

# DIRECTORS' REPORT

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**January - December 2024**

**Annual report in compliance  
with: IFRS**

**Report date: 31.12.2024**

**Company name: Antibiotice SA**

Registered office: Iași, Strada Valea  
Lupului nr.1 Telephone number:  
0232/209000; fax: 0372065633  
VAT no.: RO1973096

Trade register number: J1991000285223  
The regulated market on which the issued securities  
are traded: Bucharest Stock Exchange Subscribed  
and paid-up share capital: 67,133,804 RON Main  
characteristics of securities issued by the company:  
Registered shares, nominal value: 0.10 RON

Antibiotice - a performance orientated company .....	3
Main results recorded by Antibiotice S.A. in 2024: .....	3
Shareholding structure.....	3
About share performance .....	4
Dividends .....	6
Strategic adaptation of human resources .....	7
Implementing modern human resources management .....	7
Modernising organisational culture.....	8
Strategic adaptation of the product portfolio .....	8
Portfolio Management .....	8
Promotional activity .....	9
Research and business development activities.....	10
Continuous improvement of the integrated management system (Quality, Environment, Health and Safety at work) .....	10
Environmental responsibility.....	11
Quality of environmental factors (water, air, soil, groundwater).....	11
Waste management .....	12
Health and Safety at Work .....	12
Health assessment .....	12
Performance management .....	12
Antibiotice in the Romanian pharmaceutical market .....	12
Antibiotice on the international market .....	13
Export of finished products .....	13
Economic and financial performance .....	14
Management of financial flows and operational expenditure .....	14
Statement of financial position .....	19
Analysis of fixed assets .....	19
Analysis of current assets .....	19
Debt analysis .....	20
Improving Corporate Governance Systems .....	23
Implementation of corporate governance principles .....	23
General Meeting of the Shareholders of Antibiotice S.A. ....	24
Shareholders' rights .....	24
Board of Directors .....	24
Executive Management.....	25
Antibiotice S.A. is represented by the General Manager, in accordance with the prerogatives established by law and the company's articles of association.....	25
Remuneration of the executive and non-executive members of the Board of Directors, as well as of the directors .....	25
Communication with shareholders and investors .....	25
Management Internal Control and Financial Control .....	26

Risk management..... 27  
    Cyber risk management..... 29  
Ethics and compliance..... 29  
Reporting incidents / Public interest warnings ..... 30  
Conflict of interest..... 30

## **Antibiotice - a performance orientated company**

With a tradition of almost seven decades, Antibiotice is the most important Romanian-owned generic drug producer supporting the national health system and offering a complex portfolio with over 500 marketing authorisations in 42 countries for international marketing. Antibiotice is also the only producer in Romania of active substances obtained by biosynthesis processes.

The company's own production capacity is organised in 4 distinct manufacturing divisions at the level of which 8 manufacturing flows are organised, which produce: sterile injectable penicillin injectable powders, penicillin capsules, non-betalactam capsules, cephalosporin capsules, tablets, ointments, creams, gels, suppositories, suppositories, ova, active substances obtained by biosynthesis.

Alignment to international quality standards in the field is confirmed by the Good Manufacturing Practice (GMP) certification for all 8 production flows, the favourable opinion from the US Food and Drug Administration for the manufacture of active substances and sterile injectable powders, as well as the reference standard granted by the American Pharmacopeia (USP) for the active substance antifungal antibiotic nystatin.

The company's medium and long term development vision is reflected in *The Future Together 2030* business plan, which includes goals and objectives that aim to multiply profit and turnover, with an impact on increasing Antibiotice's market share on the domestic and international market, all this with the integration of sustainability principles in all company activities.

### **Main results recorded by Antibiotice S.A. in 2024:**

- total revenues of 693 million RON, up 8% compared to the same period in 2023;
- net turnover increasing by 12% from 600.8 million RON in 2023 to 675 million RON in 2024;
- gross profit cumulated with the claw-back tax amount consolidates a return on business of 21%;
- 15% higher international sales revenues compared to 2023;
- 4th place<sup>1</sup> consolidated in terms of canned consumption on the generics market with and without prescription in Romania;
- maintaining the leading position<sup>2</sup> in value in the hospital segment on generic prescription and non-prescription products;
- the share value increased from 1.39 RON at year-end 2023 to 2.56 RON at year-end 2024.

### **Shareholding structure**

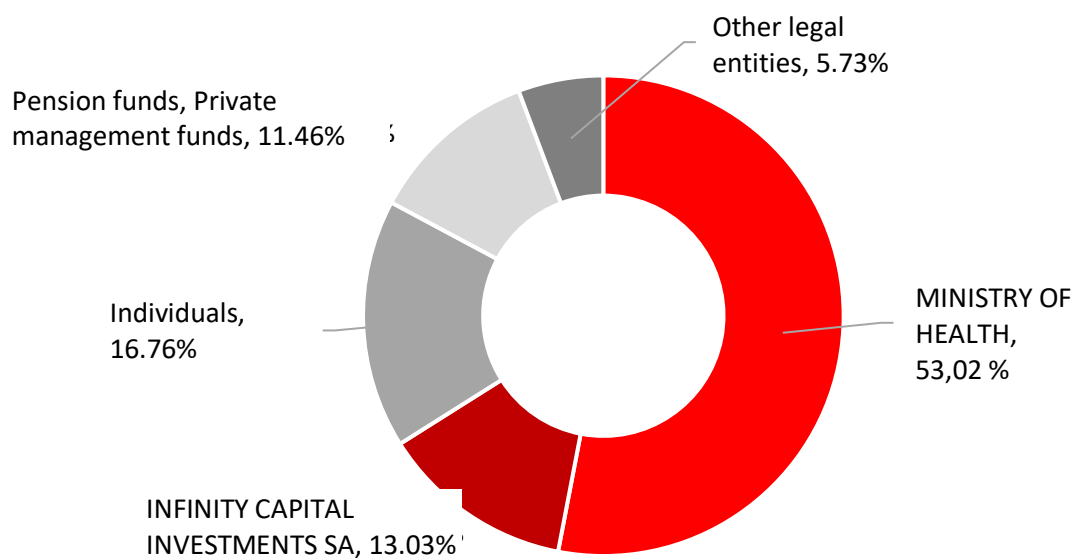
In 2024, Antibiotice S.A. changed its shareholding structure following the completion of an accelerated private placement transaction on 22 November 2024, exclusively addressed to qualified investors, whereby Infinity Capital Investments S.A. sold 110,000,000 ordinary shares held in Antibiotice S.A. at a price of RON 2.65 per share. As a result of this transaction, Infinity Capital Investments' stake in Antibiotice S.A. reached 87,475,826 shares representing 13.03% of the company's share capital.

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<sup>1</sup> according to Cegecim Sell Out Romania; Sell-Out: the sale of prescription and non-prescription products from pharmacies to consumers

<sup>2</sup> according to Cegecim Sell Out Romania; Sell-Out: the sale of prescription and non-prescription products from pharmacies to consumers

## Shareholding structure 31.12.2024



Shareholding structure	31.12.2024	31.12.2023
Ministry of Health	53.02%	53.02%
Infinity Capital Investments S.A.	13.03%	29.42%
Legal entities and individuals, of which:	33.95%	17.56%
<i>Pension funds and privately managed funds</i>	11.46%	1.83%
<i>Other legal entities</i>	5.73%	2.45%
<i>Individuals</i>	16.76%	13.28%

### About share performance

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

At the beginning of 2024, Antibiotice was in the BETPlus and BET-BK indices and was subsequently added to the BET-XT, BET-XT-TR and BET-XT-TRN indices.

The BET-XT Index - reflects the price evolution of the 30 most traded companies on the regulated market of the BVB, including financial investment companies (SIFs).

An important moment was the inclusion of the company on 23 September in the BET index, the benchmark of the top 20 companies considered the best performing on the Romanian capital market.

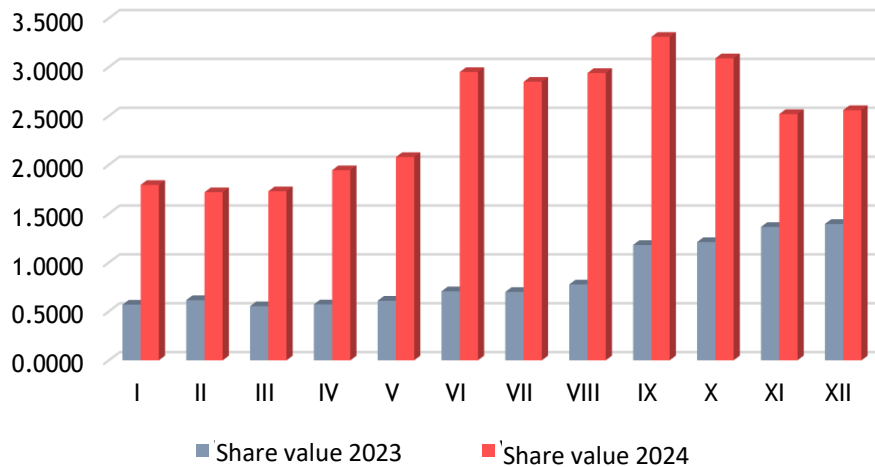
With this inclusion, Antibiotice has also been included in its gross and net total return variants, the BET-TR and BET-TRN indices, respectively.

The BET index is a free float capitalisation weighted index of the most liquid Romanian companies on the regulated market of the BVB, which meet the highest quality standards. This index was designed to be a benchmark of performance and transparency of the regulated market administered by the BVB.

Antibiotice's performance has contributed to increasing the interest of local and international investors and at the same time demonstrates that the success of listed companies attracts new investors and stimulates the development of the capital market.

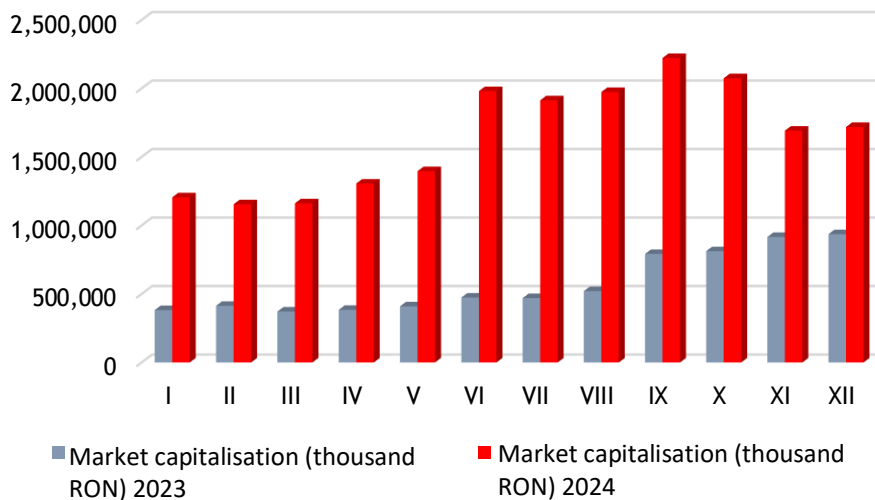
ATB shares closed the last trading session of 2024 at RON 2.56, up 84.17% from the last trading session of 2023, when they were at RON 1.39. In the period 09.09.2024 ÷ 21.11.2024, the value of Antibiotice share exceeded the threshold of 3.00 RON, reaching on 26.09.2024 a historical maximum of 3.44 RON. This context has positioned Antibiotice as one of the most traded companies on the stock exchange. This performance was recognised at **BVB Awards 2025**, where Antibiotice won the BET-XT's highest investor return award.

