

Q1 2021 Report

Report date: 12.05.2021

Name of issuing company: Antibiotice SA

Headquarters: Iași, 1 Valea Lupului St., zip code 707410

<http://www.antibiotice.ro>

E-mail: relatiicuinvestitorii@antibiotice.ro

Telephone/fax no. : 0232 209000 / 0232 209633

Unique registration code in the Trade Register Office: RO1973096

Trade Register Number: J22/285/1991

Subscribed and paid-up capital: 67,133,804.00 LEI

The regulated market on which the issued securities are traded: Bucharest Stock Exchange

Through the activities carried out in the first quarter of 2021, our company aimed at achieving the objectives established through the 2021-2023 Management Plan and the indicators included in the 2021 Income & Expenditure Budget.

Being consistently involved in social responsibility projects, in the first quarter of 2021, Antibiotice set up within the Clinical Studies Center a **Vaccination Center**, in accordance with the Strategy for vaccination against COVID-19 in Romania, approved by the Iasi Public Health Directorate.

In this quarter, our company continued also to implement the **managerial measures** to strategically develop and adapt itself to the realities of the domestic and international market. These measures are grouped on five pillars:

Pillar 1 - Strategic adaptation of human resources - the actions taken aimed at:

- **continuing the professional development programs for our employees** (9 hours on average of professional training per employee were performed in the Q1, by 2 hours more than the planned level);
- **increasing the retention and motivation of our employees**, monitored by the *voluntary employee turnover* indicator, which was 1% in this quarter. We want this indicator not exceed 5% in 2021;
- **continuing the partnerships with two pre-university education institutions** in the City of Iasi, within the **dual education program**, which prepares students for specific professions in the pharmaceutical industry;
- **falling within the staff spending limit**, included in the 2021 Income & Expenditure Budget (the planned value is 26,542 thousand LEI, the achieved value is 26,195 thousand LEI);

- **maintaining the number of employees** (1,415 employees) despite the difficulties caused by the pandemic, for whom the health protection measures (differentiated work schedules, provision of protection materials, etc.) continued to be applied;
- **improving the organizational climate and orienting the organizational culture towards innovation and performance** - to achieve this goal, a series of projects have been developed such as: „Bookster - a free library for employees and their families”, our employees having access to both scientific and fiction titles; workshops for practicing well-being techniques; a+ Club for sports and recreation activities dedicated to our employees and their family members.

Pillar 2 - Strategic adaptation of our product portfolio, aiming at:

- **establishing, on a yearly basis, a "strategic core" of products from the current portfolio** of each division with the greatest potential from medical perspective and commercial trend of the market;
- **developing the portfolio in order to offer flexibility and diversity** in terms of therapeutic effect and mode of administration;
- consolidating our **Nystatin** business.

Research-Development Unit, Business Development Unit and Medical Unit are involved in achieving these goals.

The Research & Development Unit **develops new products** and **optimizes the products from the portfolio**, responding to the requirements of the authorities in the countries where the products are registered, supporting in this way the internationalization process.

In the first quarter of 2021, our specialists conducted research-development activities for **29 new products** and optimized **11 products** from all the pharmaceutical forms, related to the three production divisions (Oral Solid Products Division, Topical Products Division, Sterile Products and APIs Division)

In the reporting period, our Center for Clinical Studies conducted studies for two topical products: a product for which the study has reached the clinical stage and the second one for which the National Bioethics Committee of Medicines and Medical Devices is to approve the study protocol. These two studies support the Antibiotice's business development strategy in the international markets.

The internationalization strategy is also supported by the Regulatory Affairs Department which in the first quarter of 2021 obtained marketing authorizations for 4 products to be sold in the ATB territories (3 oral solid products and 1 product for injection).

Our company has built **strategic partnerships** for achieving its medium- and long-term objectives:

- to consolidate its position of the world's leading manufacturer of the active substance Nystatin by maintaining its presence in the traditional markets and increasing its exports in the regulated markets, especially in the U.S. market;

- to develop new partnerships with the local distributors in the external markets for the export of the Antibiotice finished products, thus ensuring the premises for a stable long-term development of exports;
- to develop partnerships with international companies to harness its research, manufacturing and product development resources.

Antibiotice aims to **complete its portfolio with therapeutically valuable products** in order to best support the medical system in Romania and in the countries where its businesses are to be expanded. To this effect, 20 products has been selected to outline the strategic development directions of the company. The commercial conditions for assimilating these products in our portfolio as soon as possible are currently negotiated. The commercial contracts for the first 6 products are in the final phase of negotiation. As regards the other products, we are about to identify partners with whom to develop future projects.

Pillar 3 - Continuous improvement of the Integrated Management System (Quality, Environment, Occupational Health and Safety)

Ensuring the quality of our products, reducing the quality incidents, incidents of any kind with repercussions on human health and environment are the main ethical, moral and professional concerns of the company's entire staff.

The documentation for **planning the audit for certifying the new manufacturing site for Topical Products** was submitted to the National Agency for Medicines and Medical Devices in the first quarter of 2021.

Considering the objective of developing the company's product portfolio, the procedure regarding the ISO 13485: 2016 certification **for medical devices** has been started (both certification of the Management System and certification of each medical device).

Environment Responsibility

The environmental protection activity manages the prevention of pollution and continuous improvement of the environmental performances, complying with the requirements of the environmental legislation.

In the Q1 2021, our company obtained the Water Management Authorization issued by the Prut-Barlada Basin Water Administration.

Also, in order to obtain the renewed Integrated Environmental Authorization, the collaboration with the Regional Center of Public Health has been started, in order to elaborate the study for evaluating the impact of our activity on the population's health.

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

In order to monitor the quality of environmental factors, analyzes were performed, in our own laboratory and through third parties, regarding the emissions / imissions of air pollutants, as well as determinations regarding the quality of water entering the pre-treatment plant and discharged into the municipal sewerage system, quality of conventionally clean water discharged into the natural emissary, as well as the quality of groundwater.

There were no exceedances of the maximum allowed concentrations established by the Integrated Environmental Authorization and the Water Management Authorization.

Antibiotice is a **company responsible**, protecting the environment, and proactively complying with the product safety requirements. So, in the first quarter of 2021, the Center for Clinical Studies made determinations by advanced testing methods, for traces of penicillins from groundwater samples, taken from observation boreholes located on the perimeter of the company.

Following the results of the determinations, no traces of penicillins were identified, which shows that the manufacturing processes have no negative influences on the soil and groundwater in the area nearby the company premises.

Waste management

Antibiotice implemented a **selective waste collection system**, each production plant and all the auxiliary departments being equipped with adequate containers for collection.

Recyclable waste was recovered on the basis of contracts with authorized economic operators. The non-recoverable waste was incinerated in our own installation or sent to the municipal waste landfill through authorized operators.

Pillar 4 - Strategic planning and performance management, which aim to establish business strategies, implementation and evaluation of their impact in achieving objectives, in order to improve activities and efficient use of resources.

