail - the open circuit pharmacy. The Retail, in turn, is broken down into National Chain Pharmacies and independent and regional Pharmacies. There are no differences between the retail and the pharmacies. The retail is integrative, it includes several categories of pharmacies, it also includes National Chains and Minichains, regional pharmacies.

So, when we talk about pharmacies, we split them into independent pharmacies and chains and when we talk about retail, we include only pharmacies.

Mrs. Daniela Mandru:

Thank you!

Mr. Liviu Vatavu

We go ahead with the presentation of the international market and if there are questions, we come back.

Mr. Darius Agafitei

On the international market, we are following the upward trend that we have since 2021, we are practically recording a doubling of the turnover, compared to 2023, an increase of 25% which we have planned through our territorial expansion plans, both related to the active substance as well as to finished products. Regarding the active substances - Nystatin - we have consolidated our positions on the markets where our presence is traditional - the most important sales to be mentioned are in North America and Latin America. Regarding the finished products, during the first semester of 2024, we grew by 35% versus the first semester of 2023, and the important thing is that we approached new markets in our territorial expansion plan. The registration period of a finished product can last up to 2 years, as it depends on the authority, the country, the policy of each country, but this year we managed to enter the markets of Italy, Poland, France, Hungary, the United Arab Emirates with our products and during the second semester we will have other markets where we will launch our products.

Mrs. Paula Coman

From the viewpoint of the financial statements, the turnover in the period January-June 2024 was 251 million lei and the gross profit was 78 million. The turnover increased by 15% in the period January-June 2024, compared to the same period last year, the gross margin, which represents an indicator that renders the performance of our sales and the production activity, increased by 7.51% compared to the same period last year; the added value increased by 8.74%. During the same analyzed period, the gross profit is 78.4 million lei, 8.07% higher than the same period of the previous year and the profitability of the gross profit is 22.35% comparable to that of the previous year. The value added tax increased by 14% so that the return on gross profit and value added tax is 28.4% comparable to that of last year. The net profit is 74.2 million lei, 20% higher than in the same period of the previous year. The EBITDA is 15% higher than

during the last 12 closed months (this is how it is calculated, compared to the 12 months of the previous year), the current assets are 10% higher, the net accounting asset is 22% higher, the current liquidity is higher and the degree of indebtedness is 31.58%, 22% higher than the previous year as we made it known that we have increased the rate of investment during this period and we have a financing line for investments, from the EIB.

Mrs. Daniela Mandru:

If I may, regarding this slide... Normally I took the gross margin and divided it by the turnover and I got a different percentage. You probably took the sell-outs into account. By doing this calculation, I obtained a percentage of 70.41% and not 65.96%. To what did you divide this gross margin if you obtained this percentage?

Mrs. Paula Coman:

We did not divide the turnover, it is divided into the operating income, which also includes the stock of goods, (the cost of the stock of goods in the factory, which are reduced).

Mrs. Daniela Mandru:

I understand, so to total operating income. What is this added value? How is it calculated?

Mrs. Paula Coman:

It is the income minus the expenses with the materials and goods that we buy.

Mrs. Daniela Mandru:

It's the operating income ...

Mrs. Paula Coman:

Precisely. That is, what we add on top of the purchased goods is the added value, after which the services, labor, living labor expenses and other taxes are deducted.

In the following reports, we will also put the formulas, to be more explicit.

We have a written question on the chat:

Mr. Ciornei Marius:

Did you participate in auctions this year for the UK market?

Mr. Darius Agafitei:

Yes, we participated in the auction, we will receive the results at the end of September - the beginning of October.

Mr. Liviu Vatavu:

Ok, we have presented our data, we have received the questions, we believe that we have answered these questions from you, if there are any other questions, interventions, suggestions, other points of view...

Mrs. Daniela Mandru:

Yes, if you allow me, now the price of the share has increased a lot following the press information, now that you are in the process of contracting non-refundable loans of 100 million euros....

Mr. Liviu Vatavu:

The value of our shares has been constantly increasing for a fairly long period of time, mainly as a result of the very good financial results of recent years.

Mrs. Daniela Mandru:

The investment of 100 million euros is divided into 3 categories: production, research and human resources. How are the 100 million allocated to the three directions?

At the moment you produce a number of 24 critical medicines and this investment would raise this number somewhere to 45. What is the value of the sales of critical medicines at the moment, if these critical medicines integrate into the general landscape of the company, if they have the same margins? The question is this: in 2027, when the new production capacity is expected to be operational, what could the sales of these critical drugs worth, how much would this investment add to the sales in 2030, or beyond 2027 and at what margins?

