

2022 Annual Preliminary Financial Results

The indicators planned in the 2022 Income & Expenditure Budget as part of the multi-year business plan were met, creating the premises for achieving the desired goals up to 2030:

- doubling the turnover;
 - increasing the export share to 50% of turnover;
 - maintaining the position of world leading manufacturer of the active substance Nystatin;
 - motivating the human resources for fulfilling the objectives;
 - streamlining activities through digitization and computerization of the manufacturing site,
- all of them for a sustainable development.

Total revenues achieved in 2022 amounted to 535.01 million lei, by 17% higher compared to the planned value (i.e. 458,5 million lei) and by 29% higher compared to the value achieved in 2021 (414,85 million lei).

Total expenses made in 2022 amounted to 493.1 million lei, by 15.7% higher compared to the planned value (i.e. 426.02 million lei) and by 28% higher compared to the value achieved in 2021 (i.e. 384.54 million lei).

Gross profit amounted to 41.9 million lei, by 29% higher compared to the planned value and by 38% higher compared to the value achieved in 2021.

The synthesis of the main diagnostic indicators recorded in 2022 highlights the financial balance and our continuous concern for streamlining the business, achieving an indebtedness level of 25%, by optimizing collections and reducing the terms of collection of receivables in the pharmaceutical market, with a favorable effect in reducing the credits for financing the working capital, simultaneously with reducing the commercial debts and implicitly the total debts.

Indicators regarding preliminary financial results	Preliminary 2022	IEB 2022	2021
Gross margin (lei)	332,075,132	268,021,000	231,999,851
Gross margin (%)	65,22	60,55	61,10
Added value (lei)	259,211,241	208,721,000	184,593,822
Gross result (lei)	41,903,232	32,500,000	30,302,616
Gross profit profitability (EBT margin) (%)	9	8	8
Claw-back tax (lei)	31,332,652	28,000,000	28,669,258
Gross profit profitability + claw back (%)	15	14	16
Net result (lei)	38,513,427	31,400,000	29,939,404
EBITDA (Earnings before interest, taxes, depreciation and amortization) (lei)	68,060,326	56,950,000	58,252,248
Level of indebtedness (total liabilities/total assets) (%)	25	29	32
General liquidity (no. of times)	2.39	2	1.9
Net accounting assets (lei)	641,430,601	643,000,000	604,991,800

Comprehensive income statement

Indicators	Preliminary 31.12.2022	IEB 2022	31.12.202 1	Preliminary 2022/ IEB 2022	Preliminary 2022/2021
Sales income	482,666,811	432,074,000	366,209,06	112%	132%
Other operating revenues	26,874,232	16,102,000	37,378,976		
Revenues related to product inventory costs	11,689,110	24,000	711,939		
Income from the activity carried out by the entity and capitalized	13,779,091	10,314,000	10,547,830		
Raw material expenses	109,740,746	104,046,265	74,159,073	105%	148%
Material expenses for supporting the production process	16,249,703	9,015,735	12,668,363		
Expenses with products manufactured on other sites	51,126,808	61,569,000	60,854,292	83%	84%
Employee remuneration expenses	129,620,059	123,534,000	114,906,31	105%	113%
Depreciation and amortization	21,966,575	21,450,000	24,124,432	102%	91%
Expenses with electricity, natural gas and water	22,026,479	23,250,002	14,114,801	95%	156%
Expenses for supporting operational activities	17,386,421	10,381,322	11,879,280		
Product advertising and promotion expenses	22,194,313	14,800,000	11,011,125		
Expenses with services provided by	15,300,222	12,338,000	13,580,815		
Expenses with taxes and fees	38,256,584	32,639,000	35,350,973		
Expenses with the adjustment of current assets	33,944,116	5,190,302	2,845,168		
Expenses with unfavorable exchange rate differences	11,494,347	4,577,374	5,318,549		
Operating profit	45,702,871	35,723,000	34,034,62	128%	134%
Net financial income	-3,799,641	-3,223,000	-3,732,012		
Profit before tax	41,903,230	32,500,000	30,302,61	129%	138%
Expenses with profit tax and other	3,389,803	1,100,000	363,212		
Net profit	38,513,427	31,400,000	29,939,40	123%	129%

The main efficiency indicators of the operational activity and of the total activity were above the planned level and above the level achieved in the previous year. Efficiency of the operational activity is expressed by the operating profit, whose value on 31.12.2022 was 45.7 million lei, by 28% higher compared to the planned value.

