

LETTER OF EXPECTATIONS

in the recruitment process for a position as a member of Antibiotice S.A.'s Management Board

The Ministry of Health, as the majority shareholder of the public enterprise ANTIBIOTICE S.A. with its registered office in the city of Iași, Valea Lupului Street no. 1, Iași County, code 707410, registered with the Trade Register under no. J22/285/1991, unique registration code RO 1973096, holder of 355,925,135 shares representing 53.0173% of the share capital, has prepared this letter of expectations which establishes the shareholder's financial and non-financial expectations regarding the performance of ANTIBIOTICE S.A. and of the administrative and management bodies of this company, for a period of 4 years, that is 2024-2028.

The Letter of Expectations is prepared in compliance with the principles of transparency, accountability, economic efficiency and profitability.

This document includes the wishes of the majority shareholder, namely the Romanian State through the Ministry of Health in consultation with the other shareholders of the company, regarding the evolution of ANTIBIOTICE S.A. in the period 2024-2028 and it was developed pursuant to the provisions of G.E.O. no. 109/2011 and those of the Methodological Norms for the application of G.E.O. no. 109/2011 approved by the G.D. no. 639/2023.

1. General information regarding Antibiotice S.A.

Antibiotice S.A. is the main manufacturer of generic medicinal products in Romania, established by the Decision of the Council of Ministers no. 2980/29.12.1952 under the name of Fabrica de Antibiotice Iași which was transformed, based on the GD no. 1200/1990 into S.C. Antibiotice S.A. By GD no. 410/2009, the transfer of shares held on behalf of the state to the Commercial Company Antibiotice - S.A. Iași from the portfolio of the Authority for State Assets Recovery 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. is included in the list of units under the authority of the ministry.

Identification data: registered office in Iași, str. Valea Lupului, nr. 1, TIC 1973096, ORC No. J 22/285/1991.

Main regulatory acts: the Law no. 31/1990 on commercial companies, the GEO no. 109/2011 on the corporate governance of public enterprises, the Articles of Association of the company, the Law no. 24/2017 on the issuers of financial instruments and market operations, Regulation 5.

Main activity: “The manufacture of basic pharmaceutical products”, CAEN Code 2110.

The company has been listed on the Bucharest Stock Exchange since 1997, in the Premium category.

The shareholder structure:

Shareholder	Shares	Percentage
MINISTRY OF HEALTH	355,925,135	53,0173 %
INFINITY CAPITAL INVESTMENTS S.A.	197,475,826	29,4153 %
Natural persons	86,399,526	12,8697 %
Legal persons	31,537,553	4,6977 %
TOTAL	671,338,040	100 %

Management bodies: the General Meeting of Shareholders, the Management Board, the General Manager.

Term of office of the incumbent board: 16.04.2024 – 16.09.2024.

Date of initiation of the selection procedure for administrators: 14.09.2023.

Request for renewal of mandate for 1 (one) administrator: 14.09.2023.

1. Summary of the government strategy in the field in which Antibiotice S.A. operates

The adequate provision of medicines, in conditions of predictability and financial sustainability for patients, public budgets, suppliers and manufacturers.

Developing the national production capacity of medicines and medical devices.

Accelerating access to innovative therapies through clinical trials.

Reviewing the policy for setting marketing prices to ensure the availability of medicines on the market and reflect their clinical value.

Improving the mechanisms for contracting medicines, to accelerate access, ensure the affordability of the budgetary impact for both patients and public budgets, as well as adapting to advanced medical therapies.

Improving the prescribing practices of medical technologies both from the perspective of public health objectives and to improve therapeutic benefits.

Ensuring the availability, safety and authenticity of medicines

The health research and innovation is one of the major research areas at European level, as evidenced by the sustainability of this area in all European Union funding cycles, including the current European Research and Innovation Program 2021-2027, which places health within the four major areas of interest, along with the green economy, the digitalization and the inclusion.

The health research is focused on maintaining a healthy, active life in a health-promoting environment, on the appropriate management of health problems and reducing the burden of public health issues with a major negative impact on the disability and avoidable mortality, the equitable access to public health interventions and innovative and high-quality healthcare services, as well as digital tools, technologies and solutions that facilitate their delivery.

The research for the development of innovative diagnostic and therapeutic technologies, predictive diagnostic tools, precision healthcare services, personalized medicine, omics, technologies that increase the degree of autonomy, including wearable digital technologies, is funded and it leads to implementable results for improving health.