Mr. Liviu Vatavu:

We should take into account the fact that this investment project is undergoing its project stage. We have established some milestones for the coming period, in all the fields you listed, both in terms of a division into different areas of investment, resources, human, research, production, but we are in the project stage. This information will become public and it will be transmitted to all stakeholders when it has a high degree of certainty.

Regarding the other questions, Mr. Bataga will answer you, but the answers cannot have a high degree of accuracy, considering that this is currently in the project stage.

Mr. Ovidiu Bataga:

As of today, as far as we know and some data are certain, the daily sales on the 24 molecules, we sell 250 million lei in sell in, sell out (we use the same data sources to anticipate sales and predict the future). They are included in the general margin of the company because there is a portfolio mix, there are injectable products that are intended for hospitals and the RX type portfolio that are intended for pharmacies. At auctions and pharmacies, they combine general margins, so some are not better than others. In 2027, by taking into account what we are forecasting at this moment, as the market is in a continuous dynamic, they are on a medication

list, but the sales have their own dynamics. Considering what we know today, the forecast shows that in 2027 we want to increase the sales by 40% on these molecules; we also add the novelty list of products, where we say that we will add to the portfolio a number of molecules from that list based on the project and on the innovation portfolio. 2030 is a little premature to consider; there are small chances that the forecasts for periods longer than 3 years be accurate and they cannot really be applied in the pharmaceutical market. The year 2027 is closer and here we aim for the sales to increase by 40%.

Mr. Liviu Vatavu:

From 2010 to 2024, our business plans have been achieved. But we need to clarify that they are drawn up for medium and long-term periods. We adjust them every year depending on the characteristics of the market, the prices and the competition.

Mrs. Daniela Mandru:

Of the 250 million lei sell out sales in Romania in the first semester, are the 27% critical medicines?

Mr. Ovidiu Bataga:

No, we sell about 500 million in the sell out every six months, half of them cover the molecules of this (critical) kind, so about 35% of the total.

Mrs. Daniela Mandru:

What is the share of critical medicines in the turnover?

Mr. Ovidiu Bataga:

One third of the sales. We believe it is one third.

Mrs. Daniela Mandru:

Ok, so it is one third. Do you think you will have a final answer from the European Union regarding this financing project this year? That is, should we expect a final decision for the approval of the project this year or should we wait?

Mr. Liviu Vatavu:

According to the information we have, we will have a definite answer by the end of the year.

Mrs. Daniela Mandru:

What could you tell us about the allocation of these investments to production, human resources and research and development?

Mr. Liviu Vatavu:

I tried to answer this question previously, namely, by telling you that we are in a project stage regarding this investment and the allocation on the three domains is not established with a 100% degree of accuracy to make it public and to forward it to you. We will return with this piece of information when we have it.

Here is a question we were asked on the chat:

Are the 100 million-euro funds granted certainly to Antibiotice or is it in the project stage?

Mr. Liviu Vatavu:

We have just answered this question.

Mr. Marius Ciornei:

Is “The Future Together” strategy publicly available on the company’s website?

Mr. Liviu Vatavu:

No, The Future Together Strategy is our business plan, which we translate into annual performance indicators, which we publish, but the strategy for the period 2020-2030 is not public information.

Mr. Marius Ciornei:

Are the Antibiotice sales seasonal, higher in Q1 and Q2 and lower in Q3 and Q4?

Mr. Ovidiu Bataga:

I would like to answer this question. No, we work to the business plan and the budget plan of each year with a balance between quarters. I think that this year we have really reached this balance, because in the 1st semester we are exactly at half of the turnover planned for this year... We can say that sales have a seasonal character, but overall, the turnover balances between quarters and semesters. The proof is that the turnover for the first semester is 350 million out of the 700 million planned.

Mr. Gheorghe Ilas:

I have another question: I know that you signed contracts for injectable solutions in Belgium and Italy. Have you signed contracts with companies that work with the public or the private sector? I don't want the names of the companies, but I want to know which sector they work with.

Mr. Darius Agafitei:

The companies with which we signed contracts for the development of the portfolio are private companies, partners, distributors and producers that work with the authorities and with other private distributors in their respective countries.

Mr. Daniela Mandru:

I would like to understand something. I don't know how to interpret IEB for the year 2024, which also shows the data for 2025 and 2026. You have there for financing sources for investments, you have those fiscal facilities of 85 million lei, which in fact is your profit. There is no tax benefit...Well, I understood that the profit tax is deducted....

Mrs. Paula Coman:

From the current profit of the company, quarterly, according to the fiscal code, we can deduct the value of the investments in certain categories that are clearly specified in the fiscal code and then, we do not pay any profit tax or distribute the respective profit as a dividend. That is why, because it is related to the tax code, it is considered a current fiscal facility, for the current year.