The activities developed in the whole company with the objective of achieving the planned indicators, corroborated with the measures undertaken in 2022 for:

- consolidating the domestic and international sales;
- efficiently managing the expenses;
- making investments for the business's strategic development and consolidation,

determined a gross profit of 41.9 million lei, with a 8.6% gross profit margin. Efficiency of the activities was significantly influenced by the claw back tax amounting to 31.3 million lei which, combined with the value of the gross profit, ensured a 15.1% margin. The total value of **sales revenues, of 482.7 million LEI (about 100 million EURO)** was obtained by selling finished products manufactured on our own manufacturing sites (379.2 million lei) and Antibiotice products manufactured on other production sites (103.5 million lei), both on the domestic and international markets.

Revenues from the sale of products in the domestic market amounted to 298.6 million lei, by 32.9% higher compared to the value in 2021.

Revenues from the sale of products in the international market amounted to 184.1 milioane lei, by 30 % higher compared to the value in 2021.

These revenues were by 12% higher compared to the planned level of 432 million lei and by 32% higher compared to the value recorded in 2021 (366.2 million lei.)

Revenues from the sale of Antibiotic products in the domestic market are in correlation with the sales in the pharmaceutical market in Romania, following also the same trend with the evolution on the distribution channels of medicines to patients.

In 2022, the sales of products from the Antibiotic portfolio (sell-out) amounted to 444.7 million lei, higher by 14.5% compared to the value recorded in 2021 and higher by 5% compared to the planned value.

Evolution of pharmaceutical market in Romania¹

In 2022, the value of medicines released to the patients from Romania was 25,779.65 million de lei (distribution price), higher by 21.9% compared to the value recorded in 2021. The consumption of medicines increased by 7.2%, a number of 705.82 million boxes being released from the pharmacies in 2022.

In the reporting period, the average price per box registered a progressive increase from 32.51 lei/box in January to 36.52 lei/box in December.

Evolution of the generic pharmaceutical market with medical prescription and without medical prescription

Of the total pharmaceutical market in Romania, 45.3% is represented by the segment of generic drugs with medical prescription (Rx) and without medical prescription (OTCs). The generics market registered a 21.4% value increase in the analyzed period from 9,626.9 million lei to 11,682.3 million lei. From a quantitative point of view, it recorded an increase of 7.4%, with a number of 522.7 million boxes released from pharmacies in 2022 compared to 486.6 million boxes in 2021.

Prescription drugs (Rx) represent 41.7% of total value sales in 2022 and 47.3% of total drug consumption (reported as number of boxes). During the analyzed period, they recorded a value increase of 19.1%, from 4,091.9 million lei in 2021 to 4,873.9 million lei in 2022 and a quantitative increase of 5.5% from 234.2 to 247, 1 million boxes.

Non-prescription drugs (OTC) registered a value increase of 23.0% (from 5,534.9 million lei in 2021 to 6,808.4 million lei in 2022) and an increased consumption of 9.2% (from 252.5 million boxes in 2021 to 275.6 million boxes in 2022).

By market segments, the sales situation in the total market is presented as follows:

- **hospital** - the sales increased by 32.3%, from 775.1 million lei in 2021 to 1,025.1 million lei in 2022. As regards the consumption, the analyzed period recorded a 8.8% increase, from 20.98 to 22.8 million boxes.
- **national pharmacy chains** - the sales increased by 15.7%, de la 3,656.3 million lei in 2021 to 4,229.5 million lei in 2022. In terms of quantity, a 4.2% increase was recorded in 2022 compared to 2021, from 188,9 la 196,8 million boxes.
- **independent pharmacies and minichains** - the sales increased by 23.7%, from 5,195.5 million in 2021 to 6.427,7 million lei in 2022. In terms of quantity, a 9.5% increase was recorded in 2022 compared to 2021, from 276.8 la 303.1 million boxes.