### Share price 2024 vs 2023



At the end of 2024, Antibiotice S.A. recorded a market capitalisation of 1,718,625 thousand RON, up 83.51% compared to the value at the end of 2023.

### Evolution of Market Capitalisation 2024 vs 2023

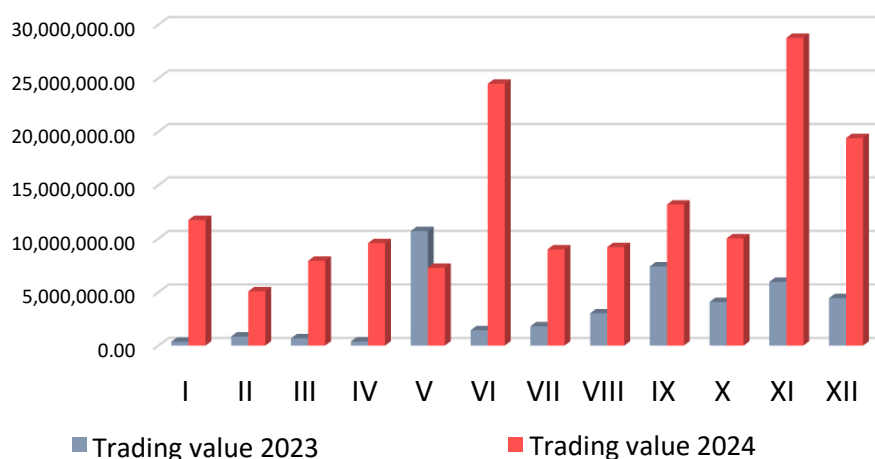


During 2024, 172,950,251 shares were traded, an increase of 249.17% compared to the 49,531,258 shares traded during 2023.

The trading value at the end of 2024 was 447,116,977 RON, up 987% from the end of the previous year. To this increase contributed with RON 291,500,000, the value obtained from the trading of 110,000,000 shares sold by Infinity Capital Investments S.A., following the finalisation of an accelerated private placement operation.

Net of the value obtained from the private placement, the value traded during 2024 was RON 155,616,977, 278% higher than the value traded during 2023.

## Total trading value 2024 vs 2023



(\*) Trading value does not include private placement

Shares Antibiotice S.A.- (ATB)/Regular List

	2020	2021	2022	2023	2024
Number of shares	671,338,040	671,338,040	671,338,040	671,338,040	671,338,040
Market capitalisation (thousand RON)*	326,270	406,831	379,977	936,517	1,718,625
Market capitalisation (thousand euro)*	66,935	82,211	76,803	188,260	345,355
Market capitalisation (thousand \$)*	82,163	93,022	81,987	208,309	360,669
Total traded value (million RON)	14	44	8	41	447
Number of shares traded	27,085,005	80,534,368	14,651,742	49,531,258	172,950,251
Opening price (RON/share)	0.5120	0.4940	0.6060	0.5660	1.3950
Maximum price (RON/share)	0.5550	0.6080	0.6100	1.5500	3.4400
Minimum price (RON/share)	0.4130	0.4800	0.4800	0.5400	1.3600
Price at the end of the period (RON/share)	0.4860	0.6060	0.5660	1.3950	2.5600
Average price (RON/share)	0.5079	0.5913	0.5408	0.8301	2.5852
Earning/share (RON/share)***	0.0418	0.0446	0.0574	0.1214	0.1522
Gross dividend/share (RON/share)**	0.00330631	0.0031980923	0.00792224	0.0829228506	0.020557268
Dividend yield****	6.5%	0.65%	1.31%	8.1%	1.47%
Dividend distribution rate*****	8.4%	7.2%	13.8%	38.1%	13.50%

\* Calculated on the basis of the share price on the last trading day of that year,

\*\* Dividends proposed and approved,

\*\*\* The calculation of earnings per share is based on the net profit for each year,

\*\*\*\* Dividend per share/share price on the first trading day of each year,

\*\*\*\*\* Dividend payout ratio = (total number of shares x gross dividend per share)/total net profit.

### Dividends

The General Meeting of Shareholders approved on 1 July 2024 the distribution of a gross dividend per share for the financial year 2023, amounting to RON 0.082922, which represents 90% of the net profit for the year 2023, after deduction of reserves for tax facilities established according to the law.

During the year 2024, dividends were paid for the financial years 2020, 2021, 2022 and 2023, in the amount of 48,166,988.70 RON, as follows:

## Dividend history 2020- 2021-2022-2023

Period	Net dividends								
	Due	Settled				total paid	Not taken until 31 December 2024		Dividend payment limitation date
		RON			Total		RON	%	
		Until 31 December 2023	01.01 ÷ 31.12.2024						
0	1	2	3	4	5	6	7=6 /1	8	
2020	2,208,009.98	2,023,308.19	3,611.30	2,026,919.49	91.80	181,090.93	8.20	19 September 2024	
2021	2,136,257.01	1,954,103.89	4,851.68	1,958,955.57	91.69	177,301.43	8.31	Payment in progress	
2022	5,025,047.00	4,595,719.78	15,427.07	4,611,146.85	91.75	413,900.15	8.25	Payment in progress	
2023	52,587,262.46	-	48,143,098.65	48,143,098.65	91.51	4,444,109.35	8.49	Payment in progress	

### Strategic adaptation of human resources

The objectives pursued are: to implement and develop strategies to motivate and retain valuable employees as well as to attract employees with skills adapted to the pharmaceutical industry, correlated with current labour market trends.

### Implementing modern human resources management

In order to continuously modernise the human resources management in line with the pharmaceutical industry trends and to support the ambitious business objectives of "The future Together" plan, with targets until 2030, projects have been developed in the following axes:

- Analysis and redefinition of the organisational structures within the company, adapted to modern human resources principles, correlated with the need for business growth in 2025 - 2030, as well as with market trends. In the period January - December 2024, in order to achieve an optimal internal organisational framework, activities within the company were reorganised / established (e.g. within the Pharmaceuticals division - National Sales division by setting up the Online Sales structure).
- Adapting motivational packages in order to attract and retain valuable employees (key functions) and increase retention. In 2024, the Staff Salary and Motivation Policy was updated by analysing all categories of staff and introducing new strategic categories, taking into account the need to stimulate professional performance.

From the perspective of the tax facilities provided for in the current legislation, the motivational system is grouped by elements as follows:

- ✓ Limit of 33% of the employee's basic salary - facility granted: private health insurance
- ✓ Limit of 5% for social expenses from the amount of staff expenses; facilities granted: transport insurance for staff, social allowances for family events, awards for public holidays.
- In 2024, salary and motivation elements have been updated (e.g.: value of meal vouchers, number of private health insurance, minimum salary reference for secondary education, etc).
- The company-wide staff retention rate in 2024 was 97.20 per cent, maintained at last year's retention rate and above the planned rate of 95 per cent.
- Running employee training and skills development programmes. In 2024, a cumulative average of 44 hours of professional training per employee was programmed and 50.19 hours per employee were realised, including training hours: in areas with legal training requirements, sessions with internal lecturers, with external providers and on the e-Learning platform.



The 2024 annual training plan for developing employee competences with external providers is part of the **Academia a+** project and is adapted to the requests and dynamics of the training needs identified at company level, in line with the pharmaceutical market trend.

The a+ Academy has two essential pillars: The a+ Technical College, which offers practical training in the pharmaceutical field, and the a+ Business School, created for the continuous development of professional skills.

- Collaboration with the university and pre-university environment. The collaboration with the university environment materialised in 2024 in actions aimed at developing the practical skills of students through internship programmes, so that the most valuable among them can be recruited within the company.

Among the projects carried out with the university environment, we mention the organisation of internships for 75 students of the Technical University of Iasi, "Al.I.Cuza" University of Iasi, "Gr.T.Popa" University of Medicine and Pharmacy (UMF) Iasi, as well as 12 residents from the Faculty of Pharmacy, UMF "Gr.T.Popa" Iasi.

In order to train future specialists with theoretical training specific to the pharmaceutical field, in 2024 Antibiotice participated as a partner in the process of approval and inclusion in the postgraduate programme of the Faculty of Pharmacy Iasi of two master's programmes:

- Regulatory affairs - Pharmaceutical regulation and authorisation, 1 year
- Assessment of the safety of pharmaceutical products (pharmacovigilance), lasting 2 years.

Among the projects carried out with the pre-university environment, we mention that Antibiotice has signed contracts for vocational training through dual education with partner high schools for the period 2024 - 2027:

- "Petru Poni" Technological High School for the qualification of operator in the pharmaceutical and cosmetics industry (vocational school, 3 years) - 24 students
- Technological High School Mechatronics and Automation for the qualification low voltage electrician - 12 students
- Technical College "Mihail Sturdza" for the qualification of equipment electrician - 12 students

During 2024, internships were provided for 190 students from the qualifications agreed in the partnerships signed within the a+ Academy. Also, teaching activities were supported through study visits for a total of 1,030 pupils in the framework of the "Scoala altfel – Saptamana verde" programme.

At the same time, the company has applied and obtained a favourable opinion for the financing of two projects regarding internships for students from technological high schools and students from the universities of Iasi, within the Education and Employment Programme (PEO), aiming to improve the access and relevance of vocational and technical education.

A notable example is the project **"Education in Action: Improving the Accessibility and Relevance of Vocational and Technical Education through Internships within Antibiotice S.A."**, with a value of 2,452,958.07 RON, implemented for a period of 36 months, starting with 1 December 2024. This project aims at organising internships for 254 students from pre-university, vocational and technical education, facilitating the integration of key competences, including entrepreneurial and digital competences.

Antibiotice S.A. will also run the project **"Antibiotice Skills: Students Development and their Adaptation to the Labour Market"**, with a value of 4,857,830.53 RON, financed by the European Social Fund Plus (ESF+), with an implementation period of 24 months. In the framework of this project, 251 students will participate in internships in a real working environment within the company. The project is in the contracting stage.

### **Modernising organisational culture**

According to the 2024 work plan, sports, recreational, social and cultural actions, programmes and activities were organised throughout the year, involving approximately 950 employees.

### **Strategic adaptation of the product portfolio**

#### **Portfolio Management**

The expansion of the product portfolio is a major contributor to the development of Antibiotice S.A. on the domestic and international markets and is realised both through its own research and development activity and through business development.

Products in the current portfolio are carefully monitored, with actions being taken to adapt to national requirements and international regulations, by analysing therapeutic trends, medical guidelines, new efficacy and safety studies.

The current portfolio includes 187 actively marketed products from 11 therapeutic classes and is composed of:

- generic medicines for human use (prescription medicines - prescription and non-prescription medicines - OTC);
- food supplements, cosmetics and medical devices;

- active substances obtained by biosynthesis process by cultivation of the microorganism *Streptomyces noursei*;
- veterinary medicines;
- biofertilisers obtained by biosynthesis process from *Bacillus megaterium*, *Azotobacter chroococcum* and *Azospirillum lipoferum*.

The prescription product portfolio is composed of the following therapeutic classes: anti-infectives - including drugs for the treatment of tuberculosis, cardiovascular drugs, digestive tract and metabolism class, preparations for the treatment of gynaecological diseases, dermatological and central nervous system preparations.

The non-prescription portfolio is represented by OTC medicines, food supplements, cosmetics and medical devices. They are intended for health maintenance, prophylaxis or as an adjuvant in certain high-incidence diseases.

