

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

**Report of the Board of Directors  
for 2019 Fiscal Year (Preliminary)**

|  |   |
|--|---|
| <b>Reported date</b>                         | : 31.12.2019                              |
| <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>Trade Register order number</b>           | : J/40/363/1991                           |
| <b>Subscribed and paid-in social capital</b> | : 69,701,704 RON                          |

**STATEMENT OF COMPREHENSIVE INCOME**

|   | <b>31.12.2019</b>  | <b>31.12.2018</b>  |
|---|--------------------|--------------------|
| Sales of goods  | 524.735.289        | 425.797.246        |
| Rendering of services   | 10.692.035         | 27.131.315         |
| Rental income   | 39.764             | -                  |
| Other   |                    | 8.476.670          |
| <b>Turnover</b>   | <b>535.467.088</b> | <b>461.405.231</b> |
| Other operating income  | 18.514.590         | 263.933.936        |
| Changes in inventories of finished goods and work in progress | 10.035.704         | 22.087.218         |
| Raw materials and consumables used                            | (297.027.243)      | (227.949.377)      |
| Employee benefits expenses                                    | (81.028.799)       | (63.250.448)       |
| Depreciation, and impairment                                  | (13.987.837)       | (12.136.484)       |
| Marketing and advertising expenses                            | (7.005.724)        | (13.286.498)       |
| Rental expenses   | (2.268.934)        | (3.493.873)        |
| Provisions  | 346.593            | 2.530.960          |
| Other operating expenses                                      | (116.257.324)      | (119.560.892)      |
| <b>Operating profit</b>                                       | <b>46.788.114</b>  | <b>310.279.772</b> |
| Financial Income  | 11.658.688         | 23.377.817         |
| Financial Expenses  | (3.796.412)        | (18.256.427)       |
| <b>Profit before tax</b>                                      | <b>54.650.390</b>  | <b>315.401.161</b> |
| Income Tax Expense  | (8.308.706)        | (52.780.185)       |
| <b>Profit after tax</b>                                       | <b>46.341.684</b>  | <b>262.620.976</b> |
|   |                    |                    |
| <b>Number of shares</b>                                       | <b>697.017.040</b> | <b>416.961.150</b> |
| <b>Earnings per share (RON / share)</b>                       | <b>0.06649</b>     | <b>0,62985</b>     |

**BALANCE SHEET**

|  | <b>31.12.2019</b>    | <b>31.12.2018</b>  |
|--|----------------------|--------------------|
| <b>Assets</b>                            |                      |                    |
| Property, plant and equipment            | 165.519.450          | 144.234.784        |
| Goodwill                                 | 46.141.201           | 46.141.201         |
| Intangible assets                        | 3.544.971            | 3.895.132          |
| <b>Non current assets</b>                | <b>215.205.622</b>   | <b>194.271.117</b> |
| Inventories                              | 165.426.188          | 98.982.129         |
| Trade and other receivables              | 321.412.837          | 199.832.571        |
| Other financial assets                   | -5.699               | -                  |
| Cash and cash equivalents                | 383.833.462          | 405.115.315        |
| <b>Current assets</b>                    | <b>870.666.788</b>   | <b>703.930.016</b> |
| <b>Total assets</b>                      | <b>1.085.872.409</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) | 413.645.681          | 411.088.300        |
| <b>Total equity</b>                      | <b>704.617.034</b>   | <b>630.692.665</b> |
| <b>Non current liabilities</b>           |                      |                    |
| Employee benefit liability               | 1.877.000            | 2.479.000          |
| Other long - term liabilities            | 6.695.710            | -                  |
| Deferred tax liability                   | 5.033.947            | 5.033.947          |
| Non-Current Provisions                   | 4.944.015            | 4.944.015          |
| <b>Total Non - Current Liabilities</b>   | <b>18,550,672</b>    | <b>12.456.962</b>  |
| <b>Current liabilities</b>               |                      |                    |
| Trade accounts payable                   | 303.553.068          | 205.337.404        |
| Income taxes payable                     | 2.749.200            | 8.236.848          |
| Other current liabilities                | 37.944.157           | 28.816.540         |
| Short-term provisions                    | 18.458.281           | 12.660.714         |
| <b>Total current liabilities</b>         | <b>362.704.705</b>   | <b>255.051.506</b> |
| <b>Total liabilities</b>                 | <b>381.255.377</b>   | <b>267.508.468</b> |
| <b>Total liabilities and equities</b>    | <b>1.085.872.411</b> | <b>898.201.133</b> |

**CHANGES IN SHAREHOLDERS' EQUITY**

**ZENTIVA S.A.**  
**Preliminary Financial Statements**  
**31 December 2019**  
*AMOUNTS ARE EXPRESSED IN RON, UNLESS SPECIFIED OTHERWISE)*