The applied research in public health and health services is consistently used for the development and continuous improvement of health policies, especially for public health problems with a major negative impact on disability and avoidable mortality, such as cardiovascular and cerebrovascular diseases, as well as cancer.

2. The vision of the public supervisory authority and the shareholders, the mission and objectives of the public enterprise, derived from the government policy in the field of activity where Antibiotice S.A. operates

The National Health Strategy 2023-2030 (NHS) represents the commitment of the Ministry of Health, as the central authority for the development and coordination of health policies at the national level, towards the citizens of Romania, in order to improve their healthy life expectancy and quality of life.

The National Health Strategy proposes interventions aimed at ensuring the continuous access of patients to medicines, under the conditions of equity and safety. In this respect, measures are foreseen to review the pricing system, through which the presence on the market and the release of generic and biosimilar medicines are stimulated, as well as to increase the national production capacity. Regarding the innovative medicines, measures are proposed to ensure the rapid access to therapies against serious diseases and without therapeutic alternatives, to advanced medical therapies, in conditions of budgetary sustainability.

3. The note regarding the classification of the public enterprise in one of the following categories: commercial, monopoly or public service;

Antibiotice S.A. is classified in the commercial category, as a commercial company operating on the free competitive market in Romania and on international markets.

4. The shareholders' expectations regarding the company's objectives for 2024-2028

- The consolidation and growth of the business on the domestic and international market;
- The development of the product portfolio;
- The development of research, development and innovation projects;
- The identification of new domestic and international commercial partnerships to achieve turnover and profit;
- The digitalization and computerization of the company;
- The access to the National Recovery and Resilience Plan to obtain financial support for investment projects in new production capacities and for digitalization/computerization;
- The making of strategic investments, according to the Investment Plan approved by the shareholders, in order to develop new production capacities and to modernize and re-technologize the existing ones;
- The consolidation of human resources policies to ensure a highly qualified workforce and its long-term retention;

- The efficient relationship with the regulatory authorities in Romania and in the other territories in which the company operates, in order to obtain and maintain all the authorizations and requirements specific to the pharmaceutical industry;
- The maintaining of an Integrated Quality Management System;
- The optimization of production processes in order to reduce operating costs and to minimize the impact on the environment and personnel protection;
- The proactive risk monitoring;
- The supporting of social responsibility projects and the constant concern to contribute to protecting the environment and to improving people's lives and health;
- Achieving and maintaining a climate of transparency and trust in relations with stakeholders.

5. The shareholders' expectations regarding the performance indicators

Net turnover: an annual growth up to 1000 million lei / year in 2028.

Net profit: an annual growth up to 160 million lei / year in 2028.

Export: an annual growth up to 330 million lei / year in 2028.

Portfolio: 80 new products by 2028 of which through the

Research and Development: 30 new products by 2028.

The administrators will establish and implement effective measures to achieve the annual performance indicators established in the General Meeting of Shareholders, in accordance with the company's objectives and the Management Plan.

The candidates for the position of administrator will present effective actions to fulfill the company's indicators and missions, as well as the previous experience that qualifies them for the necessary activities.

6. The shareholders' expectations regarding the investment policy

The company's only source of financial investment is the self-financing and the accessing of non-reimbursable funds. For the sustainable development of the business, the company must allocate resources to make the annual investments approved by the General Meeting of Shareholders.

7. The shareholders' expectations regarding the dividend policy

The dividend/payment policy will be applied in accordance with the specific legislation in force. The company must ensure the distribution of the accounting profit remaining after deducting the profit tax, in accordance with the provisions of GO no. 64/2001 with subsequent amendments and supplements.

The shareholders expect the dividend policy to be correlated with the improvement of performance and the reduction of costs. The shareholders expect there to be a balance between dividends and the reinvestment policy for the development and modernization of the company, which are priorities.

8. The shareholders' expectations regarding the internal/managerial control system and the risk management

The Management Board, through the Audit Committee and the Statutory Auditor, as well as through the internal Audit and Risk Management structures, identifies the main risk factors, which the company undertakes to monitor in order to reduce the degree of exposure (e.g. economic-financial, commercial, legal, patrimonial, operational risks). The company has an internal control system that provides reasonable assurance that the funds are used in conditions of legality, effectiveness, efficiency and economy.

9. The shareholders' expectations regarding the environmental protection

The company is implementing a medium and long-term program to ensure the business sustainability and the compliance with the environmental protection regulations.