Division	Number of products	Of which new products
Oral Solid Forms	86	18
Topical Forms	55	3
Sterile Products Forms	42	
Active Substance	4	

### New products

The main objective of the future portfolio is to consolidate the position on the domestic market and to capitalise on the potential of international markets, assimilating products that are in the latest prescription and consumption trends.

The main strategic directions of development of this portfolio are addressing infectious, dermatological, cardiovascular, digestive tract, musculoskeletal and central nervous system diseases.

The portfolio of oral forms was completed in 2024 with 4 new prescription products in the anti-infective class (critical medication according to the list published by the EMA), 4 food supplements intended to relieve symptoms of urinary tract infections, abdominal discomfort, cardiovascular health and favour natural sleep, 1 medical device intended for the digestive tract and 1 suspension to complete the cold and flu portfolio.

The portfolio of oral forms has been completed with the portfolio of veterinary products which includes 8 products from the range of veterinary supplements (used in the treatment of skin disorders, acute urinary tract diseases or infections, improving immunity, restoring and maintaining intestinal flora, joint health, liver function and supporting kidney function).

The portfolio of the topicals division was completed with 3 new products: 1 medical device intended for the prevention and treatment of hypertrophic and keloid scars and 2 dermatocosmetic products, part of a line of products for the care of seborrheic, acne-prone skin.

### Promotional activity

#### A. Communication to health professionals (PDS)

In 2024, the company Antibiotice S.A. participated in events for the medical specialties Dermatology, Infectious Diseases, Pneumology & Pneumophthiology, ENT, Urology, ICU, Gynaecology, Emergency Medicine, Cardiology, Paediatrics, Family Medicine and Pharmacy. The participation had the following objectives: increasing the visibility of the company brand and product brands, launching and promoting products, networking and developing relationships with partners, understanding the market and competition. These scientific events are organised by the main professional, academic and scientific societies and associations in Romania.

5 veterinary medical events have been organised in the main cities with veterinary university centres and with a number of veterinary professionals above the country average.

#### B. Communication to the general public

The over-the-counter portfolio was supported during the year by:

- Online social media communication for dermo-cosmetics and food supplements
- Offline TV communication for the following brands: Zinba®, SimbiFlora®, Silithor®, Clafen® and Saliform® Forte;
- Offline radio communication for the following brands: Zinba®, Simbiflora® gama, Clafen®, Saliform® Forte, Urexpert® Equilibra® Plus, Lejer Anti-Gas®;
- Public events such as World Breastfeeding Week, INIMO - International Festival of Life and Good Deeds or World Heart Day.

## Research and business development activities

The development of the product portfolio is realised in line with the strategic directions set out in "The Future Together 2030" business plan.

The assimilation of new products in the company's portfolio takes place both through R&D projects carried out within the INOVA a+ centre and through the acquisition of licences for those products that we want in our portfolio but which are not compatible with the existing manufacturing flows in terms of pharmaceutical forms, product classes or packaging.

In 2024, within INOVA a+, research project milestones were carried out for both prescription products (prescription medicines) and non-prescription products (OTC, food supplements, medical devices and dermatocosmetics).

The multi-annual nature of R&D projects highlights the complexity of the process of realising a new product in accordance with international regulations applicable to the pharmaceutical field.

Since the beginning of the year, the INOVA a+ centre has carried out various stages of research for a total of 49 projects, 10 of which have already been successfully completed during the year. The rest of the projects are in various stages of research, according to the established planning.

The distribution of the 49 projects by division is as follows:

- *Topical Products Division - 28 projects.*
- *Oral Solid Forms Division - 11 projects.*
- *Sterile Injectables Division - 10 projects.*

The 10 projects finalised in research in 2024 will complete the company's portfolio from 2025.

With regard to clinical trials, in accordance with international legislation applicable to the pharmaceutical field, for certain categories of products it is necessary to demonstrate therapeutic efficacy and safety in use by interpreting the data obtained following the administration of medicinal products to human subjects.

Thus, in 2024, various stages of clinical trials were conducted for a total of 5 products. Of these, 3 clinical trials (2 topical products and 1 oral product) were successfully finalised during the mentioned period, the remaining 2 being in various stages according to the set schedule. The results obtained from the clinical trials are a mandatory part of the authorisation documentation of the respective products, but also an important advantage in communicating the benefits of Antibiotice branded products to health professionals.

The development of the portfolio was also supported by In-licensing projects managed by the Business Development Department. In 2024, 15 new products have been contracted to complete 4 therapeutic classes that we plan to develop: 6 products in the class anti-infective products, 4 products in the class Genito-urinary system, 4 products in the concept Cold and Flu, 1 product in the class Blood and Haematopoietic Organs. The registration procedures for these products have been initiated in order to valorise the products in line with "The Future Together 2030" business plan.

## Continuous improvement of the integrated management system (Quality, Environment, Health and Safety at work)

Ensuring product quality, reducing quality incidents, incidents of any nature with repercussions on human health, the environment, is the main ethical, moral and professional concern at the company.

Resolving and investigating complaints and quality defects is a priority objective for the company, thus using them as constructive tools to increase the company's performance, contributing to the improvement of processes and internal working methods. By the way we handle and prioritise the resolution of complaints, we gain loyalty and trust from our customers, thus strengthening the reputation of our company.

During 2024 a total of 13 partner audits took place: 5 for the manufacture of parenteral products, one for the manufacture of topical products and 6 for the manufacture of the active substance and a surveillance audit by TUV Rheinland for ISO 9001, 14001, 45001 certifications. The audits were carried out in good conditions, Antibiotice S.A. continuing the partnerships initiated, respectively the certification body recommended the maintenance of ISO certificates.

In the perspective of the company's continued strategic development, Antibiotice is constantly concerned with process improvement and alignment with changing legislation. In this regard, during 16-17 September 2024, the ANMDM inspection took place to authorise the extension of the raw materials warehouse, a new microbiology laboratory within the Quality Control, as well as the replacement of major equipment in 2 production sections.

In order to develop and sustain business partnerships, the qualification of strategic suppliers was planned in order to: perform supplier audits (online/onsite/third party reports), respectively to elaborate Quality Agreements / Commercialisation Contracts. Thus, the activities regarding the qualification of the suppliers of raw materials/primary packaging materials/finished products were carried

out, which were completed without identifying any critical non-conformities, being accepted as authorised suppliers for Antibiotice S.A..

A total of 39 quality contracts/agreements have been initiated/evaluated/finalised with producers of active substances and finished products.

With reference to the periodic training on specific GMP topics, on the internal component they took place according to the approved Annual Training Plan, and on the external component the members of the Quality Assurance department attended 9 workshops / conferences (online, onsite) organised by external providers on topical issues specific to the pharmaceutical industry.

### **Environmental responsibility**

During the year 2024, the Water Management Authorisation no. 20/30.03.2021, issued by the Prut Barlad Water Basin Administration, and the Integrated Environmental Authorisation no. 3/29.09.2021, issued by the Iasi Environmental Protection Agency, were maintained.

The visit carried out by APM Iasi representatives (10.09.2024) ended with the issuance of the annual visa no. 605/16.09.2024, which aimed to verify compliance with the provisions of the Integrated Environmental Authorisation. No violations of applicable legal requirements were found.

At the same time, the control carried out by the representatives of the Environmental Guard in November 2024, ended with the conclusions that the company complies with the regulations in force, and no sanctions or corrective measures were necessary.

In November 2024, Antibiotice audited the compliance of the operations carried out by the OIREP (Organisations Implementing Extended Producer Responsibility Obligations) with which we have a contract, with the regulations in force and the assessment of the traceability of documents. The audit results confirmed that all processes are compliant and in accordance with legal requirements.

Information on environmental aspects at company level was communicated to the institutions with specific attributions (Iasi Environmental Protection Agency, Romanian Waters, Environmental Guard), all the reports required by the authorisations held were made, according to legal requirements.

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

Antibiotice S.A. develops an integrated management policy, which has as its main objective to reduce the impact on the environment by identifying and implementing sustainable practices and technologies in all areas of activity. This policy is based on compliance with legal regulations and environmental standards such as ISO 14001, promoting the efficient use of natural resources and minimising emissions and waste.

Also in December, a consultancy contract was signed to calculate Scope 3 emissions. Collaboration with external experts will help to assess the impact of indirect emissions generated by the supply chain and other related activities in order to implement measures to reduce them (Decarbonisation Strategy), in line with international climate change regulations.

The Annual Environmental Report for the year 2023 has been prepared in accordance with the requirements of the Integrated Environmental Authorisation and published on the company's website.

In order to protect the quality of water resources, the "Plan for preventing and combating accidental pollution" has been updated .

Within the objective "Drilling works for hydrological assessment for the supply of technological water", the execution works have been started. After completion of the works, the necessary actions will be taken to renew the Water Management Permit.

In order to optimise the efficiency of wastewater treatment and the valorisation of sludge, 2 studies have been launched: "Study for the optimisation of the wastewater treatment plant" and "Study for the evaluation of the possibilities of valorisation of sludge type wastes". Both studies are currently in their final stages.

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

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

In order to monitor the quality of environmental factors, analyses on the quality of the water entering the pre-treatment plant and discharged into the municipal sewerage system were carried out in our own laboratory and by third parties. For emissions/emissions of pollutants into the air, determinations have been carried out as required by the Integrated Environmental Authorisation. No exceedances of the maximum permissible concentrations established by the Integrated Environmental Authorisation

and the Water Management Authorisation were recorded.

## **Waste management**

Antibiotice S.A. continuously improves its waste management system to ensure a sustainable and efficient approach. Thus, the completion of the landfill in 2023 has contributed to reducing our environmental impact, promoting more sustainable practices and more efficient resource management.

The specific legal requirements in the field of waste management have been fulfilled, the internal waste audit corresponding to the year 2023 has been carried out, the Programme for prevention and reduction of waste generated from the company's activity is finalised and published on the company's website.

The waste generated is collected separately and managed by authorised operators for recovery or final disposal. Some types of waste can also be disposed of by incineration in your own incinerator.

The amount of packaging placed on the Romanian market was managed (recovered) through a service contract concluded with an organisation that implements the extended producer responsibility obligations, so that the overall objective of recovery/recycling of at least 65% of the amount of packaging placed on the market was achieved in 2024, according to the requirements of Law no. 249/2015 on the management of packaging and packaging waste (updated), as well as the O.U.G. no. 196/2005 on the Environment Fund.

Corresponding to the year 2024, the company has no outstanding payments to the Environmental Fund Administration, and the overall objective of recycling/recovery of packaging waste has been met.

## **Health and Safety at Work**

In order to comply with the legislative provisions regarding the protection of employees' health, in 2024 the *2024 Prevention and Protection Plan* (revised according to the legislative provisions), the *Annual Training and Testing Programme in the field of Health and Safety at Work*, the *Annual Programme for the Periodic Medical Examination*, the *Annual Programme for Monitoring Exposure to Noxious Substances* were drawn up.

The technical measures proposed in the Prevention and Protection Plan for the year 2024 have been realised, including measures to reduce physical effort, mechanical and thermal risks.

The periodic training of the staff was carried out according to the Annual Training Programme in the field of Occupational Health and Safety (monthly, quarterly, half-yearly - depending on the specificity of each activity).

Monitoring of exposure to NOx was carried out according to the Annual NOx Monitoring Programme (100%).