The main **performance indicators** on 31.03.2021, compared to the values planned in the Income & Expenditure Budget are as follows:

No.	Performance indicators	Unit of measure	Planned 31.03.2021	Achieved 31.03. 2021	Degree of achievement (%)
1.	Turnover	million LEI	73.48	68.04	93
2.	Gross profit	million LEI	4.194	4.346	104
3.	Total expenses per 1,000 LEI total income	LEI	955	950	101
4.	Arrears	million LEI	0	0	100
5.	Degree of use of production capacity	%	59.52	61.05	103

Through the actions undertaken in the first quarter of 2021, our company aimed at:

Consolidating and streamlining our business

Based on the data from the financial statements prepared for 31.03.2021¹, the main economic-financial indicators were calculated, proving an improvement of the company's

¹ The financial statements as at 31.03.2021 are presented in the annex to this report

financial health, which indicates an efficient economic management, thus fulfilling the main objective of financial management, i.e. to optimize the economic and financial resources.

Profitability indicators, through which the efficiency of the company's activity is expressed, respectively its capacity to obtain profit from the developed activity.

No.	Indicators	U.M.	Achieved 31.03.2020	Planned 31.03.2021	Achieved 31.03.2021	Degree of achievement (%)
1	2	3	4	5	6	7=6/5
1.	Net turnover	thou LEI	73,870	73,476	68,035	93
1.1.	Turnover - domestic market	thou LEI	51,927	40,126	33,280	83
1.2.	Turnover - external market	thou LEI	21,943	33,350	34,755	104
1.3.	Export share in net turnover	%	30%	45%	51%	113
2.	Total income	thou LEI	90,419	92,687	86,829	94
2.1	Sales income	thou LEI	73,632	73,351	66,101	90
3.	Total expenses	thou LEI	86,227	88,493	82,482	93
4.	Total expenses per 1,000 LEI total income	thou LEI	954	955	950	99
5.	Gross profit	thou LEI	4,192	4,194	4,346	104
6.	Net profit	thou LEI	4,081	3,934	4,038	103
7.	EBITDA (Net Profit+ Taxes + Interest + Depreciation)	thou LEI	11,186	10,883	10,929	100
8.	Gross profitability (Gross profit / Turnover)	%	5.67	5.71	6.39	112

As of 31.03.2021, the value of the **gross profitability indicator** was higher compared to the value recorded in the same period of the previous year, as well as compared to the planned value.

Solvency indicators expressing the company's ability to pay overdue debts

No.	Indicators	U.M.	Achieved 31.03.2020	Planned 31.03.2021	Achieved 31.03.2021	Degree of achievement (%)
1	2	3	4	5	6	7=6/5
1.	Total debt	thou LEI	301,280	267,228	276,943	104
2.	Total assets	thou LEI	802,203	840,500	858,523	102
3.	General solvency (Total assets / Total liabilities)	%	2.66	3.15	3.01	96

The value of the **general solvency indicator** for the analyzed data was above the optimal value of 1.5% recommended in the literature.

Financial balance indicators express the financial health of the company

No.	Indicator name	Calculation formul	U.M.	31.03.2020	Planned 31.03.2021	Achieved 31.03.2021
1.	Net accounting assets	Total assets - total debts	lei	500.923.523	573.272.209	581.310.339
2.	Current liquidity	Current assets / Current liabilities	no. of times	1.98	2.12	2.05
3.	Degree of indebtedness	Borrowed capital / Equity *100	%	37.62	28.92	28.38
4.	Debt turnover rate	Average customer balance / Turnover *90	days	371	282	288
5.	Rotation speed of fixed assets	Turnover / Fixed Assets	no. of rotations	0.19	0.15	0.14

The values of the financial balance indicators as of 31.03.2021 highlight a **favorable financial situation and the continuous concern for the efficiency of the business**. The value of the *current liquidity* indicator is above the recommended acceptable value of 2. Compared to 31.03.2020, the value of the *degree of indebtedness* indicator decreased significantly as a result of the increase of equity at a faster rate compared to the increase of the borrowed capital.

Ensuring the production-sales balance for optimizing the stock and a salable structure

The **production activity** developed in the first quarter of 2021 aimed at covering the market demand.

From a quantitative point of view, **the production made in the first quarter of 2021 amounted 124.7 million** pharmaceutical units in the form of tablets, capsules, parenteral products, topical products (ointments, creams, gels), suppositories, pessaries. The amount of active substance Nystatin produced was 6.3% percent higher compared to the same period of 2020.

Increasing our company's patrimonial value

The **total patrimonial asset** on 31.03.2021 was 858.25 million LEI, a value close to that recorded on 31.12.2020. In its stucture, the **fixed assets** recorded a slight increase compared to the value from the beginning of the year.

The value of **fixed assets** is closely correlated with achieving the **investment program**. The value of the investments planned in the Q1 2021 was 7.18 million LEI, the achieved value being 11.55 million LEI.

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

1. Research-Development investments

Research is one of the most dynamic activities of the company, with an upward evolution that contributes to the sustainable consolidation of the future portfolio. In the first

quarter of 2021, our company continued investing in research-development projects for developing new, quality, safe, efficient and competitive products in the market.

2. Investments in new production sites - achievement of a new production site for ointments and suppositories

In the Q1 2021, the works were carried out on the clean rooms and related installations, correlated with the installation of the technological equipment and installations for production and distribution of utilities. In the next stage, the qualification activities of the clean rooms are scheduled by their supplier, followed by technological tests and the authorization of the manufacturing site by the National Agency of Medicines and Medical Devices.

3. Investments for modernizing the existing manufacturing sites

For the refurbishment of the medicine manufacturing flows in the three divisions, our company planned in 2021 to purchase equipment, installations and laboratory devices. Some of these investments were made this quarter.

4. Adapting the infrastructures of service, supply and utility distribution, transport and connection to the national road system, storage of raw materials and finished products to the development trend of the industrial site

In 2021, investments were planned for the rehabilitation of some auxiliary buildings and constructions, transport and storage infrastructure and logistics, maintenance infrastructure, production and distribution of utilities, as well as for the rehabilitation of the lands released following the demolition and decommissioning.

5. Integrated Management System (Quality, Environment, Occupational Health and Safety)

An increased precision of the laboratory analysis methods and the revision of the monographs from the pharmacopoeia imposed investments in equipment which would allow maintaining the quality standards of the manufactured products and meeting the legal requirements for the protection of the environment and our employees.

6. Investments in information technology, telecommunications and process digitization

Our company has adapted to this period, making the most of the possibilities of work, training and communication in the online environment.

Within the digitization and computerization plan, Antibiotice considered as a priority the access to software for streamlining the human resources, quality and research activities but also for securing data and information at all the company's levels.