| Element al capitalului propriu                                | Balance on<br>31.12.2018 | Increase               |                     | Decrease               |                     | Balance on<br>30.09.2019 |
|---|--------------------------|------------------------|---------------------|------------------------|---------------------|--------------------------|
|   |                          | Total,<br>out of which | Through<br>transfer | Total,<br>out of which | Through<br>transfer |                          |
| Subscribed capital  | <b>41.696.115</b>        | 28.005.589             | 28.005.589          |                        |                     | <b>69.701.704</b>        |
| Hyperinflation adjustment of capital                          | -                        |                        |                     |                        |                     | -                        |
| Share premiums  | <b>9.863.684</b>         |                        |                     |                        |                     | <b>9.863.684</b>         |
| Hyperinflation adjustment of share premiums                   | <b>15.100.822</b>        |                        |                     |                        |                     | <b>15.100.822</b>        |
| Reevaluation reserves   | <b>8.339.223</b>         |                        |                     |                        |                     | <b>8.339.223</b>         |
| Legal reserves  | <b>40.198.377</b>        | 43.361.399             |                     |                        |                     | <b>83.559.775</b>        |
| Other reserves  | <b>151.138.149</b>       |                        |                     | 44.398.720             |                     | <b>106.739.429</b>       |
| Other shareholders' equity elements                           | <b>(751.695)</b>         |                        |                     | (620.000)              |                     | <b>(131.695)</b>         |
| Reported result, except for the reported result from adopting | <b>102.487.014</b>       | 262.615.393            | 262.615.393         |                        |                     | <b>365.102.408</b>       |
| IAS 29 for the first time                                     | -                        |                        |                     |                        |                     | -                        |
| Reported result from adopting IAS for the first time          | -                        |                        |                     |                        |                     | -                        |
|   | -                        |                        |                     |                        |                     | -                        |
| Financial year profit or loss                                 | <b>262.620.976</b>       | 46.341.684             |                     | 262.615.393            | 262.615.393         | <b>- 46.341.683</b>      |
|   |                          |                        |                     |                        |                     | -                        |
| Profit distribution   |                          |                        |                     |                        |                     |                          |
| <b>Total shareholders' equity</b>                             | <b>630.692.665</b>       | <b>336.962.666</b>     | <b>290.620.982</b>  | <b>306.417.392</b>     | <b>262.615.393</b>  | <b>704.617.034</b>       |

**CASHFLOW STATEMENT: Indirect Method**

|   | Fiscal Year ending  |                     |
|---|---------------------|---------------------|
|   | 31.12.2019          | 31.12.2018          |
| <b>Cash flows from operating activities:</b>                    |                     |                     |
| <b>Net profit before taxation and extraordinary elements</b>    | <b>54.650.390</b>   | <b>315.401.161</b>  |
| <i>Adjustments for:</i>   |                     |                     |
| Depreciation and amortization of fixed assets                   | 13.987.837          | 12.136.484          |
| Net movement in other provisions                                | 5.831.845           | 6.307.669           |
| Loss / profit from the sale of assets (fixed assets)            |                     |                     |
| Net income / expenditures from interest                         | (11.150.271)        | (5.946.457)         |
| Expenditures regarding pension debts and similar                | (602.000)           | 817.000             |
| Income from dividends written-off                               | -                   | (12.791.059)        |
| <b>Operating profit before changes in working capital</b>       | <b>62.717.800</b>   | <b>315.924.798</b>  |
|   |                     |                     |
| Decrease / (Increase) of trade receivables and of other nature  | (122.057.974)       | (41.655.762)        |
| Decrease / (Increase) of stocks                                 | (66.459.560)        | (67.701.966)        |
| (Decrease) / Increase of trade debts and of other nature        | 108.508.704         | 109.632.465         |
| Paid income taxes   | (13.796.354)        | (54.260.644)        |
| Pension liabilities paid  | -                   | (151.000)           |
| <b>Cash from operating activities</b>                           | <b>(31.366.906)</b> | <b>261.807.890</b>  |
|   |                     |                     |
| <b>Cash flows from investment activities:</b>                   |                     |                     |
| Payments for the acquisition of tangible and intangible assets  | (28.666.907)        | (22.242.474)        |
| Interest received   | 11.150.271          | 5.946.457           |
| <b>Net cash flows from investment activities</b>                | <b>(17.516.636)</b> | <b>(16.296.017)</b> |
|   |                     |                     |
| <b>Cash flows from financing activities:</b>                    |                     |                     |
| Capital Increase  | 28.005.589          | -                   |
| Dividends paid  | (404.433)           | (1.189.331)         |
| <b>Net cash flows from financing activities</b>                 | <b>27.601.156</b>   | <b>(1.189.331)</b>  |
|   |                     |                     |
| <b>Net decrease in cash and cash equivalents</b>                | <b>(21.281.853)</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>383.833.462</b>  | <b>405.115.315</b>  |

ZENTIVA S.A. reports 2019 full year turnover of 535 MRON, an increase of 16% vs previous year, and an operational profit of 46.8 MRON.

Operational profit decreased significantly versus 2018, when certain extraordinary income was recorded representing the sale of a product portfolio to SANOFI, following the acquisition of Zentiva by the investment fund ADVENT INTERNATIONAL. An additional element which impacted 2019 profit in a negative way was the significant increase of costs with raw materials.

The financial reports are preliminary and not audited.

| <b>Main Financial Ratios at 31.12.2019</b> |   |               |
|--|---|---------------|
| <b>Ratio Name</b>                          | <b>Ratio Name</b>                       | <b>Result</b> |
| 1. Current ratio                           | Current assets / Current liabilities    | 2.4           |
| 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        | 135           |
| 4. Asset turnover ratio                    | Net turnover / Non current assets       | 2.49          |

**NOTES REGARDING THE PRELIMINARY FINANCIAL STATEMENTS AS OF 31.12.2019**

Considering the complexity involved in the preparation of IFRS standard financial statements, the company is still in the process of finalizing all the analysis and adjustments in this regard. As such, the results presented in this report are preliminary, based on the information available at the date of publishing. The main elements which are potentially subject to change include, but are not limited to:

- Operating and Net Profit
- Income Tax and Deffered Tax
- Reclassification across assets and liabilities

The financial reports are preliminary and not audited.

**Simona COCOS**  
General Manager Zentiva SA

**Francisc KOOS**  
Chief Financial Officer Zentiva SA