## **Health assessment**

On the basis of the medical recommendations of the screening team that carried out the assessment of the locomotor health of the staff who constantly exert physical effort in the fulfilment of their work tasks (carried out in 2023), in 2024, a target group of 50 employees was defined for the first stage of the rehabilitation treatment.

In 2024, 3 other screenings were organised for employees for the preventive identification of diseases with increased incidence, according to age and other specific criteria, attended by 450 employees.

In 2024, 4 accidents at work were recorded, of which: 2 accidents at work, 1 road traffic accident and 1 road traffic accident.

## **Performance management**

### **Antibiotice in the Romanian pharmaceutical market<sup>3</sup>**

- maintains its 4th place (out of 361 companies) in consumer spending;
- 4th place boxes in the generic prescription and non-prescription segment (4.6% market share);
- is the quantitative (IU) leader in the total market for the pharmaceutical dosage forms ointments (19.9% out of a total of 132 companies), suppositories and ova (32.2% out of a total of 50 companies) and injectable powders (60% out of a total of 62 companies);

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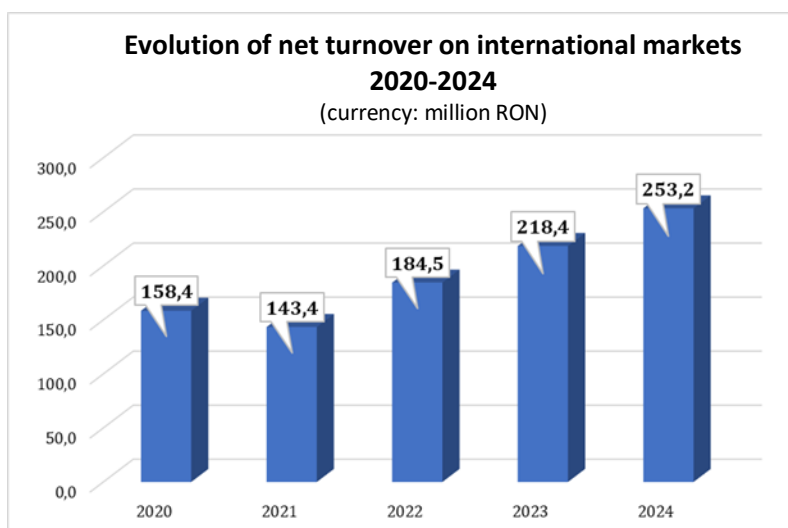
<sup>3</sup> Data source: Cegecim Sell Out Romania

- occupies third place, by number of boxes in the total market by capsule pharmaceutical form (6.1% of a total of 196 companies);
- is the value leader in the segment of generic prescription and non-prescription medicines marketed in hospitals, with a market share of 13.2%, in a market in which 250 companies are active;
- provide 91% of the physical consumption of injectable beta-lactam penicillins, 83% of the physical consumption of injectable cephalosporins and 88% of the physical consumption of carbapenems;
- provides 98.8% of the physical consumption of oral anti-tuberculosis products (being a partner of the Ministry of Health on this programme);
- account for one third of the consumption of oral penicillins and cephalosporins (36%);
- provides 39% of topical prescription treatment for dermatological conditions;
- account for 76% of paediatric topical analgesics and antipyretics consumption;
- provide 19% of topical anti-inflammatory medicines.

### Antibiotice on the international market

In 2024, revenues from sales of finished products and active substances on the international market totalled RON 256 million, up 16% compared to the previous year (RON 220.7 million).

Net turnover on the international market in 2024 was RON 253.2 million, up by 16% versus 2023 (RON 218.4 million).



### Export of finished products

Sales of finished products account for about 62% of the export turnover - 156.3 million RON, up by 18% compared to the previous year (132.3 million RON). In North America, sales are consolidated at around 33 million RON/year, all other regions are up by at least 15% compared to 2023, both in terms of traditional territories for the company (Vietnam, UK, Republic of Moldova, Denmark, Canada, Iraq) and new territories accessed in the period 2023-2024 (Saudi Arabia, Poland, Italy, Czech Republic, United Arab Emirates). The added value comes mainly from Europe, which accounts for 43% of the value of exports of finished products. Antibiotice's footprint in the EU area has been growing year on year, among the latest countries added to the portfolio being: Italy, Poland, Czech Republic, Bulgaria.

In the year 2024, Antibiotice participated and won several national, multi-annual tenders with a total value of approx. 4.2 million Eur/year in the UK, Hungary, Malta, Bulgaria, Lithuania, Hungary, Malta, Bulgaria. Virtually 1 in 2 hospitalised patients in the UK in 2024 is treated for bacterial infections with Amoxicillin/Clavulanate and Flucloxacillin sterile injectable powders manufactured by Antibiotice, and 1 in 3 patients with Piperacillin/Tazobactam.

Another region where Antibiotice focused in 2024 was the Middle East region, generating a doubling of sales in 2024 compared to 2023, as a result of the start of sales in the United Arab Emirates and increased exposure in the Saudi Arabian and Iraqi markets on both the anti-infective and cardiovascular portfolios.

In addition to the new markets in Europe and the Middle East where sales have been initiated this year, we also mention Australia, where we made our first sales in September. In perspective, we plan to initiate the registration of at least two new products to develop Antibiotice's presence in this area.

In terms of pharmaceutical dosage forms, the top sales leaders are packaged medicines in sterile powder form, with a 24% increase in volume compared to 2023, and prescription medicines in tablet form, with a 36% increase compared to 2023.

#### **Export of active substances**

The activity carried out in 2024 confirms the trend of the last three years of consolidation of its position on the world market, with the active substance produced by Antibiotice being sold in more than 55 countries worldwide. During the period under review, progress was recorded in the main development projects in Europe, North America and Asia, capitalising on the consumption potential in these areas and continuing the good development of the main export markets.

#### **Economic and financial performance**

##### **Management of financial flows and operational expenditure**

The effect of all activities during the financial year 2024 is summarised in the individual financial statements prepared in accordance with International Financial Reporting Standards. The realised level of the main indicators reflecting the financial performance at 31.12.2024 compared to the realised level at the end of 2023 is shown in the following table:

Indicators	31.12.2024	31.12.2023	-RON- 31.12.2024 / 31.12.2023
<b>A. Total revenue, of which:</b>	<b>692,983,751</b>	<b>640,726,948</b>	<b>8%</b>
<b>1. Operating revenue</b>	685,368,808	629,266,367	9%
1.1 Revenue from contracts with customers (turnover), of which:	675,010,971	600,780,825	12%
revenue from the sale of products realised on own websites	530,471,197	482,092,932	10%
revenue from the sale of products realised on partner websites	143,650,793	117,383,457	22%
revenue from the provision of services	888,981	1,304,436	-32%
1.2 Other operating income	2,335,250	1,424,282	64%
1.3 Subsidy income	439,209	270,907	62%
1.4 Changes in stocks of finished goods and work in progress	-3,531,922	13,408,502	-126%
1.5 Revenue from fixed asset projects	11,115,300	13,381,851	-17%
<b>2. Financial income</b>	<b>7,614,943</b>	<b>11,460,581</b>	<b>-34%</b>
Foreign exchange gains	7,613,145	11,456,207	-34%
Bank interest income	1,798	4,374	-59%
<b>B. Total expenditure, of which:</b>	<b>589,871,189</b>	<b>549,202,703</b>	<b>7%</b>
<b>1. Operational expenditure:</b>	577,980,490	532,733,136	8%
Expenditure on raw materials and materials	145,349,297	157,104,754	-7%
Expenditure on products realised on partner websites	85,233,701	61,063,703	40%
Expenditure on electricity	8,669,770	13,741,049	-37%
Natural gas expenditure	7,095,893	9,620,298	-26%
Expenditure on drinking water and sewerage	2,135,620	1,972,936	8%
Expenditure on employee benefits	165,385,364	156,053,526	6%
Other operating expenses (*)	119,053,059	105,301,310	13%
Depreciation and adjustments for impairment on fixed assets, net	45,057,786	27,875,560	62%
<b>2. Financial expenses</b>	<b>11,890,699</b>	<b>16,469,567</b>	<b>-28%</b>
Expenses from exchange rate differences	7,349,193	12,323,961	-40%
Bank interest expenses	4,541,506	4,145,606	10%
<b>Operating profit/loss</b>	<b>107,388,318</b>	<b>96,533,232</b>	<b>11%</b>
<b>Financial result</b>	<b>-4,275,756</b>	<b>-5,008,986</b>	<b>-15%</b>
<b>Gross profit</b>	<b>103,112,562</b>	<b>91,524,246</b>	<b>13%</b>
Corporate tax expenses	909,734	10,435,650	-91%
<b>Net profit</b>	<b>102,202,828</b>	<b>81,088,596</b>	<b>26%</b>

The responsible and rigorous development of activities in the period 2024, constantly monitoring the impact in achieving the objectives of The Future Together Business Plan led to **total revenues** of 693 million RON, 8% higher than the amount recorded in the same period of the previous year.

The increase in total income is the positive effect of:

- expanding the presence of Antibiotice S.A. in new territories with products that define the strategic portfolio;



- increasing the value of sales in the closed circuit (hospital) pharmacy segment;
- increasing the sales value in an optimised structure in the open circuit (retail) pharmacy segment;
- strengthening the sales of active substance obtained on the basis of biotechnologies derived from streptomyces noursei for pharmaceutical use and maintaining its position as world leader.

The effort made to realise the total revenues, expressed by **total expenses**, amounted to 590 million RON, 7% higher compared to the value recorded in the similar period of the previous year, being in correlation with the structure of products manufactured and sold.

**Gross profit** amounts to 103.11 million RON, 13% higher than the amount realised in 2023.

According to their nature, the statement of revenue, expenses and implicitly the recognised result is as follows:

- **operating revenues**, amounting to 685.37 million RON, 9% higher than the level of 629.27 million RON realised at the same date of the previous year, due to the increase in the value of product sales realised on its own websites and on partner websites.

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

- **net turnover** (income from contracts with customers) realised in 2024 is 675 million RON. Compared to the same period last year, net turnover is 12% higher, of which:
  - ✓ **the net turnover realised on the Romanian market** amounts to 421.8 million RON, 10% above the level achieved in the same period of the previous year, a favourable effect of the redefinition of the way of working with the national distributors and chains in Romania, the main objectives being to increase the market share correlated with the sales potential of the products in each of the segments of the pharmaceutical market, namely: hospital, chain and mini-chain and independent pharmacies;
  - ✓ **the net turnover realised on the international market** amounts to 253.2 million RON, 16% higher than in the same period of the previous year, a positive effect of Antibiotice S.A.'s territorial expansion strategy.
- **income from property projects**. Amounts invested in the development phase of research and development projects are recognised, in accordance with IAS 38 Intangible Assets, as income from intangible asset projects. Their value in 2024 is 11 million RON. The works realised on own account on tangible fixed assets, recorded according to the legal regulations as income from the production of tangible fixed assets, amount to 0.12 million RON.
- **income from changes in stocks of finished goods and work in progress**.

The combined effect of the production and sales structure resulted in an amount of income from changes in inventories of finished goods and work in progress of -3.53 million RON.