Antibiotic in the Romanian pharmaceutical market

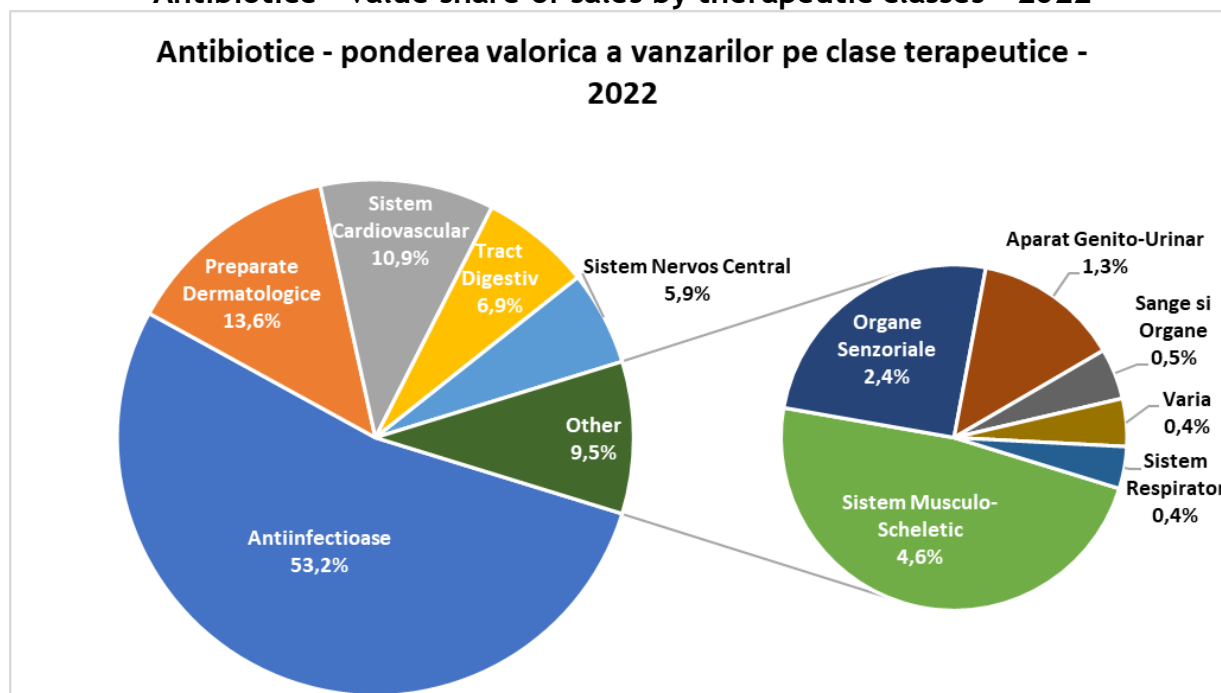
- in terms of consumption (number of boxes), it ranked 4th in the segment of prescription generic medicines and OTCs (a 5.2 % market share);
- quantitative leader (IU) in the total market on the following pharmaceutical dosage forms: ointments (20.6%), suppositories and pessaries (36.1%) and powders for injection (60.1%);

¹ According to the data source CEGEDIM Sell Out Romania, December 2022

- leader in the segment of prescription generic medicines and OTCs sold in hospitals, with a 13.2% market share.

Antibiotice has consolidated its core business component - antiinfectives for systemic use - developing also the therapeutic classes where it holds important positions in the domestic market: dermatologicals, cardiovasculars and medicines for digestive tract.

Antibiotice - value share of sales by therapeutic classes - 2022



Prescription medicines (Rx) represented 83.6% from the total value sales in 2022 and 84.1% from the total consumption of medicines (reported as number of boxes). During the analyzed period, they recorded a 16.0% value increase, from 320.4 million lei in 2021 to 371.6 million lei in 2022 and a 7.8% increase in terms of quantity, from 21.4 la 23 million boxes.

Non-prescription medicines (OTCs) recorded a 7.7 % value increase (from 67.8 million lei in 2021 to 73.1 million lei in 2022) and a steady consumption as number of boxes (4.4 million boxes in 2022).

