

**S.C. ZENTIVA S.A.**

**Report of the Board of Directors  
for Q3 2019**

<b>Reported date</b>	: 30.09.2019
<b>Company name</b>	: S.C. ZENTIVA S.A.
<b>Location of the registered office</b>	: 50 Theodor Pallady boulevard, Bucharest
<b>Tel. / Fax</b>	: 021-304.72.00 / 021-345.40.04
<b>Tax registration code</b>	: RO 336206
<b><i>Trade Register order number</i></b>	: <i>J/40/363/1991</i>
<b>Subscribed and paid-in social capital</b>	: 69,701,704 RON

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**ZENTIVA S.A.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**September 30, 2019**  
*(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

	<b>30.09.2019</b>	<b>30.09.2018</b>
Sales of goods	405,314,220	275,012,177
Rendering of services	-	37,193,389
Rental income	-	512,513
Other	-	154,106
<b>Turnover</b>	<b>405,314,220</b>	<b>312,872,184</b>
Other operating income	9,745,552	250,647,251
Changes in inventories of finished goods and work in progress	13,442,283	32,031,851
Raw materials and consumables used	(208,999,794)	(170,017,123)
Employee benefits expenses	(57,755,922)	(45,419,655)
Depreciation, and impairment	(8,816,496)	220,545
Marketing and advertising expenses	(5,705,413)	(12,764,900)
Rental expenses	(1,615,775)	(2,277,260)
Provisions	(515,521)	245,562
Other operating expenses	(79,221,050)	(75,107,173)
<b>Operating profit</b>	<b>65,872,086</b>	<b>290,431,282</b>
Financial Income	8,495,086	94,393,449
Financial Expenses	(2,647,857)	(92,536,083)
<b>Profit before tax</b>	<b>71,719,315</b>	<b>292,288,649</b>
Income Tax Expense	(12,495,922)	(46,001,184)
<b>Profit after tax</b>	<b>59,223,392</b>	<b>246,287,465</b>
<b>Number of shares</b>	<b>697.017.040</b>	<b>416.961.150</b>
<b>Earnings per share (RON / share)</b>	<b>0.08497</b>	<b>0.59067</b>

Financial statements for the period ended on September 30, 2019 are not audited.

**ZENTIVA S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**for the period ended on September 30, 2019**  
*(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

	30.09.2019	31.12.2018
<b>Assets</b>		
Property, plant and equipment	151,257,712	144.234.784
Goodwill	46,141,201	46.141.201
Intangible assets	3,536,821	3.895.132
<b>Non current assets</b>	<b>200,935,733</b>	<b>194.271.117</b>
Inventories	137,610,960	98.982.129
Trade and other receivables	273,893,647	199.832.571
Other financial assets	-3,699	-
Cash and cash equivalents	384,908,859	405.115.315
<b>Current assets</b>	<b>796,409,766</b>	<b>703.930.016</b>
<b>Total assets</b>	<b>997,345,500</b>	<b>898.201.133</b>
<b>Capital and reserves</b>		
Share capital, including	69,701,704	41.696.115
Issued share Capital	69,701,704	41.696.115
Inflation related to share capital	-	-
Share premium, including:	24,964,505	24.964.506
Share premium at nominal value	9,863,684	9.863.684
Inflation related to share premium	15,100,822	15.100.822
Legal and other reserves	112,745,368	112.745.368
Revaluation reserve	83,559,775	40.198.377
Retained earnings / (Accumulated Losses)	414,091,629	411.088.300
<b>Total equity</b>	<b>705,062,982</b>	<b>630.692.665</b>
<b>Non current liabilities</b>		
Employee benefit liability	1,813,000	2.479.000
Other long - term liabilities	4,060,259	-
Deferred tax liability	6,710,996	5.033.947
Non-Current Provisions	4,944,015	4.944.015
<b>Total Non - Current Liabilities</b>	<b>17,528,270</b>	<b>12.456.962</b>
<b>Current liabilities</b>		
Trade accounts payable	231,511,065	205.337.404
Income taxes payable	2,301,273	8.236.848
Other current liabilities	28,281,196	28.816.540
Short-term provisions	12,660,714	12.660.714
<b>Total current liabilities</b>	<b>274,754,248</b>	<b>255.051.506</b>
<b>Total liabilities</b>	<b>292,282,517</b>	<b>267.508.468</b>
<b>Total liabilities and equities</b>	<b>997,345,499</b>	<b>898.201.133</b>

Financial statements for the period ended on September 30, 2019 are not audited.

