

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

**Report of the Board of Directors  
for Q3 2020**

<b>Reported date</b>	: 30.09.2020
<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, 2020**  
*(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

	<b>30.09.2020</b>	<b>30.09.2019</b>
Sales of goods	400,743,999	405,314,220
<b>Turnover</b>	<b>400,743,999</b>	<b>405,314,220</b>
Other operating income	13,825,733	9,745,552
Changes in inventories of finished goods and work in progress	4,759,795	13,442,283
Raw materials and consumables used	(202,440,673)	(208,999,794)
Employee benefits expenses	(71,565,545)	(57,755,922)
Depreciation, amortization and impairment	(15,316,436)	(8,816,496)
Marketing and advertising expenses	(3,238,674)	(5,705,413)
Rental expenses	(2,799)	(1,615,775)
Provisions	(844,226)	(515,521)
Other operating expenses	(68,457,309)	(79,221,050)
<b>Operating profit</b>	<b>57,463,867</b>	<b>65,872,086</b>
Financial Income	8,661,553	8,495,086
Financial Expenses	(3,476,782)	(2,647,857)
<b>Profit before tax</b>	<b>62,648,638</b>	<b>71,719,315</b>
Income Tax Expense	(9,158,805)	(12,495,922)
<b>Profit after tax (A)</b>	<b>53,489,833</b>	<b>59,223,392</b>
<b>Total income after tax (A) + (B)</b>	<b>53,489,833</b>	<b>59,223,392</b>
<b>Number of shares</b>	<b>697,017,040</b>	<b>697,017,040</b>
<b>Earnings per share (RON / share)</b>	<b>0.07674</b>	<b>0.08497</b>

Financial statements for the period ended on September 30, 2020 are not audited.

**ZENTIVA S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**for the period ended on September 30, 2020**  
*(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

	<b>30.09.2020</b>	<b>31.12.2019</b>
<b>Assets</b>		
<b>Current assets</b>		
Property, plant and equipment	163,547,416	156,707,339
Goodwill	11,649,100	11,649,100
Customer relations	28,422,628	30,722,101
Right of use assets	5,746,771	7,352,556
Intangible assets	3,972,105	3,544,971
	<b>213,338,020</b>	<b>209,976,067</b>
<b>Current assets</b>		
Inventories	138,773,040	123,841,460
Trade and other receivables	241,025,757	295,617,763
Cash and cash equivalents	428,637,983	388,473,820
	<b>808,436,780</b>	<b>807,933,043</b>
<b>Total assets</b>	<b>1,021,774,800</b>	<b>1,017,909,110</b>
<b>Equity and liabilities</b>		
Subscribed capital	69,701,704	69,701,704
Share premium, including:	24,964,505	24,964,505
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	115,450,038	115,450,038
Revaluation reserve	40,198,376	40,198,376
Retained earnings / (Accumulated Losses)	505,333,135	451,685,294
<b>Total equity</b>	<b>755,647,758</b>	<b>701,999,917</b>
<b>Non current liabilities</b>		
Employee benefit liability	2,928,266	3,114,000
Liabilities related to leasing agreements	2,452,870	4,033,858
Deferred tax liability	4,882,845	4,882,845
Non-Current Provisions	4,944,015	4,948,217
<b>Total non current liabilities</b>	<b>15,207,996</b>	<b>16,978,920</b>
<b>Current liabilities</b>		
Trade accounts payable	207,128,774	241,189,632
Short-term loans	-	5,204,790
Income taxes payable	2,210,369	4,934,320
Other current liabilities	27,339,767	34,209,825
Liabilities related to leasing agreements	3,765,502	3,765,502
Short-term provisions	10,474,632	9,626,205
<b>Total current liabilities</b>	<b>250,919,046</b>	<b>298,930,273</b>
<b>Total liabilities</b>	<b>266,127,042</b>	<b>315,909,193</b>
<b>Total liabilities and equities</b>	<b>1,021,774,800</b>	<b>1,017,909,110</b>

Financial statements for the period ended on September 30, 2020 are not audited.

