

Press release

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Contact person: Mrs. Mihaela Melinte, Communication & PR Manager  
+40232.209402; [mihaela.melinte@antibiotice.ro](mailto:mihaela.melinte@antibiotice.ro)

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## The Antibiotice Iași business growth by 24% in 2023 strengthens the company's development

On April 17, 2024 Antibiotice SA (symbol ATB) submitted to the Bucharest Stock Exchange the administrators' report and the auditor's opinion regarding the financial statements for the period January-December 2023.

For the first time, the financial statements of Antibiotice Iași were audited by Deloitte Romania, a company in "The Big Four" - the top of the largest audit companies in the world, which signed a 3-year contract with Antibiotice. *"The financial statements of Antibiotice faithfully present the result of all its activities"* is Deloitte's opinion at the end of the audit of the financial results related to the year 2023, an opinion that has an important impact on the players in the capital market.

The General Meeting of Shareholders approved important investments for the current year, financed both from the company's own sources and from the fundraising of non-reimbursable funds. The company's shareholders have decided, in connection with the distribution of the profit for the financial year 2023, to postpone the decision-making in order to correlate the need for self-financing of the company with the requests of the Romanian Government to distribute 90% of the resulting profit in the form of a dividend.

### Noteworthy results of 2023:

- +24% increase in the net turnover on the domestic and international market from 484 million lei (2022) to 601 million lei;
- +28% increase in the net turnover on the domestic market;
- +18% increase in the net turnover obtained from exports;
- 81.1 million lei net profit;
- 98.05 million lei investments for the business consolidation and the strategic development of the company;
- 12 new products added to the portfolio from: the Nutriensa range (food supplements intended to increase the quality of life), products for colds and flu, dermatological and anti-infective products intended for hospitals;
- the obtaining of a financing of 25 million euros from the European Investment Bank in the form of a loan granted through the InvestEU facility, to support the company's investment program;

- 85 million lei non-refundable funds received through state aid for the building of a production capacity of sterile products, solutions and topical products;
- a 4.1 million lei worth co-financing for a green energy production capacity;
- concluding a consultancy agreement with the European Investment Bank regarding the strategic development of the company's industrial platform;
- 146% increase in share value during 2023.

### **Increase of turnover on the domestic market by 28%**

From the total turnover related to 2023, the value of sales obtained on the Romanian market was 382.4 million lei, 28% higher compared to the value achieved in the previous year.

The increase in turnover on the domestic market was mainly supported by the introduction of 12 new pharmaceutical products in line with the therapeutic trends and the expansion plan of the product portfolio. Some of these complement the Nutriensa range of dietary supplements intended to support the quality of life and others are from the cold and flu, dermatological and anti-infective categories for hospitals.

Also, another resource for increasing the turnover was represented by the company's repositioning actions in relation to competitors for the products in the portfolio, the promotion campaigns addressed to the general public, as well as the context related to the increase in the incidence of acute respiratory diseases.

The evolution of the company's sales on the market in 2023 (according to the Cegedim data source) by segments translates the increases both in hospitals (20%), national pharmacy chains (15%) and in the independent pharmacies and mini-chains (17%).

### **Exports up by 18%**

In 2023, the turnover achieved on the international market from the valorization of finished products and active substances reached the value of 218.4 million lei, an increase of 18% compared to the value recorded in the previous year. The company has consolidated its presence in the traditional territories through the products that have consecrated it over time, by developing organically, but also by accessing new markets (especially from the European Union), within the framework of regional partnerships.

### **39% of finished products are sold in EU member countries**

In 2023, the export of finished products was worth 132.3 million lei with an increase of 20.3% compared to 2022. Of the total exports, the market of EU member states was the main market in 2023, a percentage of 39% of product sales of finished goods coming from businesses developed in EU member countries.

These valuable results were due to:

- accessing new markets in the EU (Hungary, Poland) as well as Georgia, within the Territorial Expansion Plan with a portfolio of products carefully selected according to the current and future consumption potential, the capitalization price and the regional targets. The Antibiotic footprint in Europe has grown year after year, from approximately 5 million euros (2020-2021) to over 10 million euros in 2023.

- strengthening the export of beta-lactam antibiotics in the company's traditional territories: USA, Vietnam, Great Britain, Denmark, Norway and Moldova. Moreover, in the US, sales of 7 million USD were achieved; thus, the company became a major supplier of beta-lactam antibiotics to the healthcare system in this country. Also, the company expanded its product portfolio in Vietnam with 3 new products, consolidating its business in this area worth 7 million USD.
- the doubling of sales for oral products (antibiotic and cardiovascular medicines) in the territories where the company has its own representative offices, promotion and sales teams, that is in Vietnam, Moldova and Serbia.

### **The export of active substances, up by 13.4%**

The sales of the 3 varieties of Nystatin (compacted, micronized and standard), distributed in more than 55 countries worldwide, have strengthened Antibiotice's position as the world market leader in this segment.