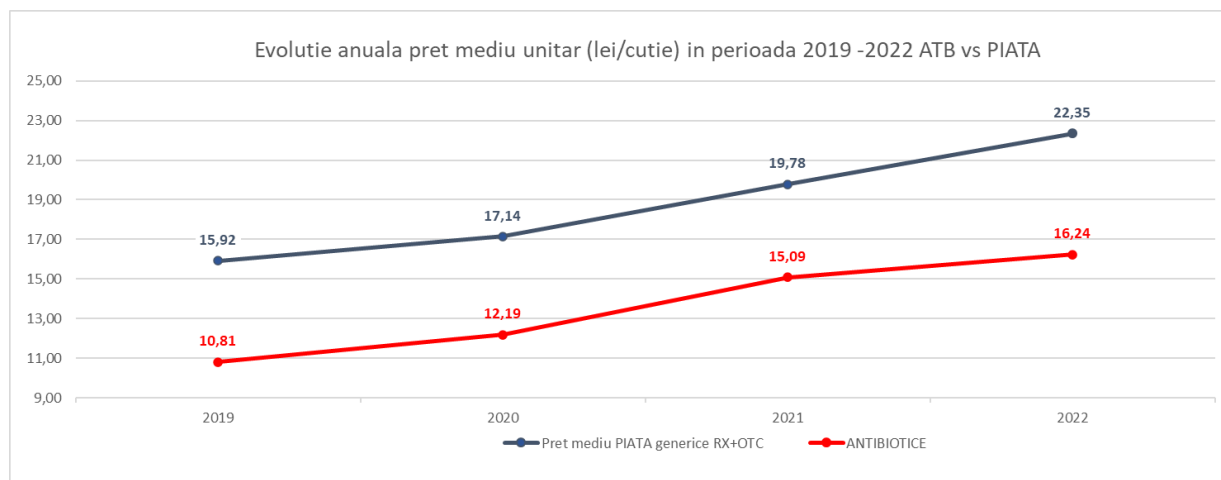
By market segments, the Antibiotice sales situation in the relevant market is presented as follows:

- **hospital** - the sales recorded a significant value increase of 20.8%, from 112.4 million lei in 2021 to 135.8 million lei in 2022. Consumption recorded in this segment, as number of boxes, increased by 8.7% in 2022, compared to the similar period of the previous year.
- **national pharmacy chains** - the sales increased by 5,2% in 2022 compared to 2021 (from 105.9 million lei to 111.5 million lei). The number of boxes released by pharmacies increased by 0.6% (9.6 million boxes in 2022).
- **independent pharmacies and minichains** - the value sales increased by 16.1% in 2022 compared to the similar period of the previous year (from 170 million lei to 197.4 million lei). The number of boxes released by pharmacies increased by 9.4% (from 14.8 million boxes in 2021 to 16,2 million boxes in 2022).

In 2022, the promotion actions developed by Antibiotice led to the consolidation of the quantitative market shares for the promoted brands: Fluxiv®, Saliform Forte®, Zifex Complex® pessaries, Zifex Duo® pessaries, Aceclofen® suppositories, Eficef® capsules, Perasin® for injection, Ertapenem ATB for injection, Tigeciclina ATB.

Price - strategic element for adjusting to the market

The average market price of **generic and OTC products** in 2022 was 1.07 lei/IU (indivisible unit), up 16.5% compared to the same period of the previous year (0.92 lei/unit). As regards the selling channels, the highest price of medicines in the market of generic and OTC products was recorded in 2022 on the **hospital channel**: 5.32 lei/ iu, of which injectables registered a price of 8.6 lei/IU, up by 28.6% compared to last year. The **MLFI segment (independent pharmacies)** ranked second, with an average price in 2022 of 1.01 lei/iu (higher by 17.0% compared to 2021) while the **National Chains** recorded an average price of 0.98 lei/cu in 2022 (higher by 13.6% compared to 2021)².



In 2022, the average price of the Antibiotice portfolio, at the indivisible unit level, was 1.3 lei/iu, up 11.3% from 1.17 lei/unit in 2021.