**ZENTIVA S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**for the period ended on September 30, 2020**  
*(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

**Indirect method**

	<b>Exercitiul financiar</b>	<b>Exercitiul financiar</b>
	<b>30.09.2020</b>	<b>30.09.2019</b>
<b>Cash flows from operating activities:</b>		
<b>Net profit before taxation and extraordinary elements</b>	<b>62,648,638</b>	<b>71,719,315</b>
<i>Adjustments for:</i>		
Depreciation and amortization of tangible and intangible assets	15,316,436	8,899,743
Movement in inventories depreciation	(844,226)	(1,344,297)
(Gain) / loss from disposal of fixed assets	(310,382)	45,154
Interest income	(7,252,168)	(8,384,787)
<b>Operating profit before changes in the circulating assets</b>	<b>69,558,297</b>	<b>70,935,128</b>
Change in inventories	(14,931,580)	(38,651,861)
Variation in trade receivables and other receivables	50,559,362	(74,327,889)
Variation in trade payables and other debts	(40,930,914)	7,104,807
Paid income taxes	(11,882,755)	(12,281,355)
<b>Cash from operating activities</b>	<b>52,372,410</b>	<b>(47,221,170)</b>
<b>Cash flows from investment activities:</b>		
Cashings from the sale of tangible assets	310,382	-
Payments for the acquisition of tangible and intangible assets	(10,466,573)	(8,979,326)
Interest received		8,384,787
Interest paid	(67,908)	-
<b>Net cash flows from investment activities</b>	<b>(10,224,100)</b>	<b>(594,539)</b>
<b>Cash flows from financing activities:</b>		
Increase in share capital	-	28,005,589
Dividends paid	(16,097)	(396,336)
Leasing payments	(1,968,051)	-
<b>Net cash flows from financing activities</b>	<b>(1,984,148)</b>	<b>27,609,253</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>40,164,163</b>	<b>(20,206,456)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>388,473,820</b>	<b>405,115,315</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>428,637,983</b>	<b>384,908,859</b>

Financial statements for the period ended on September 30, 2020 are not audited.

**ZENTIVA S.A.****STATEMENT OF FINANCIAL POSITION****for the period ended on September 30, 2020***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***Current year**

<b>2020</b>	<b>Share Capital</b>	<b>Share premiums</b>	<b>Reserves</b>	<b>Reevaluation reserves</b>	<b>Reported result</b>	<b>Total</b>
<b>Initial Balance January 1, 2020</b>	<b>69,701,704</b>	<b>24,964,505</b>	<b>115,450,038</b>	<b>40,198,376</b>	<b>451,685,294</b>	<b>701,999,917</b>
Profit for the year	-	-	-	-	53,489,833	53,489,833
Other comprehensive income	-	-	-	-	158,008	158,008
<b>Total comprehensive income</b>	<b>69,701,704</b>	<b>24,964,505</b>	<b>115,450,038</b>	<b>40,198,376</b>	<b>505,333,135</b>	<b>755,647,758</b>
Correction of reported result	-	-	-	-	-	-
<b>Final Balance September 30, 2020</b>	<b>69,701,704</b>	<b>24,964,505</b>	<b>115,450,038</b>	<b>40,198,376</b>	<b>505,333,135</b>	<b>755,647,758</b>

The legal reserve is set in accordance with the provisions of the Companies Law, according to which, at least 5% of the annual accounting profit is transferred within the legal reserves until their balance reaches 20% of the company's share capital. If this reserve is used fully or partially to cover losses or to distribute in any form (such as to issue new shares according to the Companies Law), it becomes taxable. The company's management does not estimate it shall use its legal reserve in such a way that it becomes taxable.

**ZENTIVA S.A.****Economic-financial statement and activity analysis on September 30, 2020  
for the period ended on September 30, 2020***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 1: PROFIT DISTRIBUTION (LOSS)**

Not applied for the financial year ended on September 30, 2020.

**NOTE 2: ACCOUNTING PRINCIPLES, POLICIES AND METHODS**

No significant changes occurred in the company's accounting policies and methods during the financial year concluded on September 30, 2020, compared to the accounting policies presented on December 31, 2019.

**NOTE 3: PARTICIPATIONS AND FINANCING SOURCES****Share capital**

	<b>Balance on September 30, 2020</b>	<b>Balance on December 31, 2019</b>
	<b>Number</b>	<b>Number</b>
Ordinary shares subscribed capital	697,017,040	697,017,040

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
	<i>RON / share</i>	<i>RON / share</i>
Ordinary shares nominal value	0,1	0,1

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
	<i>RON</i>	<i>RON</i>
Share capital value	69,701,704	69,701,704

The company's social capital is fully paid-in on September 30, 2020 and December 31, 2019.

**Redeemable shares**

The company does not own redeemable shares on September 30, 2020 and December 31, 2019.

**Bonds**

The company does not have bonds issued on September 30, 2020 and December 31, 2019.

