

S.C. ZENTIVA S.A.

**Report of the Board of Directors
for Q1 2021**

Reported date	: 31.03.2021
Company name	: S.C. ZENTIVA S.A.
Location of the registered office	: 50 Theodor Pallady Boulevard, Bucharest
Tel. / Fax	: 021-304.72.00 / 021-345.40.04
Tax registration code	: RO 336206
<i>Trade Register order number</i>	: <i>J/40/363/1991</i>
Subscribed and paid-in social capital	: 69,701,704 RON

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ZENTIVA S.A.
STATEMENT OF COMPREHENSIVE INCOME
for the period ended on March 31, 2021
(all amounts are expressed in new lei ("RON"), unless otherwise provided)

	31.03.2021	31.03.2020
Sales of goods	163.126.215	153.130.330
Turnover	163.126.215	153.130.330
Other operating income	7.585.114	5.761.774
Changes in inventories of finished goods and work in progress	2.646.874	-4.770.336
Raw materials and consumables used	-83.339.850	-63.520.442
Employee benefits expenses	-25.606.129	-23.145.466
Depreciation, amortization and impairment	-5.486.293	-5.170.365
Marketing and advertising expenses	-1.227.891	-1.807.497
Rental expenses	-384.475	-768.373
Provisions	-2.006.901	-936.214
Other operating expenses	-24.079.369	-19.027.847
Operating profit	31.227.295	39.745.545
Financial Income	1.780.593	3.271.776
Financial Expenses	-1.275.665	-1.491.330
Profit before tax	31.732.223	41.526.010
Income Tax Expense	-8.103.854	-7.394.159
Profit after tax	23.628.369	34.131.852
Total income after tax	23.628.369	34.131.852
Number of shares	697.017.040	697.017.040
Earnings per share (RON / share)	0,033899	0,04897

Financial statements for the period ended on March 31, 2021 are not audited.

ZENTIVA S.A.
STATEMENT OF FINANCIAL POSITION
for the period ended on March 31, 2021
(all amounts are expressed in new lei ("RON"), unless otherwise provided)

	31.03.2021	31.12.2020
Assets		
Current Assets		
Property, plant and equipment	190.290.654	189.815.571
Goodwill	4.076.195	5.509.404
Customer relations	11.649.100	11.649.100
Right of use assets	26.698.022	27.560.325
Intangible assets	3.900.301	3.928.779
	236.614.273	238.463.179
Current assets		
Inventories	132.141.535	137.798.353
Trade and other receivables	290.111.677	250.288.953
Cash and cash equivalents	348.786.930	406.713.534
	771.040.142	794.800.840
Total assets	1.007.654.415	1.033.264.019
Equity and liabilities		
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	118.346.486	118.346.486
Revaluation reserve	57.927.094	57.927.094
Retained earnings / (Accumulated Losses)	538.052.656	514.424.285
Total equity	808.992.444	785.364.075
Non current liabilities		
Employee benefit liability	3.711.520	3.711.520
Liabilities related to leasing agreements	425.207	2.009.943
Deferred tax liability	7.627.122	7.627.122
Non-Current Provisions	11.189.564	11.189.564
Total non current liabilities	22.953.412	24.538.149
Current liabilities		
Trade accounts payable	126.489.774	174.935.825
Short-term loans	-	-
Income taxes payable	4.987.826	6.867.041
Other current liabilities	37.298.886	35.508.527
Liabilities related to leasing agreements	4.635.553	3.753.882
Short-term provisions	2.296.520	2.296.520
Total current liabilities	175.708.559	223.361.795
Total liabilities	198.661.971	247.899.944
Total liabilities and equities	1.007.654.415	1.033.264.019

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ZENTIVA S.A.
CASH FLOW STATEMENT
for the period ended on March 31, 2021
(all amounts are expressed in new lei ("RON"), unless otherwise provided)