7. Human resources investments - Training platform, development of mentoring components

Investments in social responsibility projects

In 2021, in order to support the social responsibility projects, our company scheduled investments for: design of the a+Center for personal development and professional training, arrangement of the a+ Club in the Penicilina sports hall, landscaping of green spaces inside the company.

The need to ensure stocks for the continuity of sales during the revision period determined the increase of their value, compared to the value recorded on 01.01.2021.

Receivables amounted to 240.3 million LEI, a value lower than that recorded on 01.01.2021, being correlated with the sales revenues as well as with the result of continuous measures for optimizing commercial relations with our customers.

Current debts recorded a value of 177,9 million LEI at the end of Q1 2021, by 5% lower than the value recorded at the beginning of the year. In their structure:

- the short-term loans, contracted to cover the temporary need for cash between the date of collection of receivables and date of payment of debts to suppliers, were higher by 4%;
- the debts to suppliers increased by 2%, being correlated with the acquisition of stocks of raw materials and auxiliary materials necessary to carry out the production activities;
- the current tax liabilities decreased by 41%.

Long-term debts, represented by the long-term bank loan, necessary to ensure the financing of investments in the new Ointment & Suppository Plant was at the same level as the one registered at the beginning of 2021.

At the end of the first quarter of 2021 our company did not record outstanding obligations to the state budget.

Price - a strategic element in business approaching

The company's goal is to achieve an optimal sales structure that will lead to an increase in business profitability. So, in this first quarter of 2021, the turnover was achieved in a more favorable structure compared to the planned one, leading to an average price of 1.31 LEI/I.U., higher than the planned value of 1.29 LEI/I.U.

Internationalization of our business in the Antibiotice territories and in other territories, has as main desiderata:

- to consolidate the Nystatin business and maintain the position of world leader;
- to develop the plan of territorial expansion for the finished products.

The actions carried out to achieve these goals led to:

- **consolidating our sales in the markets where Antibiotice opened representative offices** (Vietnam, Republic of Moldova, Serbia and Ukraine); the sales in the Q1 2021 amounted to 6.65 million LEI, by 19% higher compared to the planned target;
- **intensifying our company's presence in the North American market** (hospital segment/tenders), which led to a sales value of 3.85 million LEI, over the planned value;
- **extending our company's presence in the markets of the European Union** (Denmark, UK, Holland, Czech Republic, Hungary, Lithuania), with **anti-infectives - sterile powders for injection**; our sales amounted to 12,9 million LEI, by 6% higher compared to the value planned for Q1 I 2021.

These actions led to sales in the external market amounting to 34.61 million LEI in the reporting period, by 5% higher than the planned value.

In relation to the **total turnover**, the export had a share of **51.47%**, a result that is also in line with the trend assumed by the company's management in the 2021-2023 Administration Plan.

Consolidation of the business in the internal market, by reporting to the relevant market

In the Q1 2021, the sales of Antibiotice products to patients (sell-out) increased by 1%, from 88.14 million LEI in the Q I 2020 to 89.3 million LEI in the Q1 2021, given that the relevant market decreased by 2% in the same period, from 688.89 million LEI in Q 1 2020 to 676.54 million LEI in Q1 2021.

This way, the **Antibiotice market share in the relevant market increased** from 12.69% at the end of Q1 2020 until 13.2% in the Q1 2021.

Pillar 5 - Corporate Governance

Antibiotice is **organized on the principles of corporate governance**, which regulates the selection and appointment procedure of administrators and directors, as well as the functioning of the management system, seeking to strengthen the independence, accountability and professionalism of management structures, transparency and quality of information presented to the public, as well as the protection of shareholders, including the minority ones.

The composition of the Management Board was completed by completing the procedure of selection and appointment of a non-executive director with a mandate until 18.04.2024.

Applying the principles of good corporate governance practices in strict compliance with the recommendations of the Corporate Governance Code of the Bucharest Stock Exchange, ensures transparency and efficiency of the company's activities and processes, thus providing the framework for maximizing the value of the company's long-term shares, respectively protecting the interests of the interested parties and increasing the degree of trust in Antibiotice SA.

Digitization and computerization is another important strategy, a software for securing internal data being implemented in the first quarter of 2021. Also during this period, the projects related to the adaptation of software for human resources management were continued.

The long-term development of the business is a continuous desideratum. This is the reason for which our company decided to substantiate the **2020-2028 Strategic Organization and Development Plan, with well-defined objectives:**

- doubling the turnover: 140 million EUR
- a gross profit of 14 million EUR (10% of turnover)
- internationalization of the business: 50% of the total turnover
- strengthening the position of world leader for the active substance Nystatin
- streamlining activities by digitizing and computerizing our company
- optimizing the number of employees, with a structure adapted to the period
- net average salary: 1,500 EUR/employee
- the added value of our company: 60 million EUR

These objectives will ensure the **improvement of the planning, correlation and operational follow-up system** of the activities carried out in order to ensure the sustainable growth of the business and maximize its profitability.

On 31.03.2021, Antibiotice S.A.:

- **a relevant domestic market share of 13.2%;**
- **an internationalized company:** over 50% of turnover is represented by the sales in the external market, a result of the continuous actions of identifying new business partners, of territorial extension and of improving the commercial relations;
- **a profitable company:** gross profit amounted to 4.346 million LEI, by 4% higher compared to the planned value;
- **„A friendly and responsible brand”:** the measures to protect the health of employees and local population were continued by organizing a Vaccination Center against SARS-CoV 2 virus, ensuring the administration of over 8,000 doses.

**General Director,
Ioan NANI, Economist**

**Financial Director,
Paula-Luminita COMAN, Economist**

ANTIBIOTICE S.A.

Simplified individual interim financial statements unaudited on and for the three-month period ended on March 31, 2021

ANTIBIOTICE S.A.
Situatii financiare interimare la
31 martie 2021

Table of contents

STATEMENT OF THE COMPREHENSIVE INCOME	3
STATEMENT OF THE FINANCIAL POSITION	4
CASH FLOW STATEMENT	6
EXPLANATORY NOTES TO FINANCIAL STATEMENTS:	9
1. GENERAL INFORMATION	Error! Bookmark not defined.
2. ACCOUNTING POLICIES	Error! Bookmark not defined.
3. SALES INCOME	Error! Bookmark not defined.
4. OTHER OPERATING INCOME	Error! Bookmark not defined.
5. RAW MATERIALS, CONSUMABLES AND GOODS	Error! Bookmark not defined.
6. STAFF-RELATED EXPENSES	Error! Bookmark not defined.
7. OTHER OPERATING EXPENSES	Error! Bookmark not defined.
8. FINANCIAL INCOME AND FINANCIAL EXPENSES	13
9. EXPENDITURE ON CURRENT AND DEFERRED PROFIT TAX AND OTHER TAXES	Error!
Bookmark not defined.	
10. EARNINGS PER SHARE	Error! Bookmark not defined.
11. TANGIBLE ASSETS	Error! Bookmark not defined.
12. INTANGIBLE ASSETS	Error! Bookmark not defined.
13. STOCKS	16
14. TRADE AND OTHER RECEIVABLES	Error! Bookmark not defined.
15. CASH AND CASH EQUIVALENTS	Error! Bookmark not defined.
16. TRADE AND OTHER LIABILITIES	Error! Bookmark not defined.
17. AMOUNTS DUE TO CREDIT INSTITUTIONS	Error! Bookmark not defined.
18. SUBSIDIES FOR INVESTMENTS	20
19. DEFERRED INCOME TAX	Error! Bookmark not defined.
20. SHARE CAPITAL	Error! Bookmark not defined.
21. RESERVES	21
22. RETAINED EARNINGS	22
23. CONTINGENT LIABILITIES	22
24. ELEMENTS FOLLOWING THE REPORTING PERIOD	22