- **operating expenses**: 577.98 million RON, higher compared to the same period of the previous year (532.73 million RON), in line with the increase in revenues;
- **expenses with raw materials and consumables** of 145.35 million RON, lower by 7% compared to the level of 157.10 million RON in the same period of the previous year, are in line with the manufacturing structure and specific consumption related to the realised production;
- **expenses with products realised on partner sites** in the amount of 85.23 million RON are 39.6% higher compared to the same period of the previous year, amounting to 61.06 million RON, in line with the sales structure of these products.
- **the expenditure for electricity, natural gas, drinking water** is 17.9 million RON. Compared to 31.12.2023, when they totalled RON 25.33 million, these expenses are lower by RON 7.43 million. The structure of the manufactured production and the optimisation of specific technological processes resulted in a lower quantitative consumption of utilities, with a value influence of 0.82 million RON. Utility tariffs, below those realised in the same period of the previous year, determined a decrease in the value of these expenses by 6.58 million RON.
- **employee benefits expenses** - the remuneration of the workforce for the activity carried out in 2024 generated expenses in the amount of 165.39 million RON, higher than the amount as at 31.12.2023 (156 million RON).
- **other operating expenses** - their amount is 119 million RON, 13% higher than in the same period of the previous year.

Indicators	31.12.2024	31.12.2023	-RON- 31.12.2024 / 31.12.2023
<b>Total other operating expenses, of which:</b>	<b>119,053,059</b>	<b>105,301,310</b>	<b>13%</b>
Expenditure on other taxes and duties	52,144,851	47,588,521	10%
Promotion expenses	29,669,420	24,950,769	19%
Expenditure on services performed by third parties	14,398,758	12,226,022	18%
Transport costs	4,514,550	4,199,124	8%
Expenditure on insurance premiums	3,687,072	2,818,950	31%
Expenditure on repairs	2,401,474	2,545,491	-6%
Protocol expenses	1,758,584	1,126,604	56%
Travelling expenses	1,708,513	1,643,571	4%
Environmental protection expenditure	1,410,289	1,485,956	-5%
Expenditure on vocational training	1,379,270	955,676	44%
Sponsorship and donations	821,912	1,059,242	-22%
Representation expenses in territories	814,208	1,039,541	-22%
Postal charges and telecommunications	748,741	562,380	33%
Rent expenditure	649,523	595,149	9%
Bank commission expenses	504,071	504,921	0%

The types of expenses by nature included in other operating expenses are:

- **taxes and duties**, totalling 52.14 million RON, of which:
  - claw-back tax, with a 75.6% share. Its value is 39.42 million RON, above the level recorded in the previous year of 37 million RON, being correlated with the level of sales of medicines subject to this tax on the Romanian market. The claw back fee is regulated by GEO no. 77/2011 on the establishment of certain contributions for the financing of certain health expenditures, it is paid quarterly to the State Budget for prescription drugs, included in national health programmes, with or without personal contribution, used in outpatient treatment on prescription through open circuit pharmacies, for those used in hospital treatment, paid from the National Single Fund for Social Health Insurance and from the budget of the Ministry of Health;
  - fees for registration and maintenance of product certification with the regulatory authorities, which account for 15%;
  - local taxes and duties (buildings, land, means of transport), which account for 5.4%;
  - the contribution to the solidarity fund is 3.5%.
- **expenses for the promotion of the products** in the portfolio and of the company, their value is 29.67 million RON, 19% higher compared to the value recorded in 2023. The main categories of promotional activities are:
  - promotional campaigns to the general public (TV, radio, on-line), which represent 40% of the total;
  - campaigns for the promotion of non Rx products in partnership with distributors which are run both through national pharmacy chains and through mini- and independent pharmacies;
  - promotion in media publications, brochures and magazines for the general public, realisation and support of presentations produced by health professionals at scientific events;
  - providing product samples and personalised promotional materials (necessary for brand promotion and communication, as part of the actions carried out to increase the visibility and notoriety of the products, as well as to increase the loyalty of the target audience);
  - scientific promotion/participation in congresses.
- **expenses for services performed by third parties**, amounting to 14.4 million RON, which include services for serialisation of medicines, equipment qualification, equipment maintenance, customs services, physico-chemical analyses (nitrosamine analyses);
- **expenses for the transport of goods and personnel** in the amount of 4.5 million RON, incurred for the transport of finished products free at destination, sold on the domestic and international markets;
- **expenses with insurance premiums** amount to 3.68 million RON, including the value of insurance premiums paid for:
  - optional insurance granted to employees on performance criteria;

- securing internal and external claims;
  - insurances for vehicles in the fleet;
  - insuring products during domestic and international transport;
  - liability insurance for patients' consumption of medicines, mandatory for sales in the US market.
- **expenses with maintenance and repairs** in the amount of 2.4 million RON necessary to maintain in optimal condition the production equipment, consolidation of some constructions, maintenance and repair of the car fleet;
  - **protocol expenses** are intended to support sales through participation in events to increase product awareness among the general public and in scientific events, amounting to 1.76 million RON;
  - **travelling expenses** amount to 1.7 million RON, 4% higher compared to the level recorded in 2023, being necessary to support the development and consolidation of the business. The diversity of activities carried out at the company level, with specific legal regulations involves travelling to the authorities, to business partners both in the country and abroad to strengthen and develop new partnerships, participation in international conferences and events in the field of pharma and professional training courses;
  - **environmental protection expenses**, amounting to 1.4 million RON, are represented by the amounts paid to the electricity supplier for the green certificates attesting that the supplier produces electricity from renewable sources, as well as environmental taxes paid to authorised suppliers for waste recycling;
  - **expenses with professional training** in the amount of 1.38 million RON, above the amount recorded in the previous year, necessary to maintain / improve the professional level of employees;
  - **donations and sponsorship expenses**, amounting to 0.82 million RON, are the amounts allocated to social responsibility projects in which the society is actively involved, with a view to sustainable development;
  - **representation expenses in the territories** in the amount of 0.81 million RON, lower compared to the level recorded in the previous year. Selling products in Antibiotice's territories involves entering into contracts with partners in those areas to manage the registration of products with the authorities and to broker sales in the market;
  - **postal and telecommunication charges** amount to 0,74 million RON, these expenses are necessary for the realisation of the necessary communication for the activities;
  - **expenses with rents**, totalling 0.64 million RON, incurred for communication with partners;
  - **expenses with bank commissions** paid for current operations of collections and payments, in RON and foreign currency, as well as for the renewal of the financing contract for operational activity, have a level of 0.54 million RON.

The change in adjustments to current assets is in line with the realised income, amounting to RON 3.76 million.

**Operating profit** - the operating profit for the year 2024 totalled RON 107.39 million, 11% higher than in the same period of the previous year (RON 96.53 million).

From the financial activity, at the end of 2024, financial income in the amount of RON 7.6 million was recorded, represented by income from exchange rate differences and interest income, and financial expenses in the amount of RON 11.89 million (represented by expenses from exchange rate differences and interest expenses), which resulted in a negative financial result of RON 4.28 million lower than the one realised as at 31.12.2023 (RON 5 million).

The amount of expenses from exchange rate differences is correlated with the evolution of exchange rates (average euro exchange rate 31.12.2024: 4.9746 RON, average euro exchange rate 31.12.2023: 4.9465 RON, average dollar exchange rate 31.12.2024: 4.5984 RON, average dollar exchange rate 31.12.2023: 4.5743 RON), payments and receipts in foreign currency and the evolution of the balance of external claims and debts.

## Statement of financial position

Indicators			-RON-
	Period ending 31 December 2024	Period ending 31 December 2023	31 December 2024/ 31 December 2023
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	749,395,619	692,361,541	8%
Intangible assets	55,168,937	45,526,698	21%
<b>Total fixed assets</b>	<b>804,564,556</b>	<b>737,888,239</b>	9%
<b>Current assets</b>			
Inventories	169,858,775	160,214,484	6%
Trade and similar claims	298,073,567	235,771,990	26%
Deferred expense	4,078,280	3,489,615	17%
Cash and cash equivalents	2,681,342	1,807,930	48%
<b>Total current assets</b>	<b>474,691,964</b>	<b>401,284,019</b>	18%
<b>Total assets</b>	<b>1,279,256,520</b>	<b>1,139,172,258</b>	12%
<b>Equity and debt</b>			
Equity capital			
Subscribed capital	67,133,804	67,133,804	0%
Revaluation reserves	213,945,112	225,417,959	-5%
Legal and other reserves	412,159,000	324,877,598	27%
Retained earnings	201,070,907	229,534,759	-12%
<b>Total equity</b>	<b>894,308,823</b>	<b>846,964,120</b>	6%
<b>Long-term debts</b>			
Bank loans and debts	85,715,093	36,750,203	133%
Subsidies for investment - non-current portion	5,145,731	1,586,415	224%
Deferred tax liabilities	59,031,869	63,401,227	-7%
<b>Total long-term liabilities</b>	<b>149,892,693</b>	<b>101,737,845</b>	47%
<b>Current liabilities</b>			
Trade and similar debts	169,233,444	150,780,362	12%
Bank loans	54,994,289	29,552,092	86%
Other debts	10,310,387	9,831,550	5%
Investment grants - current portion	516,884	306,289	69%
Provisions	-	-	
<b>Total current liabilities</b>	<b>235,055,004</b>	<b>190,470,293</b>	23%
<b>Total debts</b>	<b>384,947,697</b>	<b>292,208,138</b>	32%
<b>Total equity and debt</b>	<b>1,279,256,520</b>	<b>1,139,172,258</b>	12%

### Analysis of fixed assets

An important objective of the "The Future Together" Business Plan is to realise investments in order to develop and consolidate the business.

At the end of the year 2024 Antibiotice S.A. recorded an asset level of 1,279.26 million RON, in its structure fixed assets hold a share of 63% and current assets 37%.

As of the beginning of 2024, the inflows of tangible and intangible fixed assets in excess of the amount of depreciation and amortisation expenses resulted in a level of **net fixed assets** as of 31.12.2024 of RON 804.56 million, 9% higher compared to the value as of the beginning of 2024, of which:

- the net book value of **tangible fixed assets** in the assets of Antibiotice S.A. is RON 749.40 million, 8% higher than at the end of 2023.
- **intangible fixed assets**, represented by know-how, research and development projects that have reached the development phase, software licences, amount to RON 55.17 million, 21% higher than on 31.12.2023.

### Analysis of current assets

The value of current assets has increased since the beginning of the year by RON 73.4 million (+18%) mainly as a result of the increase in inventories and trade receivables (in line with the increased pace of sales).

In their structure, trade receivables have increased in line with the growing evolution of sales and the trade receivables collection period. The increase in turnover, on the domestic and international markets, in conjunction with the collection terms on the

domestic market (2023-176 days and 2024-182 days) and on the international markets (2023-59 days and 2024-58 days) and on the total (2023-167 days and 2024-171 days), resulted in a receivables value of 298.07 million RON above the level of 235.77 million RON at the end of 2023. In order to counter commercial risks, the company has taken out insurance policies for receivables on the domestic and international markets.

At the end of 2024 the stock level is 169.86 million RON, 6% higher than at the beginning of the year. The main categories of stocks are:

- raw materials and materials (totalling 70.97 million RON). These have an optimal level correlated with the production processes and with the supply rhythms on the domestic and international market;
- finished products realised on own sites and on partner sites (in the amount of 93.53 million RON), in accordance with the sales plans on the domestic and international market and with the delivery terms. Stocks of raw materials as well as finished products realised on own sites and on partners' sites are monitored and correlated with stock norms.

The amount of cash and cash equivalents in the amount of RON 2.68 million includes cash in bank accounts.

### Debt analysis

In the long term, Antibiotice S.A. aims to consolidate the net book assets, at the end of 2024, their value is 894 million RON, 6% higher compared to the value as at 31.12.2023, as a result of the favourable evolution of the economic and financial results.