Indirect method

	31.03.2021	31.03.2020
Cash flows from operating activities:		
Net profit before taxation and extraordinary elements	31.732.223	41.526.010
<i>Adjustments for:</i>		
Depreciation and amortization of tangible and intangible assets	5.486.290	5.170.365
Movement in inventories depreciation	2.187.431	-3.136.245
(Gain) / loss from disposal of fixed assets	-	-
Interest income	-1.017.577	-2.983.627
Operating profit before changes in the circulating assets	38.388.368	40.576.503
Change in inventories	8,084,793	-3.510.808
Variation in trade receivables and other receivables	-40.034.147	-53.843.048
Variation in trade payables and other debts	-52.228.889	30.124.576
Paid income taxes	-9.980.505	-
Cash from operating activities	-55.770.380	13.347.223
Cash flows from investment activities:		
Cashings from the sale of tangible assets	-	-
Payments for the acquisition of tangible and intangible assets	-3.637.383	-3.025.916
Interest received		
Interest paid	-3.637.383	-3.025.916
Net cash flows from investment activities		
	-	-
Cash flows from financing activities:	-6.507	-9.525
Increase in share capital	1.487.668	-2.221.163
Dividends paid		
Leasing payments	1.481.161	-2.230.688
Net cash flows from financing activities	-57.926.604	8.090.620
	406.713.534	388.473.820
Net increase (decrease) in cash and cash equivalents	348.786.930	396.564.441

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ZENTIVA S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the period ended on March 31, 2021
(all amounts are expressed in new lei ("RON"), unless otherwise provided)

Current year

2021	Share Capital	Share premiums	Reserves	Reevaluation reserves	Reported result	Total
Initial Balance January 1, 2021	69.701.704	24.964.505	118.346.486	57.927.094	514.424.285	785.364.075
Profit for the year	-	-	-	-	23.628.369	23.628.369
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	69.701.704	24.964.505	118.346.486	57.927.094	538.052.656	808.992.444
Correction of reported result	-	-	-	-	-	-
Final Balance March 31, 2021	69.701.704	24.964.505	118.346.486	57.927.094	538.052.656	808.992.444

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 March 31, 2021
for the period ended on March 31, 2021***(all amounts are expressed in new lei ("RON"), unless otherwise provided)***NOTE 1: PROFIT DISTRIBUTION (LOSS)**

Not applied for the financial year ended on March 31, 2021.

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 March 31, 2021, compared to the accounting policies presented on December 31, 2020.

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

	Balance on March 31, 2021	Balance on December 31, 2020
	Number	Number
Ordinary shares subscribed capital	697,017,040	697,017,040

	March 31, 2021	December 31, 2020
	<i>RON / share</i>	<i>RON / share</i>
Ordinary shares nominal value	0,1	0,1

	March 31, 2021	December 31, 2020
	<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 March 31, 2021 and December 31, 2020.

Redeemable shares

The company does not own redeemable shares on March 31, 2021 and December 31, 2020.

Bonds

The company does not have bonds issued on March 31, 2021 and December 31, 2020.

Ownership structure

	31 March, 2021 (%)	31 December, 2020 (%)
Zentiva Group AS	95,9486	95,9486
Minority shareholders	4,0514	4,0514
	100%	100%

ZENTIVA S.A.**Economic-financial statement and activity analysis on March 31, 2021
for the period ended on March 31, 2021***(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.

ZENTIVA S.A.

**Economic-financial statement and activity analysis on March 31, 2021
for the period ended on March 31, 2021**

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

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 are 136.000 ron accrued as audit expenses during Q1 2021.

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, 2020 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, 2020 that are worth mentioning.

k) Warranties

On March 31, 2021, 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 March 31, 2021
for the period ended on March 31, 2021***(all amounts are expressed in new lei ("RON"), unless otherwise provided)*

At 31.03.2021 ZENTIVA S.A. reports a turnover of 163 million RON, 6.5% higher compared to the same period of 2020. Operating profit for the first 3 months was of 31.2 million RON, decreasing by 21.4% compared to the previous period.

Main Financial Ratios at 31.03.2021		
Ratio Name	Formula	Result
1. Current ratio	Current assets / Current liabilities	4.2
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*90 days	116
4. Asset turnover ratio	Net turnover / Non current assets	0.7

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