**Ownership structure**

	<b>30 September, 2020 (%)</b>	<b>31 December, 2019 (%)</b>
Zentiva Group AS	95,9486	95,9486
Minority shareholders	4,0514	4,0514
	<b>100%</b>	<b>100%</b>

**ZENTIVA S.A.****Economic-financial statement and activity analysis on September 30, 2020  
for the period ended on September 30, 2020***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 4: OTHER INFORMATION****a) Information on the company**

SICOMED S.A. Bucuresti ("Sicomed") was founded in 1962 as Intreprinderea de Medicamente BUCURESTI (Drug Enterprise BUCHAREST) ("IMB"). The current office of the company is at 50 Theodor Pallady boulevard, Bucharest. The company is registered in the Trade Register under number J40/363/1991.

In 1990, Sicomed became a joint stock company by incorporating and taking over the entire patrimony of the former IMB in accordance with the Governmental Decision. The initial social capital was the result of the difference between the assets, including specific evaluations of the land and buildings donated by the State to the company, in accordance with the Governmental Decision, and the liabilities held on the same date.

Beginning with January 24, 2006, the company changed its name from Sicomed SA to Zentiva SA.

Starting with 11 March 2009, there was a change in the shareholding structure at the group level (Sanofi Aventis acquired 97% of Zentiva NV shares - parent of the Company).

At the end of October 2016, Sanofi Group announced, after an analysis of all the available options, to sell its Europe generic business.

Zentiva SA was involved in this separation process that was finalized on the 30th of September 2018, when Advent International NV purchased the Europe generic medicine division of Sanofi Group.

Its main activity is represented by the manufacture and marketing of pharmaceuticals and drugs for human use.

**b) Information on the relations with related parties, subsidiaries and associates**

Details on related parties:

Company name	Nature of relationship	Type of transactions	Country of origin	Registered office
Zentiva Group a.s.	Majority shareholder of Zentiva SA	Purchase of services Trademark useage rights Cash Management Contract Provision of services regarding IT system development and implementation	Czech Republic	Prague
Zentiva a.s	Company under joint control	Marketing and promotional services	Czech Republic	Prague
Zentiva K.S	Company under joint control	Regulatory services Distribution of goods Purchase of licenses and goods from Zentiva SA to Zentiva ks Quality control and batch release services License from Zentiva ks to Zentiva SA	Czech Republic	Prague
Solacium Pharma S.R.L.	Company under joint control	Lease agreement Provision of management and business consultancy services Purchase of sales management services	Romania	Bucharest

The company is part of Zentiva Group, which is owned by the investment fund Advent International.

The company has shares listed on the Bucharest Stock Exchange.



**NOTE 4: OTHER INFORMATION (continuation)**

**c) Subsequent events**

No significant situations exist that are worth mentioning.

**d) Extraordinary items and income / accrued expenses**

No significant situations exist that are worth mentioning.

**e) Audit expenditure**

There were no contractual costs for audit services in the financial year ended on September 30, 2020.

**f) Trade effects (expected and the unmatured)**

No significant situations exist that are worth mentioning.

**g) The amount received in excess compared to the amount repayable related to debts**

No significant situations exist that are worth mentioning.

**h) Commitments**

There are no significant situations or changes compared to the financial years ended on December 31, 2019 that are worth mentioning.

**i) Taxes**

The company believes it has paid all taxes, duties and related interest in time and fully.

**j) Legal claims**

There are no significant situations or changes compared to the financial statements on December 31, 2019 that are worth mentioning.

**k) Warranties**

On September 30, 2020, the Company still has a bank letter of guarantee submitted to ANAF in amount of RON 8,355,901 for the amounts additionally determined by the tax authorities following the re-verification of the clawback tax finalized in April 2018.

**ZENTIVA S.A.****Economic-financial statement and activity analysis on September 30, 2020  
for the period ended on September 30, 2020***(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

At 30.09.2020 ZENTIVA S.A. reports a turnover of 401 million RON, 1% lower compared to the same period of 2019. Operating profit for the first 9 months was of 57.5 million RON, decreasing by 9.6% compared to the previous period, mainly due to the unfavorable impact of Covid'19 on the portfolio of products sold in Hospitals segment, caused by the limitation of the number of patients treated during this pandemic period.

<b>Main Financial Ratios at 30.09.2020</b>		
<b>Ratio Name</b>	<b>Formula</b>	<b>Result</b>
1. Current ratio	Current assets / Current liabilities	3.2
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	151
4. Asset turnover ratio	Net turnover / Non current assets	1.9

**General Manager****SIMONA COCOS****Chief Financial Officer****CLAUDIU MANOLESCU**