**Current liabilities** at 31.12.2024 amount to RON 235.06 million, 23% higher than at the beginning of 2024. In their structure:

- short-term bank lending is 86% higher than at the beginning of the year. The value of this indicator also includes the amount of instalments to be repaid related to the investment loan contracted in 2018 with UniCredit Bank with a maturity of up to 12 months.
- trade and similar debts include:
  - debts to suppliers of raw materials, materials, services, which are overdue, totalling 86 million RON, up by 12% compared to the beginning of the year (76.5 million RON);
  - debts to suppliers of fixed assets, which are overdue, totalling 44.3 million RON, are 10% higher than at the beginning of the year (40.41 million RON);
  - contributions and taxes related to the outstanding December salaries, due on 25 January 2025;
  - dividends outstanding on 31.12.2024 in the amount of RON 8.5 million.
- other debts are represented by the amounts due to the State Budget due 25.01.2025 - the contribution to the Solidarity Fund regulated by Law no. 448/2006 on the protection and promotion of the rights of persons with disabilities (0.16 million RON) and the clawback tax for the fourth quarter of 2024, the balance amount is 10.15 million RON.

Long-term liabilities amount to 149.9 million RON, an increase of 47% compared to the amount at the beginning of 2024 is mainly determined by the amount of the loan from the European Investment Bank drawn in June 2024.

Subsidies for short-term investments in the amount of 0.516 million RON are represented by the amounts recorded on income as amortisation of investments for which subsidies were obtained, respectively:

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

The company has no outstanding obligations to the state budget, which have been paid within the legal deadline.

The cash flow, prepared using the indirect method, was determined on the basis of the gross profit, adjusted for the effects of non-cash transactions (depreciation of fixed assets, adjustment of current assets) and changes in working capital items. Its analysis shows the company's ability to generate cash from operating activities.

Situation of the indicators in the Interim Management Balance Sheet and of the economic-financial summary indicators

At the end of 2024 compared to 2023 the main indicators are as follows:

Indicators	31 December 2024	31 December 2023	31 December 2024/ 31 December 2023
<b>Income from contracts with customers (turnover) + Changes in stocks of finished goods and work in progress + Income from fixed asset projects:</b>	<b>682,594,349</b>	<b>627,571,178</b>	<b>9%</b>
Income from contracts with customers (turnover)	675,010,971	600,780,825	12%
Changes in stocks of finished goods and work in progress	-3,531,922	13,408,502	-126%
Income from property projects	11,115,300	13,381,851	-17%
Expenditure on raw materials	128,162,209	141,828,708	-10%
Material expenses	17,187,087	15276.046	13%
Expenditure on finished products realised on partner sites	85233.701	61,063,703	40%
<b>Gross margin</b>	<b>452,011,351</b>	<b>409,402,721</b>	<b>10%</b>
<b>Gross margin (%)</b>	<b>66.22%</b>	<b>65.24%</b>	<b>2%</b>
External operating expenses:	80,580,159	78,609,391	3%
Expenditure on electricity, natural gas and drinking water	17,901,283	25,334,283	-29%
Expenditure on services performed by third parties	62,678,876	53,275,108	18%
Added Value	371,431,193	330,793,331	12%
Taxes and duties	52,144,851	47,588,522	10%
Expenditure on employee benefits	165,385,364	156,053,526	6%
Depreciation expenses	45,057,786	27,875,560	62%
Impairment adjustment on current assets, net	-3,765,041	426,963	-982%
Other operating revenue	2,774,459	1,695,189	64%
Other operating expenses	7,994,373	4,010,716	99%
<b>Operating profit/loss (EBIT)</b>	<b>107,388,318</b>	<b>96,533,232</b>	<b>11%</b>
<b>Financial result</b>	<b>-4275.756</b>	<b>-5,008,986</b>	<b>-15%</b>
<b>Total revenue</b>	<b>692,983,752</b>	<b>640,726,948</b>	<b>8%</b>
<b>Total expenditure</b>	<b>589,871,190</b>	<b>549202.704</b>	<b>7%</b>
<b>Gross profit/loss</b>	<b>103,112,562</b>	<b>91,524,246</b>	<b>13%</b>
<b>Corporate tax</b>	<b>909,734</b>	<b>10,435,650</b>	<b>-91%</b>
Net profit/loss	102,202,828	81,088,596	26%
Return on gross profit (EBT)	1528%	1523%	0%
Claw back fee expenses	39,417,598	37,012,660	6%
Gross profit yield + claw-back tax	21.12%	21.39%	-1%
Net profit/loss	102,202,828	81,088,596	26%
Return on net profit	15.14%	13.50%	12%
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	152,446,105	124,408,792	23%
Current assets	474,691,964	401,284,019	18%
Cash and cash equivalents	2,681,342	1,807,930	48%
Short-term bank debt	54,994,289	29,552,092	86%
Total bank debt	140,709,382	66,302,295	112%
Indicators	31 December 2024	31 December 2023	31 December 2024/ 31 December 2023
Net book assets (equity)	894,308,823	846,964,120	6%
Current liquidity (>1.2) ((Current assets-Number- current tax receivable	8.58	13.43	-36%
Total bank debt/EBITDA (<3.5)	0.92	0.53	73%
Total bank debt / Equity (<1)	0.16	0.08	101%
<b>Debt ratio (Total liabilities/Total assets)</b>	<b>30.09%</b>	<b>25.65%</b>	<b>17%</b>
Overall solvency (Total assets/Total liabilities)	3.32	3.90	-15%
Working Capital Fund (WC) (permanent capital - fixed assets)	239,636,960	210,813,726	14%
Working Capital Requirement (WCR) (Stocks + Receivables - Trade payables)	291,949,907	238,557,888	22%
Net cash (WC - WCR)	-52,312,947	-27,744,162	89%

**Gross margin** represents the performance of the company's sales and production activity, related to the sum of turnover, income from stocked production and income from the production of intangible fixed assets. It has a level of 66.22%, above the level achieved in 2023 favourable effect of the balanced management of sales and marketing mix budgets, with an increase in the share allocated to brand projects and a decrease in the impact of commercial policies and cost management measures.

The **value added** reflects what the company adds to the economic circuit through its own calculated activity, it is calculated as the difference between the gross margin and the expenses for electricity, natural gas and drinking water and the expenses for services performed by third parties.

The **EBIT - operating profit/loss** indicator shows an increase of 12% compared to 31 December 2023.

The gross result is 103.38 million RON, higher than the amount realised in 2023 (91.52 million RON).

**Current liquidity**, determined as the ratio of current assets to short-term bank liabilities, is 8.58, above the level of 1.2 agreed by banking institutions, which indicates the company's ability to honour current bank obligations on liquid assets and to maintain short-term financial balance. Compared to the value at the end of 2023, there was a decrease in the indicator as a result of the increase in the value of operating loans and instalments falling due within one year on investment loans, from RON 29.5 million to RON 55 million, at a higher pace than the increase in current assets.

The **total bank debt to EBITDA ratio** registers a level of 0.92, being within the parameters accepted by the financial institutions (maximum level of 3.5). The value of the indicator is above the level recorded on 31.12.2023 as a result of the increase in borrowings attracted to finance investments.

The Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) indicator, which reflects the profit before interest, taxes, depreciation and amortisation, has a value of RON 152.45 million, an increase of 23% compared to the end of 2023, when it recorded a value of RON 124.41 million.

The **total bank debt-to-equity ratio** registers a level of 0.16, being within the parameters accepted by the financial institutions (maximum accepted level of 1). The increase compared to the value at the end of 2023 is justified by the amount of bank loans to finance investments attracted in 2024.

The **indebtedness ratio** indicator shows the company's ability to cover total liabilities from total assets, registering a level of 30.09% higher compared to the value at the end of 2023 (25.65%). **Overall solvency** reflects a company's ability to meet all its obligations, registering a lower level of 3.32 compared to the end-2023 value of 3.9.

The value of working capital below the value of working capital requirements resulted in a net cash indicator value of -52.31 million RON, which reflects a temporary gap in working capital financing (the average collection period in 2024 is 171 days, the average number of days of debt payment is 90 days), which the company manages through short-term bank loans.

The **Working capital** indicator shows the sustainable resources remaining available to a company after financing of fixed assets. At the end of 2024, it has a value of 239.64 million RON, an increase of 14% compared to the value of 210.8 million RON at the end of 2023.

The **Working Capital Requirement** indicator shows the short-term financial needs of the company compared to the short-term resources attracted. At the end of 2024, the increase in receivables and inventories at a higher rate than the increase in trade payables led to an indicator value of RON 291.9 million, 22% higher than the value at the end of the previous year.

The value of **fixed assets** is closely correlated with the implementation of the **investment programme**, the value of investments made in 2024 is **116.16 million RON**.

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

## I. Investment for strategic development

### I.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 Programme for 2024 has the following objectives: (a) *modernising the company's product portfolio* and (b) *providing competitive pharmaceutical products on the external market*.

### I.2. Investing in new production sites

The project " *Production capacity, packaging and storage of 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 sterile injectable and topical products on the Antibiotice S.A. industrial platform: *production, packaging and storage*.

This year saw continued investment in new warehousing capacity for finished goods. The investment started in 2023 and was completed by the end of 2024, including the purchase of shelving, lifting and transport equipment, equipment qualification, mapping of storage spaces in preparation for the ANMDM inspection to obtain the operating authorisation planned for the beginning of 2025. Design, supply and fulfilment contracts have been signed for the two manufacturing flows: Sterile topicals manufacturing flow and sterile solutions manufacturing flow. Contracts are currently in various stages of realisation.

### **I.3. Digitisation Strategy**

Antibiotice, as part of its digitalisation and computerisation plan, has prioritised investments to increase the company's efficiency, by reorganising all processes based on automation and implementation of an integrated IT system, modernising IT networks, improving IT security to provide a complete working tool.

## **II. Investments to strengthen the business**

### **II.1. Adaptation to the development trends of the industrial platform, infrastructures for utilities supply and distribution, storage of raw materials and finished products, transport and connection to the national road system,**

In order to modernise the facilities for the production and distribution of utilities, there are projects in various stages of development, which are carried out on a multi-annual basis, depending on the complexity and investment costs, for the modernisation of: drinking water networks, transformer stations and electricity distribution facilities, steam production and distribution facilities, compressed air facilities, etc. These projects aim to comply with environmental protection legislation and ensure the continuity of technological processes carried out on the platform.

### **II.2. Investments in Integrated Management System (Quality, Environment, Sustainability, Health and Safety at Work)**

Equipment was purchased to equip product quality control laboratories. In 2024 investments were made to modernise the quality control laboratories to ensure standards and operational efficiency.

### **II.3. Investment in modernising existing sites and equipment**

In 2024, procedures were carried out for the acquisition of equipment, installations, fixtures and fittings and laboratory apparatus in order to upgrade the four divisions' drug manufacturing flows. By the end of 2024, all the projects to modernise the manufacturing flows have been completed on schedule.

## **Improving Corporate Governance Systems**

Antibiotice is committed to the implementation of robust corporate governance practices designed to promote trust and accountability and to bring long-term value to its relationship with shareholders, employees, customers and other stakeholders.

Corporate governance refers to the system of rules, policies, practices and processes by which a company is governed, controlled and managed, encompassing the relationships and responsibilities between the company's management, board of directors, shareholders and other stakeholders. The primary objective of corporate governance is to ensure that a company operates in an ethical, transparent and accountable manner, while maximising long-term shareholder value.