10. The shareholders' expectations regarding social responsibility

The company applies and it aims to maintain an organizational culture of social responsibility based on ethics and integrity in business, the respect for the rights of partners, social and economic equity, environmentally friendly technologies, legality and a healthy organizational climate in labor relations, the transparency towards public authorities, the involvement in the community through social responsibility actions.

11. The shareholders' expectations regarding product quality and safety

The shareholders are aware of the strategic importance of the company as well as of the need for quality and safety of the products provided to the Romanian healthcare system. Therefore, the shareholders request the Management Board to ensure that it receives real information regarding the degree of satisfaction of the company's customers, in order to fairly substantiate and adapt all decisions.

12. The shareholders' expectations regarding the ethics and integrity and the corporate governance

The shareholders expect employees and directors to attach a particular importance to the compliance with the Company's Code of Ethics, which establishes the principles and standards of conduct and which regulates any situations regarding the conflicts of interest and the incompatibility related to the Company and the Management Board.

Given that the application of adequate internal audit and control policies significantly contributes to the proper functioning of the Company, the importance of internal audit and control systems is emphasized. The Internal Audit Structure will report to the Audit Committee established at the level of the Management Board. In this regard, the Audit Committee will assist the Board in order to ensure that appropriate systems and standards for financial reporting, internal and external audit, internal control, compliance and risk management are maintained within the Company.

13. The shareholders' expectations regarding the communication and transparency

The Management Board communicates with both the shareholders and the Public Supervisory Authority- the Ministry of Health, to ensure timely information regarding the Company's strategic directions of action.

14. The shareholders' expectations regarding the Management Board

The Management Board is organized and it operates in accordance with the provisions contained in the Articles of Association of Antibiotice, in Law no. 31/1990 on commercial companies and in G.E.O. no. 109/2011 on the corporate governance of public enterprises.

The Board is composed of 7 members, elected by the General Meeting of Shareholders for a 4-year term that can be renewed according to the provisions contained in the applicable normative acts.

The Board elects, from among its members, by open vote, a President and a Vice-President to whom it establishes attributions. The Board appoints by resolution a secretary of the board, who may be a director or a person outside the board.

The Board has the powers to carry out all actions necessary for the company, except for those reserved by law for the General Meeting of Shareholders.

The administrators will exercise their duties with the utmost diligence, aiming to achieve the performance indicators approved by the General Meeting of Shareholders, according to the procedures established by G.E.O. no. 109/2011 regarding the corporate governance of public enterprises.

In the absence of a contrary decision by the board, the administrators must strictly observe the confidentiality of the works, debates and decisions taken.

The administrators are obliged to know and comply with the company's Code of Ethics, managing any conflicts of interest according to the procedures detailed therein.

The Management Board has the following basic powers, which cannot be delegated to the directors:

- establishing the main directions of activity and development of the company;
- establishing the accounting policies and the financial control system, as well as approving the financial planning;

- contracting loans, refinancing and guaranteeing thereof with the company's assets within the limit of 20% of the value of the assets (20% of the total fixed assets, minus the receivables), drawing up additional documents to the credit contracts, all these decisions being subject to ratification at the first meeting of the General Meeting of Shareholders;
- appointing and dismissing directors and establishing their remuneration;
- supervising the activities of directors;
- preparing the annual report, organizing the general meeting of shareholders and implementing its decisions;
- filing the application for opening the company's insolvency procedure, according to law no. 85/2014 on insolvency prevention and insolvency procedures;
- other tasks imposed by law, the company's statute and the Board's operating regulations.

The Management Board approves annually or whenever necessary the policies regarding the marketing strategy, depending on the particularities of the domestic and foreign market.

The Management Board represents the company in relation to third parties and in court.

The Management Board retains the power to represent the company in relations with the directors.

The Management Board registers with the Trade Register the names of the persons authorized to represent the company. They submit specimen signatures to the Trade Register.

The members of the Management Board will exercise their mandate with loyalty, in the interest of the company, according to the law.

The directors are responsible for fulfilling all their obligations, according to the law.

For the period of 4 years until the end of the mandate, the shareholders expect that the fulfillment of the company's main object of activity will be carried out under conditions of operational and organizational efficiency that will lead to the development of the business and the fulfillment of the annual performance indicators established by the General Meeting of Shareholders.

15. The Declaration of Intent

The candidates for the position of administrator will submit a *Declaration of Intent* in which they will present their vision or program for the development of the company, referring to the public information about the Company and the expectations of the shareholders formulated in this *Letter of Expectations*. The *Declaration of Intent* is presented in writing and it is part of their final evaluation for classification and appointment.