The product positioning strategy in the market is the starting point for the entire marketing mix, implicitly also for the product and price policy. The application of strategies on market segments and promotion concepts led to an efficient capitalization in the structure of the portfolio compared to the planned average price, with a degree of achievement of 104.6%.

In the retail segment, the focus on the projects for developing the non-RX brands from the Nutriensa range generated an optimal structure, the average selling price being 0.73 lei/iu, compared to 0.69 lei/iu in 2021.

In terms of selling channels, the highest price was recorded by Antibiotice in 2022 on the hospital channel: 4.38 lei/iu, of which injectables registered a price of 8.44 lei/IU, up +10.4% compared to last year. On the MLFI channel (mini chain and independent pharmacies) the price recorded in 2022 was 1.08 lei/unit, up 10.0% compared to 2021, and in chain pharmacies, the average price in 2022 reached 0.87 lei/ui (higher by 12.4% compared to 2021).

Export of Nystatin

In 2020, the export of Nystatin produced by Antibiotice followed the trend of the last three years, our company consolidating its position in the world market, achieving revenues amounting to 75.7 million lei. This year, substantial progress was made for improving the quality of this active substance, by upgrading the long-term stability (3 years) from storage temperatures between 2-8 degrees to storage temperatures below 25 degrees Celsius, this being certified by the European regulatory authority in the pharmaceutical field, EDQM. These characteristics of the Antibiotice product were also recognized in the US market by the Food and Drug Administration, the regulatory authority in the field.

In the reporting period, our company continued its efforts to develop the main export markets in Europe, North America and Latin America.

Export of finished products

In 2022, Antibiotice delivered in the international markets medicines amounting to 108.4 million lei, higher by 14% compared to 2021. It is a growth rate higher than the world trend of only 4.9% reported by IQVIA, a market research company in the pharmaceutical field.

The main markets where there were increases in sales of Antibiotice medicines: UK, Vietnam, Canada, Denmark, Iraq, Azerbaijan, Moldova.

The sales in the United States market were maintained at a relatively constant level compared to the previous period, representing about 22% of the value of the export of finished products.

In addition to consolidating the presence in traditional markets, in 2022 Antibiotice developed new projects, participated and won tenders to delivery antiinfectives in Saudi Arabia and Albania. Six products in the retail segment were launched in the South Africa.

In 2022, the operational activity was completed by revenues from:

- favorable exchange rate differences resulting from the revaluation according to legal regulations of the monthly balance of debts and receivables in foreign currency, of the liquid assets from the current and loan bank accounts in foreign currency, as well as from the settlement of receivables and debts in foreign currency, amounting to 10.7 million lei;
- cancellation, according to legal requirements, of the adjustments for the depreciation of current assets in the amount of 9.2 million lei and of provisions for risks and expenses in the amount of 3.85 million lei;
- prescription of the right to request the dividends approved to be distributed to the shareholders and not claimed, in the amount of 1.41 million lei, inserted in the Comprehensive Income Statement in the category "Other operating income".

The sales in the domestic and international market were supported by the production activity, which generated expenses with raw materials of 109.74 million lei, by 5% higher compared to the planned value of 104 million lei and by 48% higher compared to the value of 2021 (74.2 million lei). This increase was determined by the manufactured quantity, production structure and increase in the purchase prices of the raw materials. Compared to the planned level, these expenses have a higher value, but the degree of their achievement is below the achievement degree of sales income (12%), an favorable effect of measures taken to maximize yields.

The sales structure of the products from the Antibiotice portfolio manufactured on other sites, a structure adapted to the requirements of the domestic and international market, but also to the objectives of improving profitability margins, determined expenses with such products of 51.1 million lei. These expenses correlated with the income determined a commercial margin higher than the planned level and the one achieved in the previous year.

Indicator	Preliminary 31.12.2022	IEB 2022	31.12.2021	Preliminary 2022/IEB 2022	Preliminary 2022/2021
Revenue from products manufactured on other sites	103,496,897	111,294,000	110,278,802	93%	94%
Expenditure on products manufactured on other sites	51,126,808	61,569,000	60,854,292	83%	84%
Trade margin	52,370,089	49,275,000	49,424,510	106%	106%
Trade margin (%)	50%	44%	44%		

Labor remuneration expenses amounted to 129.62 million lei, 13% higher compared to the value recorded in the previous year and 5% higher compared to the planned value, by updating the employee remuneration and motivation systems.