As an issuer of securities traded on the regulated market, Antibiotice must fully comply with the corporate governance standards stipulated by the applicable national regulations by adhering to the rules of the BVB Corporate Governance Code, but also ensures compliance with the capital market legislation (*Law no. 24/2017 on issuers of financial instruments and market operations, 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 stake (53.0173%), through the Ministry of Health (public tutelary authority), being a public enterprise in the meaning of Emergency Ordinance no. 109/2011 on corporate governance of public enterprises, with subsequent amendments and additions, which regulates its organisation and functioning.

## **Implementation of corporate governance principles**

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



Antibiotice's Corporate Governance Code is published on the company's website [www.antibiotice.ro](http://www.antibiotice.ro), section "*Corporate Governance - Governance Documents*".

During 2024 action was taken on the following corporate documents:

- revision of the company's Articles of Incorporation;
- the development and adoption of an internal Insider Procedure;
- developing and adopting an Investor Relations Communication Policy;
- developing and adopting a Sustainable Corporate Governance Policy;

### **General Meeting of the Shareholders of Antibiotice S.A.**

The General Meeting of Shareholders is the highest decision-making body of Antibiotice S.A., the governing body, where shareholders participate directly and make decisions. Among other duties, the General Meeting of Shareholders selects and appoints the company's administrators, decides on the distribution of profits, determines the remuneration of the members of the Board of Directors and appoints the financial auditor. From the organisational perspective, within the joint-stock company Antibiotice S.A. two categories of general meetings can be convened: ordinary general meeting and extraordinary general meeting of shareholders.

During 2024, at the request of the Board of Directors, six Ordinary General Meetings and three Extraordinary General Meetings of Shareholders were convened and held, the resolutions of which can be accessed in the section "*Investors - General Meetings of Shareholders - GMS and GMS archive*".

### **Shareholders' rights**

Through the application of corporate governance, the shareholders of Antibiotice S.A. are recognised as essential rights grouped into non-pecuniary and patrimonial rights: the right to participate directly in the deliberations of general meetings, the right to vote, the right to elect and dismiss members of the board of directors, the right to information on all essential aspects of the company, the right to dividends, and the right to transfer the company's securities.

### **Board of Directors**

Until 16.04.2024, Antibiotice S.A. was managed by a Board of Directors consisting of 5 (five) members of which 4 (four) non-executive and 1 (one) executive who had a 4-year term of office.

As from 16.04.2024 the General Meeting of Shareholders decided that the company Antibiotice S.A. will be managed by a Board of Directors consisting of 7 (seven) members. The Chairman and Vice-Chairman of the Board were elected by the Board of Directors from among its members. The Board of Directors is competent to fulfil all the necessary acts of administration of Antibiotice S.A., except those reserved by law to the General Meeting of Shareholders and those delegated by the Board to the General Manager. The composition of the Board of Directors complies with the criteria required by law regarding the proportion of non-executive and independent directors, the proportion of studies and the balance of competences, experience and gender diversity (criteria detailed in the Internal Regulations of the Board of Directors).

The manner of constitution, revocation of directors, duration of mandates, powers and role of the Board are clearly defined in the Articles of Incorporation of Antibiotice S.A. and in the Regulation of Organisation and Functioning of the Board of Directors, drawn up in accordance with the provisions of Law no. 31/1990 on commercial companies and GEO no. 109/2011 on corporate governance of public enterprises.

In April 2024, the Ordinary General Meeting of Shareholders approved the achievement of the 2023 performance indicators for the non-executive directors and the executive director, whose 4-year term of office had ended.

During the year 2024, the Board of Directors met in 16 meetings, during which the results obtained through the implementation of the business plan, the performance criteria and the Income and Expenditure Budget were analysed.

The composition of the Board of Directors of Antibiotice S.A., can be consulted on the company's website in the section "*Corporate Governance - Governance Structures*".

Three Advisory Committees are set up and function within the Board of Directors:

- Audit Committee,
- Nomination and Remuneration Committee,
- Risk Management Committee.

The specialised advisory committees carry out analyses, investigations, draw up recommendations and periodically submit reports on their activities to the Board of Directors.

The *Audit Committee* fulfils the legal duties set out in Article 65 of Law no.162/2017, which mainly consist in monitoring the financial reporting process, internal control systems, internal audit within the company, as well as in supervising the statutory audit of the annual financial statements and in managing the relationship with the external auditor.

The *Nomination and Remuneration Committee* organises training sessions for board members, formulates proposals for the remuneration of directors and executives, in compliance with the remuneration policy submitted by the Agency for Monitoring and Evaluation of Public Enterprises Performance (AMEPIP) and supports the board in the evaluation of its own performance as well as the performance of the management. The Committee is also required to draw up an annual report on the remuneration and other benefits granted to directors and managers during the financial year.

The *Risk Management Committee* ensures that the control activities are in line with the risks generated by the activities and processes subject to control, identifies, analyses, evaluates, monitors and reports the identified risks, the plan of measures to mitigate or anticipate them, other measures taken by the executive management. It is also responsible for measuring the company's solvency, analyses the company's practices and performance in meeting its environmental, social and governance obligations, informs and makes proposals to the Board of Directors.

The structure, role, attributions and organisation of the advisory committees are laid down in Antibiotice's Corporate Governance Code, in the Organisational and Functioning Regulation of the Board of Directors, chapter Board Committees.

## **Executive Management**

Antibiotice S.A. is represented by the General Manager, in accordance with the prerogatives established by law and the company's articles of association.

The composition of the management team of Antibiotice S.A. as at 31.12.2024 can be consulted on the company's website, section "Corporate Governance - Governance Structures".

## **Remuneration of the executive and non-executive members of the Board of Directors, as well as of the directors**

The policy and criteria of remuneration of executive and non-executive members of the board of directors of the company and directors with mandates are based on the following rules: Law no. 31/1990 on companies, as amended and supplemented, GEO no. 109/2011 on corporate governance of public enterprises, as amended and supplemented, the company's Articles of Incorporation, approved at the Extraordinary General Meeting of Shareholders on 16.04.2024, Antibiotice S.A. remuneration policy.

According to the Remuneration Policy applicable in 2023, the remuneration of directors with a 4-year term of office approved by the Ordinary General Meeting of Shareholders and of directors approved by the Board of Directors, is composed of:

- a. fixed allowance and
- b. variable component.

Remuneration has been established in accordance with the applicable legal provisions set out above, approved by the GMS resolutions and set out in the Contracts of Mandate of each director.

## **Communication with shareholders and investors**

Communication with shareholders and investors includes: meetings with them, organisation of conferences, teleconferences and videoconferences, management of the special section dedicated to investor relations on the company's website, facilitating access to relevant information about the company's activities and reports, communication of the company's corporate governance policies, communication of information with impact on the company, shareholders and investors.

The maintenance of investor relations is based on efficient communication, adjusted on the basis of market feedback, allowing shareholders to understand and assess, on the basis of objective and timely information, changes in trading patterns, the company's development directions and information impacting on risk management strategies.

During 2024 communication with shareholders and investors materialised in:

- Organisation of teleconferences, in accordance with the Society's financial calendar.  
These events are attended by interested investors and analysts, who have the opportunity to submit their questions, opinions and suggestions, thus ensuring a dialogue with the Romanian capital market exponents, so that they can gain a sufficient basis for the investment decision-making process. Audio recordings and transcripts of the teleconferences are available on the company's website in the section "*Investors - Shareholder information - Investor meetings*". During 2024, 4 conference

calls were held to present the preliminary, semi-annual and quarterly financial statements on: 7 March, 21 May, 20 August and 19 November.

- On 18 November 2024, the "Investors' Day" event was organised, which offered investors and analysts the opportunity to interact directly with Antibiotice SA's management team, visit the drug production flows and discover the company's news and future plans.
- Prompt transmission of information upon request to shareholders, potential investors and capital market participants;
- Attending conferences organised by third parties on the Romanian capital market and presenting the company's financial results and growth opportunities. On 5 September 2024, the investor relations team participated in the *Romania Investor Days* event, organised by Wood & Company in partnership with Bucharest Stock Exchange. The event was attended by a large number of institutional investors with high interest in the Romanian market.
- Participation of Antibiotice SA representatives in informative seminars organised by the authorities in the field in order to improve corporate governance and increase transparency towards shareholders;
- Organisation of the General Meetings of the Shareholders, changes in the company's structure, resolutions of the General Meetings, as well as actions related to the guarantee of the rights of the shareholders - distribution of dividends for the financial year 2024. They were realised in compliance with the legal regulations;
- Collection of information, realisation and verification of current reports, their transmission to the competent authorities (BVB and ASF) and their publication on the Company's website in compliance with the deadlines imposed by the legislation in force;
- Participation in training courses and discussion sessions on corporate governance standards, investor communication platforms and other tools provided by capital market authorities;
- Constantly update the company's website in order to improve access to relevant information for shareholders and investors.

All documents relating to the smooth running of the above-mentioned events have been published in accordance with the legislation in force, respectively: Law no. 31/1990 on commercial companies, republished, with subsequent amendments and additions, Government Emergency Ordinance no. 109/2011 on 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.

In order to ensure a high level of transparency and operability, all Antibiotice S.A. reports, as well as important announcements and information for shareholders, analysts and investors are promptly disseminated on the BVB website and are also uploaded on the company's website in the Investors section.

Antibiotice SA's work in communicating with shareholders, investors and analysts was also recognised in 2024. For the fifth year in a row, our company received a grade 10 in the VEKTOR evaluation conducted by the Romanian Investor Relations Association. VEKTOR is the first investor communication indicator for listed companies and is calculated based on a methodology that includes international best practice criteria.

#### **Management Internal Control and Financial Control**

Within the company, the Management Control activity is carried out on the basis of the internal Decision no. 216/6992P/29.09.2023 and the Annual Activity Programme, drawn up on the basis of the legislative provisions of the Government Decision no. 1151/2012 for the approval of the Methodological Norms on the organisation and exercise of the financial management control and approved by the General Director.

According to the Internal Decision, the managerial control involves monitoring the fulfilment of the provisions, decisions, minutes of the Governing Board and reporting in this respect, carrying out missions at the request of the Director General and specific activities of management control on specific financial management control activities.

The financial management control is carried out based on the internal procedure SOP-CFG-001, rev.02/ 19.12.2024 "Organisation and performance of the financial management control" and the Government Decision no. 1151/2012 for the approval of the Methodological Norms on the organisation and performance of the financial management control. In the framework of this activity, verification missions are carried out, according to the legal regulations and the annual activity programme, on different subjects, as follows:

- a) verifies the compliance with the legal provisions and internal regulations regarding the existence, integrity, preservation and utilisation of means and resources, held in any title, and the way they are reflected in the accounting records;
- b) verifies the compliance with the legal provisions in the substantiation of the draft income and expenditure budget of the economic operator and the draft income and expenditure budgets of the sub-units of its structure;
- c) verifies the compliance with the legal provisions in the execution of the income and expenditure budget of the economic operator and of the sub-units of its structure, following:
- d) verify compliance with the legal provisions and internal regulations on how to carry out the annual inventory of assets, liabilities and equity;
- e) verifies the observance of the legal provisions and internal regulations regarding collections and payments in RON and foreign currency, of any kind, in cash or by transfer;
- f) verifies compliance with the legal provisions regarding the recording of economic and financial operations in the accounting records;
- g) verifies the compliance with the legal provisions and internal regulations regarding the drawing up, circulation, keeping and archiving of primary, accounting and technical-operational documents;
- h) elaborates economic-financial analyses for the management of the economic operator in order to base decisions and improve performance.