ANTIBIOTICE SA
STATEMENT OF THE COMPREHENSIVE INCOME

on March 31, 2021

(all amounts are expressed in LEI, if not mentioned otherwise)

	NOTE	31.03.21 (unaudited)	31.03.20 (unaudited)
Sales revenues	3	66,101,186	73,631,604
Other operating revenues	4	14,308,630	6,716,382
Revenues relative to costs of product stocks		14,870,577	14,301,700
Capitalized income generated by the entity's activity		1,923,842	891,777
Expenses with raw materials and consumables	5	(37,108,729)	(35,483,832)
Staff-related expenses	6	(26,195,633)	(23,225,551)
Expenditure on amortization and depreciation		(5,621,388)	(5,519,475)
Other operating expenses	7	(23,007,224)	(25,861,137)
Operating profit		5,271,260	5,451,468
Net financial income	8	(924,861)	(1,259,835)
Pre-Tax Profit		4,346,399	4,191,633
Current income tax and other expenses	9	(308,108)	(111,024)
Profit		4,038,291	4,080,609
Total comprehensive result		4,038,291	4,080,609
Earnings per share	10	0.006015	0.006078

The explanatory notes from 1 to 24 are an integrating part of the simplified individual interim financial statements

Drafted by:

General Director
Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE SA
STATEMENT OF THE FINANCIAL POSITION

on March 31, 2021

(all amounts are expressed in LEI, if not mentioned otherwise)

	NOTE	31.03.21 (unaudited)	31.12.20 (audited)
ASSETS			
FIXED ASSETS			
Tangible fixed assets	11	469,431,801	467,880,779
Intangible fixed assets	12	24,012,923	19,709,606
TOTAL FIXED ASSETS		493,444,724	487,590,385
CURRENT ASSETS			
Stocks	13	123,602,715	108,691,209
Trade and similar receivables	14	240,298,488	260,388,767
Cash and cash equivalents	15	907,100	6,329,458
TOTAL CURRENT ASSETS		364,808,303	375,409,434
TOTAL ASSETS		858,253,027	862,999,818
LIABILITIES			
CURRENT LIABILITIES			
	16		
Commercial and similar liabilities		67,753,036	66,103,990
Amounts due to credit institutions	17	99,828,186	95,568,514
Tax and current tax liabilities		6,603,937	11,189,134
Short-term provisions		3,467,764	13,528,900
Subsidies for investments	18	306,289	306,289
TOTAL CURRENT LIABILITIES		177,959,212	186,696,827
LONG -TERM LIABILITIES			
Subsidies for investments	18	2,390,018	2,466,591
Deferred tax	19	31,427,982	31,119,874
Amounts due to credit institutions	17	65,165,476	65,444,478
TOTAL LONG-TERM LIABILITIES		98,983,476	99,030,943
TOTAL LIABILITIES		276,942,688	285,727,770

The explanatory notes from 1 to 24 are an integrating part of the simplified individual interim financial statements

Drafted by:

General Director
Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE S.A.
STATEMENT OF THE FINANCIAL POSITION (continued)
on March 31, 2021
(all amounts are expressed in LEI, if not mentioned otherwise)

	NOTE	31.03.21 (unaudited)	31.12.20 (unaudited)
Share capital and reserves			
Share capital	20	264,835,156	264,835,156
Reevaluation reserves	21	116,108,286	116,636,526
Legal reserves	21	13,426,761	13,426,761
Other reserves	21	231,136,239	231,136,239
Reported result	22	(48,234,393)	(60,698,493)
Distribution of profit		-	(14,452,190)
Current result		4,038,290	26,388,049
TOTAL EQUITY		581,310,339	577,272,048
TOTAL EQUITY AND LIABILITIES		858,253,027	862,999,818

The explanatory notes from 1 to 24 are an integrating part of the simplified individual interim financial statements

Drafted by:

General Director
Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE S.A.
CASH FLOW STATEMENTS

on March 31, 2021

(all amounts are expressed in LEI, if not mentioned otherwise)

	31.03.21	31.12.20
	(unaudited)	(unaudited)
I. Cash flows from operating activities		
Cash collection from the sales of goods and provision of services	90,885,182	96.318.903
Cash collection from royalties, fees, charges and other revenue	1,960,393	129.415
Cash payment to suppliers of goods and services	(53,411,422)	(45.843.787)
Cash payments to and on behalf of employees, payments made by the employer for its employees	(25,574,290)	(22.297.868)
VAT paid	(913,593)	-
Contributions to the Ministry of Health and the Ministry of the Environment	(6,953,275)	(11.685.911)
Other duties, taxes, and similar levies	(1,462,853)	(461.789)
Operating cash flow	4,530,142	16.158.963
Interest charged	571	804
Interest charged	(939,893)	(1.413.712)
Income tax / dividends paid	(3,601,069)	(1.756.412)
Net cash flows from operating activities	(10,249)	12.989.643
II. Cash flows generated by investments		
Cash payments for purchasing land and fixed assets, intangible assets and other long-term assets	(8,488,526)	(17.503.573)
Net investment cash flow	(8,488,526)	(17.503.573)
III. Cash flows from financing activities		
Receipts from long-term loans/reimbursements	1,637,569	9.286.428
Dividends paid	(40,688)	(15.177)
Net cash flows from financing activities	1,596,881	9.271.252
Gains/losses from exchange rate differences	(14,746)	(118.862)
Net increase/(decrease) in cash	(6,916,640)	4.638.459
Cash and cash equivalents at the beginning of the period	(81,192,179)	(123.998.470)
Cash and cash equivalents at the end of the period	(88,108,819)	(119.360.011)
The cash and cash equivalents at the end of the period include:	(88,108,819)	(119.360.011)
Accounts in banks and cash	907,100	2.113.181
Credit lines	(89,015,918)	(121.473.192)
	(88,108,819)	(119.360.011)

The explanatory notes from 1 to 24 are an integrating part of the simplified individual interim financial statements

Drafted by:

General Director
Ec. Ioan NANI

Financial Director
Ec. Paula COMAN

ANTIBIOTICE S.A.
MODIFICATIONS OF EQUITY

on March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

	Subscribed capital	Capital adjustments	Reserves	Other reserves	Current result	Result from revaluation reserves	Profit distribution	Revaluation reserves	Reported result from the correction of errors	Result following applying IAS/IFRS for the first time	Result following applying IAS 29 for the first time	TOTAL
31-12-19	67,133,804	197,701,352	13,426,761	213,189,459	30,823,278	17,422,314	(7,269,283)	50,804,319	(7,000,410)	123,846,355	(197,701,352)	502,376,597
Current global result	-	-	-	-	26,388,049	-	-	-	-	-	-	26,388,049
Reserve from revaluation	-	-	-	-	-	-	-	81,627,152	-	-	-	81,627,152
Deferred tax relative to the revaluation difference	-	-	-	-	-	-	-	(13,060,344)	-	-	-	(13,060,344)
Result of error correction	-	-	-	-	-	-	-	-	-	-	-	-
Total other items of the global result	-	-	-	-	26,388,049	-	-	68,566,808	-	-	-	94,954,857
Transfer of revaluation surplus	-	-	-	-	-	3,307,470	-	(2,734,601)	-	(572,869)	-	-
Allotment of other reserves *	-	-	-	3,494,590	(10,763,873)	-	7,269,283	-	-	-	-	-
Dividends	-	-	-	-	(20,059,405)	-	-	-	-	-	-	(20,059,405)
Mandatory distributions	-	-	-	14,452,190	-	-	(14,452,190)	-	-	-	-	-
31-12-20	67,133,804	197,701,352	13,426,761	231,136,239	26,388,049	20,729,784	(14,452,190)	116,636,526	(7,000,410)	123,273,485	(197,701,352)	577,272,048

The explanatory notes from 1 to 24 are an integrating part of the simplified individual interim financial statements.

ANTIBIOTICE S.A.
MODIFICATIONS OF EQUITY

on March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

	Subscribed capital	Capital adjustments	Reserves	Other reserves	Current result	Result from revaluation reserves	Profit distribution	Revaluation reserves	Reported result from the correction of errors	Result following applying IAS/IFRS for the first time	Result following applying IAS 29 for the first time	TOTAL
31-12-20	67,133,804	197,701,352	13,426,761	231,136,239	26,388,049	20,729,784	(14,452,190)	116,636,526	(7,000,410)	123,273,485	(197,701,352)	577,272,048
Current global result	-	-	-	-	4,038,290	-	-	-	-	-	-	4,038,290
Reserve from revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax relative to the revaluation difference	-	-	-	-	-	-	-	-	-	-	-	-
Result of error correction	-	-	-	-	-	-	-	-	-	-	-	-
Total other items of the global result	-	-	-	-	4,038,290	-	-	-	-	-	-	4,038,290
Transfer of reevaluation surplus	-	-	-	-	-	528,240	-	(528,240)	-	-	-	-
Allotment of other reserves*	-	-	-	-	(26,388,049)	-	14,452,190	-	-	11,935,859	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Mandatory distributions	-	-	-	-	-	-	-	-	-	-	-	-
31-03-21	67,133,804	197,701,352	13,426,761	231,136,239	4,038,290	21,258,024	-	116,108,286	(7,000,410)	135,209,344	(197,701,352)	581,310,339

The explanatory notes from 1 to 24 are an integrating part of the simplified individual interim financial statements.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

1. GENERAL INFORMATION

Antibiotice SA, based in Iasi, Valea Lupului street no. 1, tax registration code RO 1973096 was founded in 1955 and was defined as a trading company as per Law 15/1990 and Government Decision no. 1200/12.11.1990. Its shares are traded on the regulated capital market of the Bucharest Stock Exchange.

Our company's 8 manufacturing lines, upgraded and certified according to the Good Manufacturing Practice (GMP) standards, produce medicinal products in 5 dosage forms: powders for injectable solutions and suspensions (penicillins), capsules, tablets, suppositories and topical preparations (ointments, gels and creams). Altogether they form a complex portfolio of more than 150 medicinal products for human use designed to treat a wide range of infectious, dermatological, cardiovascular, digestive tract or musculoskeletal system diseases.

All production capacities owned by our company are located to the headquarters. The Company owns the right to ownership of all the fixed assets registered in the company's accounts.

During the first quarter of 2021, the Management Board met in 2 meetings and adopted decisions that allowed it to perform its duties in an effective and efficient manner. Thus, during the monthly meetings, the Management Board analyzed in detail the financial results obtained by the company during the reporting period and cumulated from the beginning of the year, as well as the economic performance in relation to the budget and the similar period last year.

The Board requested, depending on the situation, detailed explanations to the executive management regarding the plans to increase the production efficiency, the investment plans, the established provisions, the liquidity administration, the operational and general profitability of the activity. Following the detailed analysis of the results of the period, the Management Board decided to approve them in order to be published and sent to the Bucharest Stock Exchange and the Financial Supervisory Authority, framing the Financial Communication Calendar.

The 5 members of the Board guarantee the efficiency of the capacity to supervise, analyze and evaluate the activity of the directors, as well as the fair treatment of the shareholders.

2. THE ACCOUNTING POLICIES

2.1 Declaration of conformity

The current simplified individual interim financial statements have been prepared in accordance with the International Financial Reporting Standards, the Interpretations and International Accounting Standards (collectively referred to as "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("IFRSs adopted");

The accounting records of the Company are maintained in LEI, in accordance with Order no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards.

These simplified individual interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

They do not include all the information required for a complete set of IFRS financial statements and must be read in conjunction with the Company's annual financial statements as of December 31, 2020. However, certain selected explanatory notes are included to explain events and transactions that are significant to the understanding of changes in the Company's financial position and performance since the last individual annual financial statements as of and for the fiscal year ended on December 31, 2020.

The simplified individual interim financial statements as of and for the three-month period ended March 31, 2021 are not audited and have not been reviewed by an independent auditor.

The main accounting policies applied to the preparation of the financial statements are set out below. The policies have been applied consistently to all the years presented, unless stated otherwise.

The preparation of the financial statements in accordance with the adopted IFRS requires the use of certain crucial accounting estimates. It is also necessary for the company's management to take decisions related to the application of accounting policies. The areas in which decisions have been taken and significant estimates have been made in the preparation of financial statements and their effect are shown below:

2.2 The bases of assessment

These simplified individual interim financial statements are prepared using the historical cost convention / depreciated cost except for the fixed tangible assets at revalued cost by using the fair value as deemed cost and the items presented at the fair value, i.e. the financial assets and liabilities at fair value through the profit and loss account and the financial assets available for sale, except for those for which the fair value can not be reliably determined.

These financial statements have been prepared for general purposes, for the use of persons who know the provisions of the International Financial Reporting Standards, applicable to trading companies whose securities are admitted to trading on a regulated market. Consequently, these financial statements should not be considered as the only source of information by a potential investor or any other user.