Expenses for electricity, natural gas, drinking water, amounting to 22.03 million lei, 7.9 million lei higher compared to the value recorded in the same period of the previous year and 1.2 million lei below the planned level, are correlated with the value of the manufactured production but also with the increase in tariffs for electricity, natural gas and drinking water.

The **expenses that support the operational activity** amounted to 17.39 million lei, higher compared to the value of the previous year (11,87 million lei) and the budgeted amount (10,38 million lei). They included expenses for repairs of buildings and equipment, expenses with the offices of representatives in Antibiotice territories, expenses with insurance premiums for goods and people, expenses with professional training, expenses for representation in international territories, expenses with the transport of goods, expenses with trips for the purpose of supporting sales, expenses with telecommunications and expenses with banking services.

Advertising and product promotion expenses, worth 22.19 million lei, higher than the value recorded in 2021 (11.01 million lei) and than the planned value (14.8 million lei) were incurred to increase the awareness of the Antibiotice brand, Nutriensa umbrella brand and product brands (Fluxiv, Silithor, Imunofix, Equilibra, Tiner) through advertisements in the mass media, which support in the medium and long term the achievement of income from sales.

Expenses for services provided by third parties amounted to 15.3 million lei, 12% higher compared to the value recorded in 2021 (13.58 million lei) and 24% higher compared to the budgeted level (12.33 million lei). These expenses supported the company's activities: sales support, market studies in the pharma field, operational expenses of representatives in international territories, drug serialization services, equipment qualification and validation services, medical/scientific consulting, investor relations services, certifications and authorizations, sanitation services, services to protect the environment.

Expenditures with taxes and fees, in the amount of 38.26 million lei, above the value achieved in 2021 (35.35 million lei) and above the planned value (32.64 million lei) are in line with the objectives of consolidating business on the domestic and International market. In the value of these expenses, the significant share of 82% (31.3 million lei) is owned by the expense with the claw-back tax, regulated by the GEO. no. 77/2011 regarding the establishment of contributions for the financing of expenses in the field of health.

Expenses from unfavorable exchange rate differences resulting from the revaluation according to legal regulations of the monthly balance of debts and receivables in foreign currency, of availability from current and loan bank accounts in foreign currency, as well as from the settlement of receivables and debts in foreign currency in the amount

of 11.49 million lei, being in balance with the financial income from exchange rate differences of the period (10.7 million lei).

Expenses regarding adjustments for the depreciation of current assets, amounting to 33.9 million lei, of which:

- legally constituted adjustments, by applying the principle of prudence, for the depreciation of the value of receivables and stocks of finished products in the amount of 29.5 million lei;
- unpaid debts from insolvent debtors, whose bankruptcy proceedings were closed by final court decisions, recorded as expenses in the amount of 4.4 million lei. Adjustments were made for these receivables at the time of registration of the litigations, which have now been cancelled, by recording them as income, thus the result of the current period was not affected.

Increase in the gross profit compared to 2021, at a higher rate (38%) than the increase in revenues from the sale of products in the domestic and international market (32%) reflects our company's ability to manage operational and financial expenses.

Synthesis of patrimonial indicators

Asset and liability indicators	31 December 2022	31 December 2021	2022/2021
FIXED ASSETS			
Tangible assets	496,810,361	480.544.567	103%
Intangible assets	35,795,943	29.839.764	120%
TOTAL FIXED ASSETS	532,606,304	510.384.331	104%
CURRENT ASSETS			
Stocks	122,494,428	106.017.774	116%
Trade and similar receivables	199,495,144	276.876.198	72%
Financial assets held for sale	0	0	
Cash and cash equivalents	1,727,454	2.111.377	82%
TOTAL CURRENT ASSETS	323,717,026	385.005.349	84%
TOTAL ASSETS	856,323,330	895.389.680	96%
CURRENT DEBTS			
Trade and similar debts	86,067,390	98.202.288	88%
Amounts owed to credit institutions	34,008,116	87.163.549	39%
Debts from taxes and current charges	8,303,397	9.611.682	86%
Short-term provisions	6,679,335	3.853.530	173%
Subsidies for investments	306,289	306.289	100%
TOTAL CURRENT DEBTS	135,364,528	199.137.339	68%
LONG TERM DEBTS	79,894,799	91.260.541	88%
TOTAL DEBT	215,259,327	290.397.880	74%
TOTAL EQUITY	641,064,003	604.991.800	106%
TOTAL LIABILITIES	856,323,330	895.389.680	96%