## **Risk management**

### **Presentation of the risk management system in Antibiotice S.A.**

Antibiotice S.A. implements and administers a risk management system at the level of all processes and organisational structures, in order to achieve the objectives of the Business Plan "The Future Together". Management adopts a proactive, forward-looking approach to control and limit risks, but also to capitalise on opportunities, ensuring sustainable development.

The Risk Management activity is a specialised internal structure that is responsible for organising, planning and monitoring the risk management process, including commercial (non-payment) risk, sustainability risks and cybersecurity risks.

As part of the risk management process, the Risk Management Activity together with the risk managers has carried out the following main actions:

- Identification and assessment of risks, at the level of each structure, by risk managers and specialists in the department. Risk management.
- Establish appropriate and available control measures to mitigate identified risks. The control measures with proposed responsible persons and deadlines for implementation have been centralised in the Risk Control Measures Implementation Plan.
- The risks identified at structure level have been centralised in the Risk Registers, documents signed by the risk manager of the structure, the manager and the director of the structure.
- Risk monitoring has been carried out during the last two quarters of 2024, with the status of measures and risks being reassessed through the Risk Tracking Sheets.
- Periodic review of major risks, assessing their likelihood and impact, to verify the level of exposure and evaluate the effectiveness of control strategies and measures;
- Support the decision-making process by providing reports and risk analyses, as well as due diligence activities.
- Following the risk management process carried out at company level in 2024, the relevant risks were summarised according to their magnitude using impact and likelihood, resulting in the General Risk Register.

Risks, Opportunities and Impacts were also identified and assessed in terms of environmental, social and governance aspects of sustainability. This process was finalised with the establishment of the Sustainability Risk Register.

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

The main categories of risks identified were:

- business risks (economic, legislative, project-related, business partner relations);
- financial risks (currency, liquidity, interest rate, commercial);
- integrity risks and anti-competitive practices;
- operational risks (concerning human resources, information technology, information security, cybersecurity, occupational health and safety, image risk);
- sustainability risks.

#### I. **Business risks**

A business risk is the possibility that an event or action may adversely affect the company's ability to fulfil its stated objectives or strategies. This category includes: economic risks, project-related risks, legislative risks, risks arising from relations with business partners.

#### **Legislative risks**

The pharmaceutical market is a regulated market, with clear legislative provisions, designed to control the quality and therapeutic efficacy of medicines on the market, as well as to prevent counterfeiting.

The company's strategy for the management of these risks implies the permanent concern for obtaining international certifications of the manufacturing flows, updating the authorisation documentation for the products in the portfolio, constantly following the legislative changes at international level, continuously adapting policies, rules and procedures to the changes and training the staff on the legislative requirements in force or specific legislative requirements.

II. **Financial risks** reflect the impact on the company of financial sources and/or resources.

III. **Integrity risks** refer to the likelihood of the occurrence of an integrity incident targeting an employee, a professional group or a field of activity, being favoured by specific vulnerabilities, and which may negatively influence the achievement of a structure's objectives.

*Control measures in place to control integrity risks:* updating and communicating the Code of Ethics and the Integrity Plan on a transparent basis; elaboration and implementation of the Procedure for receiving, examining and solving reports on breaches of the law, drawn up in accordance with the provisions of Law no. 361/2022 - on the protection of whistleblowers of public interest; implementation of the Policy in the field of harassment at the workplace and equal opportunities; training of employees on the Procedure on conflict of interest, Code of Ethics and Integrity Plan; external trainings on acquiring competences on knowledge and understanding of the legal and institutional framework in the field of promoting integrity and fighting corruption in organisations; monitoring the implementation of the measures carried out in the field of ethics and integrity, through the work of the Ethics and Integrity Council.

The company's Integrity Plan includes measures to prevent and combat acts of corruption and procedures to ensure ethics and integrity in its activities.

#### **Anti-competitive behaviour risks**

Violation of competition law represents a significant risk for the company, given the high fines that can be imposed by the Competition Council. In this context, by implementing an internal framework that includes internal policies, the Corporate Governance Code, the Antibiotice S.A. Code of Best Practices for the promotion of prescription-only medicines and interactions with healthcare professionals, the Sponsorship and Patronage Policy, as well as the Code of Best Practices in Sales, the company's management aims both to prevent breaches of legislation and to provide tools to identify and manage breaches that could not be avoided initially.

In order to reduce the likelihood of risks related to competitive practices and to minimise their impact, Antibiotice has implemented measures such as: identification and assessment of potential areas of competitive risk, review of main commercial

contracts, updating the Integrity Plan, modification of the Code of Good Sales Practices, organisation of training sessions for employees, as well as implementation of specific procedures, monitoring and continuous control.

#### **IV. Operational risks**

Operational risk is the risk of incurring direct or indirect losses resulting from shortcomings or deficiencies in the company's procedures, personnel, internal systems or external events that may have an impact on its operations. The Company's objective is to manage operational risk in order to minimise its financial losses, avoid damaging its reputation and achieve its investment objective of generating returns for investors.

The main categories of operational risks are: human resources risks, technological risks, information technology risks, data protection and cybersecurity risks, occupational health and safety risks, and image risks.

#### **Information technology, data protection and cyber security risks**

*Control measures put in place to control risks:* implementation of a set of policies, procedures and rules on the use of IT resources, data protection and cybersecurity; regular employee training and assistance; investment in advanced security solutions.

**V. Sustainability risks (environmental, social and governance)** have a significant and growing impact on the entire ecosystem around the company, influencing potential investors as well as customers or collaborators.

*Control measures in place to control sustainability risks:*

The climate risk adaptation measures adopted by Antibiotice S.A. include strategic initiatives aimed at increasing resource efficiency, such as the implementation of advanced technologies and the optimisation of energy and water consumption. To this end, the company intends to purchase energy from low-carbon energy suppliers and invest in green solutions, including the development of a photovoltaic park to partially cover its electricity needs (measure implemented). At the same time, it will aim to reduce carbon emissions as part of the transition to net-zero.

The synthesis of data, information and decisions taken in this process is contained in the Risk Register for each structure and in the General Risk Register, a document which certifies that a risk management process exists within the company and that it is functioning.

#### **Cyber risk management**

The company Antibiotice S.A. is classified as an operator of essential services in the national economy and has the obligation to comply with the national strategy on network and information systems security, being applicable to it the provisions of Law no. 362/2018 on ensuring a high common level of network and information systems security.

An important component of corporate governance is the management of cyber threat risks, to which is added the set of rules for securing the information system to comply with legal requirements. Continuous monitoring of the internal IT infrastructure highlights any missing or inadequate safeguards and defences, enabling security teams to implement the necessary mitigating controls and prioritise risk remediation.

During 2024, 3 system procedures regulating the company's way of working and ensuring cybersecurity were updated in accordance with the requirements of the National Cyber Security Directorate, the national authority responsible for monitoring the implementation of Law no. 362 of 28 December 2018 on ensuring a high common level of network and information systems security ("NIS Law") and the verification of the implementation of Law no. 362 of 28 December 2018 and of good practices in cybersecurity was performed through the annual internal audit.

#### **Ethics and compliance**

Business ethics refers to the moral principles and values that guide behaviour 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, customers and business partners, to the way the company conducts its business and fulfils its social responsibilities.

Within the company, Code of Ethics sets out the principles and rules designed to determine a professional, honest conduct and to create an organisational culture based on standards of integrity, in compliance with the legislation in force. Any breach of the Code is considered an ethical incident and failure to comply with the Code may result in disciplinary sanctions. Compliance with the provisions of the Code of Ethics is mandatory for all organisational structures of the company (*employees, executive management, directors, managers, members of the Board of Directors*).

Within Antibiotice S.A. operates the Ethics and Integrity Council, which monitors compliance with the Code of Ethics and implements the principles and deontological rules specific to the promotion of prescription-only medicines, supporting the company's

management in making decisions on business conduct and ethical promotion of prescription-only medicines by the promotion and sales employees.

The Ethics and Integrity Council also analyses all ethical incidents about which it has been informed by a complaint or on which it has self-reported.

### **Reporting incidents / Public interest warnings**

Public interest whistleblowers, also known as whistleblowers, play a crucial role in ensuring transparency and integrity within the company. By reporting suspicious or unethical activities, whistleblowers contribute to protecting organisational interests and values, promoting an ethical and responsible working environment. Whistleblowers can identify shortcomings in internal policies and procedures, thus facilitating continuous improvement of risk management practices and risk management within the organisation. Antibiotice S.A. recognises the importance of public interest whistleblowers in strengthening a healthy and sustainable corporate culture and provides the necessary legal and organisational framework for their protection.

Any interested natural or legal person may report an incident of violation of the Code of Ethics. The complaint, which must contain personal identification and contact details, should be addressed to the Director-General. It can be submitted, in writing, to the company's registrar or it can be completed and submitted online, using an ethics form directly from [www.antibiotice.ro](http://www.antibiotice.ro).

At the same time, any person who has obtained or is aware of information regarding possible cases of violation of laws within the company or by the company or its employees, has the right to address a report in this regard to the company's Ethics and Integrity Council. The Ethics and Integrity Council analyses the facts of which it has been informed, as well as the related evidence, if it has been submitted, and pronounces on them in a written report proposing the measures it deems necessary.

Antibiotice S.A. has ensured compliance with the requirements of Law no. 361/2022 on the protection of public interest warnings and has carried out the following measures at company level:

- Implemented the Procedure for receiving, examining and solving reports on violations of the law, drawn up in accordance with the provisions of Law no. 361/2022 on the protection of whistleblowers in the public interest, available online on the company's website "*Corporate Governance - Whistleblowers in the Public Interest*". The procedure ensures secure and confidential channels of communication for whistleblowers as well as mechanisms to protect people acting as whistleblowers.
- Management and employees were trained on the importance of reporting public interest warnings and the proper reporting procedure.

During the reporting period, there were no Public Interest Whistleblower referrals or referrals of incidents of breaches of the company's ethical principles.

### **Conflict of interest**

The company has implemented a procedure to prevent, remedy and penalise conflicts of interest and incompatibilities identified in the company's current activities. Conflicts of interest are managed according to the provisions of Chapter 2 of the Code of Ethics, which details the types of conflicts of interest that may arise, their resolution and incompatibilities (*situations that may arise in the exercise of the duties of employees and administrators and which may present a personal interest of a financial nature, influencing the objective fulfilment of duties*).

As far as the members of the Board of Directors are concerned, potential conflict of interest situations arise in the situations described in the provisions of the Code of Ethics and the Corporate Governance Code. The latter specifies that Antibiotice's transactions with any of its affiliates will be approved in advance by the Board of Directors, based on a binding opinion received from the Audit Committee.

Members of the Board of Directors and/or persons who have been informed of a conflict of interest at Antibiotice have a duty to immediately inform the Ethics and Integrity Council in writing. The solutions for managing conflicts of interest are established by the Board of Directors, in the case of administrators, and by the Director General, in the case of employees.

In the year 2024, there were no reports of conflicts of interest.

This report is based on data from the individual financial statements prepared in accordance with International Financial Reporting Standards, which have been audited by S.C. Deloitte Audit S.R.L.

**Managing Director,  
Ec. Ioan NANI**

**Chief Financial Officer,  
Ec. Paula COMAN**