**ZENTIVA S.A.****Changes in Shareholder's Equity  
for the period ended on September 30, 2019***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***Current year**

Shareholders' equity	Balance on 31.12.2018	Increase		Decrease		Balance on 30.09.2019
		Total, out of which	Through transfer	Total, out of which	Through transfer	
Subscribed capital	41,696,115	28,005,589	28,005,589			69,701,704
Hyperinflation adjustment of capital	-					-
Share premiums	9,863,684					9,863,684
Hyperinflation adjustment of share premiums	15,100,822					15,100,822
Reevaluation reserves	8,339,223					8,339,223
Legal reserves	40,198,377	43.361.399				83,559,775
Other reserves	151,138,149			44.398.720		106,739,429
Other shareholders' equity elements	(751,695)					(751,695)
Reported result, except for the reported result from adopting	102,487,014	250.799.633	250.799.633			353,286,648
IAS 29 for the first time	-					-
Reported result from adopting IAS for the first time	-					-
	-					-
Financial year profit or loss	262,620,976	48.941.550		262.620.976		59,223,392
Profit distribution						
<b>Total shareholders' equities</b>	<b>630,692,665</b>					<b>705,062,982</b>

On August 8<sup>th</sup> the Board of Directors adopted the decisions for the acknowledgement and approval of the subscription results for the shares offered within the share capital increase of the Company. The results of the share capital increase are as follows:

- out of the total number of 300,000,000 new shares offered for sale to the holders of preference rights, was subscribed a total number of 280,055,890 ordinary, dematerialised and nominative shares, with a nominal value of RON 0.1 each, at a subscription price of RON 0.1 each;
- the total number of subscribed shares represents 93.35% of the total shares offered for sale and amounts RON 28,005,589.

Following the share capital increase, the new structure of the fully subscribed and paid up share capital of the Company is the following:

- Zentiva Group a.s., headquartered in Czech Republic, Prague 10, Dolní M?cholupy, U Kabelovny 130, postal code 10237, holds 668,778,101 shares totalling RON 66,877,810.1 representing 95.9486% of Company's share capital
- Other natural and legal persons holding 28,238,939 shares, totalling RON 2,823,893.9, representing 4.0514% of Company's share capital

**ZENTIVA S.A.****Changes in Shareholder's Equity  
for the period ended on September 30, 2019***(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

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At 30.09.2019 ZENTIVA S.A. reports a turnover of 405 MRON, 30% higher compared to the same period of 2018 and an operating profit of 65.8M RON.

Operating profit is significantly below the 2018 results which were favorably influenced by transactions linked with the separation of Zentiva Group from Sanofi, transactions which will not be repeated in 2019.

<b>Main Financial Ratios at 30.09.2019</b>		
<b>Ratio Name</b>	<b>Formula</b>	<b>Result</b>
1. Current ratio	Current assets / Current liabilities	2.9
2. Debt ratios	Long term debt / Shareholder's equity	0%
	Long term debt / Total capital employed	0%
3. Debtors days ratio	Trade receivables / Net turnover	182
4. Asset turnover ratio	Net turnover / Non current assets	2.02

ZENTIVA S.A.

**Cash Flow Statement**

**for the period ended on September` 30, 2019**

*(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

**Cash Flow Statement - Indirect method**

	Financial year	
	September 30, 2019	December 31, 2018
<b>Cash flows from operating activities:</b>		
<b>Net profit before taxation and extraordinary elements</b>	<b>71,719,315</b>	<b>315,401,161</b>
<i>Adjustments for:</i>		
Depreciation and amortization of fixed assets	(8,899,743)	12,136,484
Net movement in other provisions	(1,344,297)	6,307,669
Loss / profit from the sale of assets (fixed assets)	45,154	
Net income / expenditures from interests	(8,384,787)	(5,946,457)
Expenditures regarding pension debts and similar	-	817,000
Income from dividends written-off	-	(12,791,059)
<b>Operating profit before changes in working capital</b>	<b>53,135,642</b>	<b>315,924,798</b>
Decrease / (Increase) of trade receivables and of other nature	(74,327,889)	(41,655,762)
Decrease / (Increase) of stocks	(38,651,861)	(67,701,966)
(Decrease) / Increase of trade debts and of other nature	24,904,292	109,632,465
Paid income taxes	(12,281,355)	(54,260,644)
Pension liabilities paid	-	<b>(151,000)</b>
<b>Cash from operating activities</b>	<b>(47,221,171)</b>	<b>261,807,890</b>
<b>Cash flows from investment activities:</b>		
Payments for the acquisition of tangible and intangible assets	(8,979,326)	(22,242,474)
Interest received	8,384,787	5,946,457
<b>Net cash flows from investment activities</b>	<b>(594,539)</b>	<b>(16,296,017)</b>
<b>Cash flows from financing activities:</b>		
Capital Increase	28,005,589	-
Dividends paid	(396,336)	(1,189,331)
<b>Net cash flows from financing activities</b>	<b>27,609,253</b>	<b>(1,189,331)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(20,206,457)</b>	<b>244,322,542</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>405,115,315</b>	<b>160,792,773</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>384,908,859</b>	<b>405,115,315</b>

General Manager

**SIMONA COCOS**

Chief Financial Officer

**FRANCISC KOOS**