For the sustainable development of the company, investments are being made for strategic development and consolidation, which determined the increase of fixed assets in 2022 reaching the value of 532.6 million lei, by 22.3 million lei higher than the value recorded on 01.01.2022.

The investments carried out in 2022 were both in intangible fixed assets (projects in the development phase generated from research and development activity, product licenses purchased, software licenses for computers and servers) as well as in tangible fixed assets.

At the end of 2022, the stocks of raw materials, materials to support the manufacturing process, finished products were in value of 122.5 million lei, higher by 16.5 million lei compared to the value from the beginning of 2022, i.e. 106 million lei. The stocks are necessary for the production process and sales of the first quarter 2023, being determined by the extension of supply times, to a period between 4-6 months.

In 2022, by consolidating the partnerships in the domestic market, an improvement was achieved in the term of collection of receivables, so their value on 31.12.2022 was below the level recorded at the end of the previous year, in the conditions that sales revenues were higher by 32% compared, generating a higher value of receipts and a decrease in debts.

Trade and similar debts include debts to commercial partners, salary rights, taxes and contributions related to salaries since December 2022 paid in January 2023. The value of these debts was by 13% lower at the end of 2022 than the value recorded at the beginning of the year.

The value of short-term debts to banking institutions includes:

- 23.21 million lei - the value from the operating credit used for financing the working capital;
- 10.79 million lei - the rates related to the credit for financing investments due in a period of up to 12 months, reflected according to the requirements of IAS 1 - Presentation of financial statements, to current liabilities.

This report is prepared on the basis of unaudited financial information, prepared in accordance with the International Financial Reporting Standards.

In 2022 Antibiotice S.A.:

- made sales in the market (sell-out) amounting to 444.7 million lei, higher by 14.5% compared to 2021;
- gross profitability increased by 29% compared to the budgeted value and by 38% compared to the value recorded in 2021, as a consequence of the measures applied during 2022 both in terms of sales growth and managing operating and financial expenses;
- our company recorded a level of indebtedness of 25% by optimizing collections and reducing the terms of collection of receivables in the pharmaceutical market with a favorable effect in reducing credits for financing the working capital, simultaneously with reducing the commercial debts and, implicitly, the total debts.

General Director,
Ioan NANI, Economist

Executiv Financial Director,
Paula COMAN, Economist

CURRENT REPORT

Report date: **24.02.2023**

Name of issuing company: **Antibiotice SA**

Headquarters: **lași, str. Valea Lupului nr. 1, 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**

No. in the Trade Register: **J22/285/1991**

Subscribed and paid-up capital: **67,133,804.00 RON**

The regulated market trading the securities issued: **Bucharest Stock Exchange**

Number of shares: **671,338,040**

Number of votes: **671,338,040**

Main characteristics of the securities issued by the company: nominative shares, nominal value: 0.10 RON

Important event to report:

Availability for the Annual Report 2022 - PRELIMINARY RESULTS

Antibiotice lași informs that the **Report on 31.12.2022 (preliminary results)**, is available to investors through the *Bucharest Stock Exchange, Authority for Financial Supervision*, as well on our website: www.antibiotice.ro (Investors/Financial Information/Financial reporting/ 2022 - PRELIMINARY RESULTS).

We'd like to mention that the report is also available on request at our company's headquarters (Investors Relations Office, Fax: 0372 065633, e-mail: relatiicuinvestitorii@antibiotice.ro).

General Director,
ec. *Ioan NANI*

Financial Director,
ec. *Paula-Luminița COMAN*