Compared to the value of the previous year, the turnover obtained from the sales of active substances increased by 13.4%, the result of consolidation and development projects in the geographical areas of Europe, North America and Latin America.

### **The financial result of the year 2023**

The results obtained in accordance with the business plan "The Future Together 2023-2030" indicate healthy and sustainable growth based on new strategies to maximize returns and consolidate the business domestically and internationally.

Thus, in 2023, Antibiotice achieved a turnover of 601 million lei, 24% higher than the level recorded in 2022 and a net profit of 81.1 million lei, higher than the level recorded in the previous year.

### **Financial balance indicators to be followed in 2023:**

- **Current liquidity** (current assets/short-term bank liabilities) is 13.58, higher than 1.2;
- (operating profit + asset depreciation expenses + amortization expenses) show an upward trend from 89 million lei in 2022 to 124.8 million lei in 2023;
- **Total bank debt/EBITDA** is 0.53, lower than 3.5;
- **Total bank debt/equity** is 0.08, less than 1;
- **Debt ratio** (total liabilities/total assets) remained at 25%.

### **Investments of almost 100 million lei in support of the business plan "The Future Together 2023-2030"**

During 2023, Antibiotice implemented an extensive investment program worth 98 million lei, a program focused on the development of the product portfolio in order to ensure competitive medicines for both the national and international markets, the creation of new manufacturing sites, the digitization processes, energy efficiency projects and green energy production.

The company's annual and long-term investments aim to ensure the sustainable development and long-term performance at the local and European level and they are grouped into two major categories: **investments for strategic development** regarding the expansion and enrichment of the product portfolio and **investments for business consolidation**.

From the category of **investments oriented towards strategic development**, in 2023 the company continued to allocate significant resources for *research and development projects* intended to bring to the market new quality products which are safe, efficient and competitive. In the company's own Research Center, 24 previously started research projects were supported by investments, to which 16 new projects were added in 2023, covering therapeutic areas such as dermatology, anti-infectives, digestive tract, central nervous system and musculoskeletal system. Also, international collaborations continued to accelerate the development of the product portfolio in line with the company's concern for innovation and adaptability to market demands.

Another direction towards which strategic investments were oriented in 2023 is the support of investments in *new production facilities*. In this regard, the company initiated the contracting process for the design and construction of 3 new manufacturing flows. The progress is expected to lead to the signing of design and construction contracts during the first half of 2024, thereby strengthening the production capacity and increasing the flexibility and the operational efficiency of the company.

In the category of **investments for business consolidation**, in 2023 projects such as investments in technology, infrastructure, integrated management and equipment modernization were carried out which ensure the consolidation of the company's position on the market, competitiveness and a solid foundation for growth and sustainable development. Thus, Antibiotice directed sustained investments in the field of information technology and digitization of processes.

Also, the company continued to invest in adapting to industrial developments and modernizing its infrastructure. The investment objective of expanding raw material storage capacity to meet the growth and diversification of annual production has been completed. Also, the construction of a modern warehouse for finished products, adapted to the production needs estimated until the year 2030, has started.

The company also made significant progress on projects to modernize the utility's production and distribution facilities. An essential aspect of these investments is the company's commitment to the production of green energy and the reduction of energy consumption. Thus, two projects were started for the construction of photovoltaic power plants, which will contribute to the reduction of greenhouse gas emissions and to the strengthening of the company's commitment to sustainability. One of the projects was the construction of the photovoltaic panels park on the ground with a 2.5 MW power, recently completed and which benefited from European co-financing through NRRP (Romania's National Recovery and Resilience Plan), and the second project is a photovoltaic power plant with an installed power of 1,2 MW, which is to be commissioned in the first semester of 2024.

#### **In 2023 Antibiotice:**

- received funding through state aid for the project "Production capacity, packaging and storage of sterile products, solutions and topicals". The total value of the project is 200.1 million lei, of which the state aid is worth 85 million lei;
- received co-financing from the National Recovery and Resilience Plan for the "2.5 MW Photovoltaic Plant" project, worth 4.1 million lei;

- signed a financing agreement with the European Investment Bank in the form of a loan granted through the InvestEU facility. The loan, amounting to 25 million euros, will support the achievement of the company's Investment Program, included in the "The Future Together 2023-2030" Business Plan. This partnership is a first in the Romanian medical sector and it contributes to the strengthening of the objectives included in the EU Strategy in the pharmaceutical field, with the aim of addressing the shortage of medicines and strengthening the security of the supply system within the European Union;
- benefited from a consultancy grant awarded by the European Investment Bank (EIB) for the development of its long-term strategy, through which the EIB experts collaborate with those of the company to identify the optimal options for growth and development, both domestically and internationally.

*The people interested in finding out more information can read the Administrators' Report for 2023 on the website of the Bucharest Stock Exchange ([www.bvb.ro](http://www.bvb.ro)), of the Financial Supervisory Authority ([www.asfromania.ro](http://www.asfromania.ro)) or on the website of Antibiotice SA ([www.antibiotice.ro](http://www.antibiotice.ro)), "Investors > Financial information > Financial reports" section.*