2.3 The functional and presentation currency

The company's management believes that the functional currency, as defined by IAS 21 "Effects of exchange rate variation" is the Romanian leu ("RON" or "LEU"). The separate financial statements are presented in lei and the values are rounded to the nearest lei, the currency that the Company chose as the presentation currency.

The transactions made by the company in a currency other than the functional currency are recorded at the rates in force at the date when the transactions take place. The monetary assets and liabilities in foreign currencies are converted at rates in effect at the reporting date.

The profit and loss arising from the exchange rate differences following the conclusion of these transactions and from the conversion to the exchange rate at the end of the reporting period of

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

the monetary assets and obligations denominated in foreign currency is reflected in the statement of the comprehensive income.

The exchange rates of the main foreign currencies as reported by the NBR (National Bank of Romania) are as follows:

	31.03.21	31.12.20
EUR	4.9251	4.8694
USD	4.1969	3.9660

2.4 Critical accounting assessments and estimates

As a result of the uncertainties inherent in business activities, many items in the financial statements cannot be precisely assessed, but only estimated. The estimation involves judgements based upon the latest available reliable information.

The use of reasonable estimates is an essential part for preparing the financial statements and does not undermine their reliability.

An estimate may need review if changes occur regarding the circumstances on which the estimate was based or as a result of new information or subsequent experiences. By its nature, the review of an estimate does not relate to prior periods and is not the correction of an error in the current period. Any effect, if any, on future periods is recognized as income or expense in those future periods.

The company makes certain estimates and assumptions about the future. The estimates and judgments are continually evaluated based upon the historical experience and other factors, including forecasting future events that are believed to be reasonable under the existing circumstances. In the future, the concrete experience may differ from these estimates and assumptions.

The significant reasoning used by the management to apply the Company's accounting policies and the main sources of uncertainty regarding the estimates were the same as those applied to the Individual Financial Statements as of and for the financial year ended on December 31, 2020.

3. SALES INCOME

The sales income includes the following items:

Description	31.03.21	31.03.2020
	(unaudited)	(unaudited)
Finished product sales	69,863,678	78,361,577
Sales of goods	21,074,547	19,445,364
Trade discounts	(24,837,039)	(24,175,337)
Total	66,101,186	73,631,604

The sales revenues are mainly driven by the sales of finished products directly to pharmaceutical distributors. On 31.03.2021 the intra and extra-community sales amounted to 33,234,008 lei.

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

The company earns from sales in individual values higher than 10% of the total sales with a total of 5 clients.

4. OTHER OPERATING INCOME

Other operating income includes the following:

Description	31.03.21 (unaudited)	31.03.20 (unaudited)
Rental income	143,321	142,920
Income from research and studies	0	0
Income from various activities	1,790,174	95,871
Income from indemnities, fines and penalties	18	0
Other operating income	251,805	12,289
Income from adjustments for depreciation of current assets	391,349	5,241,672
Income from provisions for risks and expenses	10,061,136	0
Exchange rate differences	1,670,827	1,223,630
Total	14,308,630	6,716,382

5. RAW MATERIALS, CONSUMABLES AND GOODS

The expenditure on raw materials and consumables consists of:

Description	31.03.21 (unaudited)	31.03.2020 (unaudited)
Raw materials	22,092,449	20,269,487
Auxiliary materials	1,695,536	2,379,668
Goods	12,025,603	11,597,428
Expenditure on fuel and spare parts	998,761	812,851
Inventory items	138,479	295,947
Other consumables	157,901	128,451
Total	37,108,729	35,483,832

6. STAFF COSTS

Description	31.03.2021 (unaudited)	31.03.2020 (unaudited)
Wages	24,119,187	21,471,218
Civil contracts	208,325	180,153
Tax and social contributions	741,813	685,578
Other benefits (meal vouchers)	1,126,308	888,602
Total	26,195,633	23,225,551

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

The company is managed in a unitary system within the meaning of Law 31/1990 on commercial companies; the management of the company is provided by the Management Board of SC Antibiotice SA.

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

Description	31.03.2021 (unaudited)	31.03.2020 (unaudited)
Wages	797,692	913,096
Civil constructs (CA)	208,325	180,153
Taxes and social contributions	23,385	21,745
Total	1,029,402	1,114,994

7. OTHER OPERATING EXPENDITURE

The other operating expenditure includes the following:

Description	31.03.21 (unaudited)	31.03.2020 (unaudited)
Utilities	3,262,645	3,789,265
Repair works	281,660	182,406
Rent	349,143	86,265
Insurances	352,085	364,048
Bank fees	85,334	196,530
Advertising & promotion of products	1,707,809	405,088
Travel & transport	537,035	384,912
Post & telecommunications	161,182	106,718
Other services provided by third parties	2,921,890	2,631,844
Other taxes and fees	8,569,280	11,046,688
Environmental protection	279,333	256,420
Losses and adjustments of uncertain receivables	87,383	4,012,280
Exchange rate differences	1,991,808	1,674,734
Sundries	2,420,637	723,939
Total	23,007,224	25,861,137

8. FINANCIAL INCOME AND EXPENSES

The net financial income consists of:

Description	31.03.21 (unaudited)	31.03.20 (unaudited)
Interest income	571	804
Other income	0	137,914
Interest expenses	(884,586)	(1,398,553)
Other financial expenses	(40,846)	0
Total	(924,861)	(1,259,835)

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

Other financial expenses are settlement discounts on the receivables settled before maturity, materialized in bonuses granted to the company's clients for the anticipated payment of the amounts owed by them.

9. CURRENT AND DEFERED PROFIT TAX EXPENSES AND OTHER TAXES

Description	31.03.21 (unaudited)	31.03.20 (unaudited)
Current tax	0	0
Deferred tax expense/(income)	308,108	111,024
Taxes specific to certain activities	0	0
Total	308,108	111,024

10. EARNINGS PER SHARE

Description	31.03.21 (unaudited)	31.03.2020 (unaudited)
Net profit (A)	4,038,291	4,080,609
Number of ordinary shares (B)	671,338,040	671,338,040
Earning per share (A/B)	0,006015	0,006078