Mrs. Daniela Mandru:

Ok, I got it. And, in 2024 you have a state budget allocation of 23,579,000. At first I thought it was about the National Recovery and Resilience Plan funds, but I can't reconcile the figure, because you took 4 million lei from PNRR funds. What does this state budget allocation of 23,579,000 represent for funding sources?

Mrs. Paula Coman:

I think it's the depreciation.

Mrs. Daniela Mandru:

No, no. I wrote it down exactly as you have them there: the depreciation is 38,397,000. Please allow me to read to you in Romanian because I have written down in English here.... allocated from the budget, yes.

Mrs. Paula Coman:

You know that last year we concluded a financing agreement with the Ministry of Finance, on a project that unfolds from 2023 to 2029. The total project is worth 201 million lei and the eligible part is 85 million lei. It was concluded with the Ministry of Finance on GD 807 and this year we predicted that we will collect 23 million lei from the 85 million lei.

Mrs. Daniela Mandru:

Yes, I thought about that too, but if you look at the budget notes, you will see that for the years 2025, 2026 there is nothing, zero.

Mrs. Paula Coman:

During 2025 and 2026 we will make advance payments for these investments, because any equipment and any installation in our industry is made to order and lasts from 18 to 24 months. And then, the condition to access the funds from the Ministry of Finance is when the equipment is put into operation and therefore, we will access the following funds in 2027.

As far as the IEB of 2024 id concerned, we knew exactly the investments, but because we were in discussions with our partners who provide us with the equipment and we did not know what their capacity to supply us and put them into operation was, we did not predict anything for 2025 and 2026. But if these things overlap for the IEB of 2025, at the end of the year we will definitely deal with them again.

Mrs. Daniela Mandru:

I see. I also noticed, regarding bank credits and the line from the EIB of 25 million euros that this year you have drawn-down 4 million. And just in H1 you have drawn-down 12 million. Am I right?

Mrs. Paula Coman:

Yes, starting from the advance payments I was just talking about...

Mr. Liviu Vatavu:

We speeded up the investment. The drawing-down of those funds from the EIB is the consequence of the speeding-up of investments.

Mrs. Daniela Mandru:

Are you planning to draw-down from the credit line this year too?

Mrs. Paula Coman:

No.

Mrs. Daniela Mandru:

And overall, I compared the budget with what you have achieved in 6 months... you are a bit over, I guess you estimate that the budget will be achieved.

Mrs. Paula Coman:

Yes, there are some expenses that are being balanced, but at the end of the year we will frame our budget.

Mrs. Daniela Mandru:

Please send me the 6-month split on the RX and OTC and hospital sales... maybe as a share of the reported turnover... not the sell out or the sell in...

Mr. Ovidiu Bataga:

From the sellout data. We don't provide the data like that and you know why. It is because the area where Romania is located provides very clear data on the market, on the sell out, but in the international market it would somehow be disproportionate to report such a small sale in such a large market and we don't provide the data like that. The sell-out data in Romania is

very easy to monitor, you have product strategies, but in the international market there is a wide variety of markets that one can't even gather in one place to translate into a market share or channel structuring.

Mrs. Daniela Mandru:

I'm not interested in the present market shares, I'm interested in the share of RX, NON-RX products in the turnover.

Mr. Ovidiu Bataga:

30% of the total comes from the hospital segment, the retail is 70% and in the structure of RX. For the OTC we have 14% and for the RX we have 86%. We always strengthen both, one does not grow faster than the other. And the hospital area and the prescription medicines area, the one called RX, is part of the Antibiotice core business and there we are always in a dynamics.

Mr. Marius Ciornei:

For the veterinary products launched this year, when do you estimate to reach a break even?

Mr. Ovidiu Bataga:

Sometime in June this year we launched the category of food supplements involving 8 products. We have a business plan for this business line which aims to reach 50 products by 2030. Every year we will come up with a new product in this portfolio. I would say that a pertinent answer is this: during the first 3 years one has to invest in the brand development. This is an umbrella brand, the company has to be on the market and to actually discover a new market. During the first 3 years of this portfolio's existence we will aim to reach a break even, but I cannot say exactly when. We are in the right direction.

Mrs. Daniela Mandru:

On the cash-flow, I saw that those 4 million subsidies are deducted from the operational cash-flow, then from the operational cash-flow before the working capital changes, after which they are deducted again from the working capital and I don't understand why they are removed twice from the cash-flow.

Mrs. Paula Coman:

The first time they were paid from the operational cash-flow. We collected them, and when we did that, we used them in investment cash. The first time they are deducted from operational and the second time from investments.

Mr. Liviu Vatavu

We thank all the people who participated today, we are glad to have you with us, we are looking forward for the next meeting that will take place in November.

Good-bye!