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

11. TANGIBLE ASSETS

	Land	Buildings	Technical installations & equipment	Other installations, equipment & furniture	Tangible assets in progress	Total
COST						
December 31, 2019	108,306,000	123,100,710	193,775,685	7,698,504	71,040,090	503,920,989
Aquisitions	-	13,266,229	17,239,576	412,698	41,695,608	72,614,111
Outputs	-	434,193	14,042,420	67,402	30,918,503	45,462,518
Revaluating	81,627,152	-	-	-	-	81,627,152
December 31, 2020	189,933,152	135,932,746	196,972,841	8,043,800	81,817,195	612,699,734
Acquisitions	-	1,766,070	7,575,612	127,278	6,713,050	9,468,960
Iesiri	-	-	-	-	9,468,959	
March 31, 2021	189,933,152	137,698,816	204,548,453	8,171,078	79,061,286	619,412,785
DEPRECIATION						
December 31, 2019	-	8,036,888	126,324,476	5,646,763	-	140,008,126
Cost of the period	-	7,286,677	11,359,983	411,930	-	19,058,590
Outputs	-	434,192	14,042,420	67,401	-	14,544,013
December 31, 2020	-	14,889,373	123,642,039	5,991,292	-	144,522,704
Cost of the period	-	-	-	-	-	-
Outputs	-	2,035,104	3,015,459	111,466	-	5,162,029
March 31, 2021	-	16,924,476	126,657,498	6,102,758	-	149,684,732
PROVISION						
December 31, 2019	-	51,600	244,652	-	-	296,252
Outputs 2019	-	-	-	-	-	-
December 31, 2020	-	51,600	244,652	-	-	296,252
Outputs 2020	-	-	-	-	-	-
March 31, 2021	-	51,600	244,652	-	-	296,252
NET VALUE						
March 31, 2021	189,933,152	120,722,740	77,646,303	2,068,320	79,061,286	469,431,801
December 31, 2020	189,933,152	120,991,773	73,086,150	2,052,508	81,817,195	467,880,779
December 31, 2019	108,306,000	115,012,222	67,206,557	2,051,741	71,040,090	363,616,611

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

Depreciation of fixed assets

The accounting depreciation is calculated using the straight line method. For the new fixed assets, entered in 2021 such as installations, machines and measuring and control devices, the useful life times have been established taking into account:

- the estimated level of use based on the use of the asset' capacity;
- the repair and maintenance program performed by ANTIBIOTICE SA for installations and equipment;
- the obsolescence determined by possible changes in the production process according to the structure of the product portfolio provided by the company.

The inventory value of the tangible assets constituted as pledges or guarantees is 49,983,834 lei.

12. INTANGIBLE ASSETS

The intangible assets include in-house development projects, legal documentations (for licenses and patents) as well as software licenses.

The changes in the acquisition cost and the amortization related to the intangible assets are shown in the table below:

	31.03.21	31.12.20
	(unaudited)	(unaudited)
Initial balance	37,142,435	30,776,615
Inputs	4,839,250	8,380,448
Outputs	0	2,014,628
Final balance	41,981,685	37,142,435
Amortization		
Initial balance	17,432,829	14,390,906
Cost of the period	535,932	3,041,923
Final balance	17,968,762	17,432,829
Net value	24,012,923	19,709,606

13. STOCKS

	31.03.21	31.12.20
Description	(unaudited)	(unaudited)
Raw materials and consumables	42,191,959	43,543,406
Production in progress	3,787,784	2,411,294
Semi-finished and finished products	66,333,742	48,516,680
Goods	11,289,230	14,219,829
Total	123,602,715	108,691,209

The value of stocks held as collateral is 48,178,301 lei.

14. TRADE AND OTHER RECEIVABLES

	31.03.21	31.12.20
Description	(unaudited)	(audited)

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

Trade receivables	260,464,558	260,388,767
Adjustments for trade receivables	(29,157,464)	(29,157,464)
Various debtors and other receivables	4,594,056	6,300,228
Adjustments for various debtors	(3,432,707)	(3,432,707)
Receivables related to employees	6	58
Other receivables from the State Budget	4,008,378	1,369,072
Advance payments	3,821,661	3,166,591
Total	240,298,488	238,634,545

On March 31, 2021 the Company recorded adjustments for trade receivables representing customer balance that are unlikely to be collected by the company. The receivables of the Company were analysed and evaluated according to criteria established according to the risks per categories of costumers.

	31.03.21	31.12.20
Analysis of seniority	(unaudited)	(audited)
Receivables – customers	260,464,558	260,388,767
Up to 3 months	67,539,535	132,533,597
Between 3 and 6 months	103,207,983	47,251,182
Between 6 and 12 months	47,819,994	53,373,313
Over 12 months	41,897,046	48,897,427
Value adjustments related to receivables- customers	(29,157,464)	(29,157,464)

The fluctuations in the Company's provisions for the impairment of trade receivables are presented in the table below:

	31.03.21	31.12.20
Adjustments of receivables	(unaudited)	(audited)
At the beginning of the period	32,590,171	37,499,373
Established during the year	0	8,472,434
Cancelling the adjustments	0	(13,381,63)
At the end of the period	32,590,171	32,590,171

The value of receivables established as guaranties is 163,837,473 lei.

15. CASH AND CASH EQUIVALENTS

Description	31.03.21	31-Dec-20
	(unaudited)	(audited)
Available in the bank	894,619	6,312,210
Cash and cash equivalents	12,481	17,238
Total	907,100	6,329,458

16. TRADE AND OTHER LIABILITIES

Description	31.03.21	31.12.20
	(unaudited)	(audited)
Trade liabilities	47,795,504	42,443,896

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

Suppliers of assets	5,476,344	8,386,582
Employee-related liabilities	3,459,201	3,558,591
Other debts	146,999	183,630
Interest to be paid	208,946	364,428
Tax and social contributions	3,648,517	3,754,408
Dividends	5,632,715	5,673,403
Advances money from customers	1,384,810	1,739,052
Total	67,753,036	66,103,990

17. AMOUNTS DUE TO CREDIT INSTITUTIONS

The amounts due to the credit institutions on 31.03.2021 are shown in the table below:

Amounts due to credit institutions	Value at 31.03.2021
Amounts due in the short term	99,828,186.03 LEI
Amounts due in the long term (including interest)	65,165,475.63 LEI

The short-term contract number IAS3-42-2016/ 17.08.2016 concluded with Unicredit Bank S.A.

Objective	Credit line – working capital
Amount	55,000,000 LEI
Maturity	16.08.2021
Balance on March 31, 2021	49,330,807.68 LEI
Warranties	Mortgage contract for buildings, land/ Receivable assignment contract

Credit contract no. IAS3-20-2018/03.05.2018 concluded with Unicredit Bank S.A.

Objective	Investment credit
Amount	15,406,300 EUR
Maturity	02.05.2028
Balance on March 31, 2021	15,406,300 EUR (75,877,568.13 LEI)
Warranties	Mortgage contract for buildings, land /Receivable assignment contract

The short-term contract number 12239/22.05.2012 concluded with ING BANK N.V. AMSTERDAM – Romanian Branch

Objective	Credit line – working capital
Amount	9,500,000 EUR
Maturity	22.05.2021
Balance on March 31, 2021	39,685,110.55 LEI
Warranties	Mortgage contract for buildings, land /Receivable assignment contract

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

The amounts due to credit institutions on 31.03.2020 are shown in the table below:

Amounts due to credit institutions	Value at 31.03.2020
Amounts due on the short term	121,558,403.26 LEI
Amounts due on the long term (including interest)	66,126,264.74 LEI

The short-term contract number IAS3-42-2016/17.08.2016 concluded with Unicredit Bank S.A.

Objective	Credit line – working capital
Amount	55,000,000 LEI
Maturity	16.08.2020
Balance on march 31, 2020	53,180,807.68 LEI
Warranties	Mortgage contract for buildings, land /Receivable assignment contract

The contract number IAS3-20-2018/03.05.2018 concluded with Unicredit Bank S.A.

Objective	Investment credit
Amount	15,406,300 EUR
Maturity	02.05.2028
Balance on March 31, 2020	13,881,020.53 EUR (66,981,476.47 LEI)
Warranties	Mortgage contract for buildings, land /Receivable assignment contract

The short-term contract number 12/01.07.2013 concluded with the Export-Import Bank of Romania - EXIMBANK S.A.

Objective	Credit line – working capital
Amount	30,000,000 LEI
Maturity	24.06.2020
Balance on March 31, 2020	25,643,340.31 LEI
Warranties	Mortgage contract for buildings, land /Receivable assignment contract

The short-term contract number 12239/22.05.2012 concluded with ING BANK N.V. AMSTERDAM – Romanian Branch

Objective	Credit line – working capital
Amount	9,500,000 EUR
Maturity	22.05.2020
Balance on March 31, 2020	34,221,707.16 LEI 1,746,453.46 EUR (8,427,336.53 LEI)
Warranties	Mortgage contract for buildings, land /Receivable assignment contract

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

SC Antibiotice SA has not lodged guarantees and has not pledged or mortgaged its own assets to guarantee obligations in favour of a third party.

18. SUBSIDIES FOR INVESTMENTS

The subsidies for investments have the following structure:

	31.03.21	31.12.20
	(unaudited)	(audited)
Subsidies for investments		
Wastewater treatment plant	2,021,718	2,061,443
Research project-UMF Iasi	24,503	24,503
Other grants from European funds	495,504	519,489
Other grants from state budget funds	97,050	101,283
Other amounts received in the form of grants	57,532	66,162
Total	2,696,307	2,772,880

The amounts reflected in the account subventions for investments represent values received by the company in the form of grants during the last 10 years for investments in the environmental protection and in increasing the competitiveness of industrial products through financing from the Ministry of Economy, Trade and Business Relations and UEFISCDI Bucharest.

19. DEFERRED INCOME TAX

The variation of debts regarding the deferred tax on profit is presented in the following table:

	31.03.21	31.12.20
Description	(unaudited)	(audited)
Initial balance	31,119,874	25,531,938
Cost / (income) deferred tax	308,108	111,024
Final balance	31,427,982	25,642,962

The main components of the deferred tax are: the deferred tax related to the revaluation of fixed assets during the period 2004-2009 and deferred tax related to re-evaluations in the years 2012 and 2015.

20. SHARE CAPITAL

The subscribed share capital of the company on March 31, 2021 is 67,133,804 lei, the nominal value of a share is 0,1000 lei/share. Our company has a number of 671,338,040 shares which confer equal rights to the company's shareholders. SC Antibiotice SA has not issued preference shares to shareholders.

According to the provisions of IAS 29 – hyperinflationary economies, the share capital was restated taking into account the inflation index communicated by the National Statistics Commission. It was applied starting with the balance determined according to GD 500/1994,

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

from the reporting date to 31.12.2003, the date when it was considered that the national economy has ceased to be hyperinflationary.

Subsequent to 31.12.2003, the share capital increased according to the historical amounts registered with the Trade Registry.

On 31.12.2012, in the balance sheet of the Company there was a retained earnings loss result from the application for the first time of IAS 29 “*Financial Reporting in Hyperinflationary Economies*” proposed to be covered from the amount resulting from the application of IAS 29 “*Financial Reporting in Hyperinflationary Economies*” as follows:

Reported loss result from the first application of IAS 29	197,701,352
Adjustments of the share capital-the first application of the IFRS	197,701,352

According to the Order 1690/2012 regarding the modifying and filling out of some accounting regulations, the accountable loss reported, coming from the transition to IFRS, from following for the first time of IAS 29, as well as the one resulting from the use, at the date of transition to the application of IFRS, of the fair value as deemed cost is covered from equity (including the amounts reflected in the account credit 1028 “Adjustments of the share capital”), according to the GMS decision, with compliance of the legal provisions.

21. RESERVES

The reserves include the following components:

Description	31.03.21 (unaudited)	31.12.20 (audited)
Reserves from revaluation of fixed assets	138,224,147	139,000,941
Legal reserves	13,426,761	13,426,761
Deferred income tax recognized on equity	(22,115,861)	(22,364,415)
Other reserves	231,136,239	216,684,049
Reserves from current profit		14,452,190
TOTAL	360,671,286	361,199,526

The following describes the nature and purpose of each reserve within the equity:

Reserve	Description and purpose
Reserves from revaluation of fixed assets	If the book value of a tangible asset is increased as a result of the re-evaluation, then the increase should be recognized in other items of global result and cumulated in equity, as a re-evaluation surplus. The revaluation reserves cannot be distributed and cannot be used to increase the share capital.
Legal reserves	According to Law 31/1990, at least 5% of the profit is taken each year for the formation of the reserve fund until it reaches at least a fifth of the share capital.
Other reserves	Other reserves include reserves that represent tax incentives

ANTIBIOTICE S.A.
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

On March 31, 2021

(all the amounts are expressed in LEI, if not mentioned otherwise)

that cannot be distributed because they have implications on the recalculation of the corporate tax. The difference represents reserves made up of profits.

22. REPORTED RESULT

The reported result includes the following components:

Description	31.03.21 (unaudited)	31.12.20 (audited)
Reported result – a surplus from revaluation reserves	21,258,024	20,729,784
Result reported from error correction	(7,000,410)	(7,000,410)
The retained earnings arising from the use of fair value as deemed cost at the date of transition to IFRSs	123,846,355	123,273,485
The retained earnings from the adoption of IAS 29 for the first time	(197,701,352)	(197,701,352)
Undistributed profit/unrecovered loss	11,935,859	0
Total	(48,234,394)	(60,698,493)

23. CONTINGENT LIABILITIES

SC Antibiotice SA does not have contingent liabilities at March 31, 2021.

24. ELEMENTS FOLLOWING THE REPORTING PERIOD

No elements of the nature of subsequent events were identified.

CURRENT REPORT

Notice of availability for the Report on 31 March 2021

Antibiotice Iași informs the investors that the *report on 31.03.2021* is available through the *Bucharest Stock Exchange* and *Financial Surveillance Authority* as well as on our website: www.antibiotice.ro (Investors/Financial Information/Financial Reports - 2021, 3 months).

We mention that the above-mentioned report can also be obtained at our company's headquarters (Investor Relations, phone no. 0232 209570, fax 0372 065633, e-mail: relatiicuinvestitorii@antibiotice.ro).

General Director,
ec. Ioan NANI

Financial Director,
ec. Paula-Luminița COMAN