

ZENTIVA S.A.
Preliminary Financial Statements
31 December 2022

AMOUNTS ARE EXPRESSED IN RON, UNLESS SPECIFIED OTHERWISE

S.C. ZENTIVA S.A.

Report of the Board of Directors for 2022 Fiscal Year (Preliminary)

| | |
|--|--------------------------------------|
| Reported date | : 31.12.2022 |
| Company name | : S.C. ZENTIVA S.A. |
| Location of the registered office | : 50 Theodor Pallady str., Bucharest |
| Tel. / Fax | : 021-304.72.00 / 021-345.40.04 |
| Tax registration code | : RO 336206 |
| Trade Register order number | : J/40/363/1991 |
| Subscribed and paid-in social capital | : 69,701,704 RON |

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STATEMENT OF COMPREHENSIVE INCOME

| | <u>2022</u> | <u>2021</u> |
|--|---------------------------|---------------------------|
| | RON | RON |
| Sales of goods | 699,008,351 | 667,941,876 |
| Rendering of services | 54,769,448 | 14,614,557 |
| Other income | 154,520 | 1,308,831 |
| Turnover | <u>753,932,319</u> | <u>683,865,264</u> |
| Other operating income | 3,366,161 | 35,008,058 |
| Changes in inventories of finished goods and work in progress | 9,170,800 | 14,624,923 |
| Raw material expenses, merchandise, consumables used and utilities | (370,732,616) | (331,309,506) |
| Employee benefits expenses | (135,032,946) | (112,431,460) |
| Depreciation, amortization and impairment | (30,893,504) | (25,449,842) |
| Marketing and advertising expenses | (5,968,891) | (2,856,152) |
| Reversal of/ (expenses with) provisions | (3,205,975) | 8,327,189 |
| Other operating expenses | (139,984,295) | (153,731,894) |
| Operating profit | <u>80,651,053</u> | <u>116,046,580</u> |
| Financial Income | 35,258,118 | 7,147,694 |
| Financial Expenses | (6,603,544) | (3,983,908) |
| Profit before income tax | <u>109,305,627</u> | <u>119,210,366</u> |
| Income Tax Expense | (19,761,160) | (13,464,812) |
| Net profit for the year (A) | <u>89,544,467</u> | <u>105,745,554</u> |
| Other comprehensive income: | | |
| | - | - |
| Impact from revaluation of land and buildings | - | - |
| Deferred tax impact on revaluation recognized in equity | - | - |
| Other comprehensive income items | (26,037) | (337,035) |
| Other comprehensive income net of tax (B) | <u>(26,037)</u> | <u>(337,035)</u> |
| | <u>89,518,430</u> | <u>105,408,519</u> |
| Comprehensive income for the year (A) + (B) | | |
| | <u>0.13</u> | <u>0.15</u> |
| Net earnings per share (RON/share) | | |

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| STATEMENT OF FINANCIAL POSITION | 31 December 2022 | 31 December 2021 |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 192,760,511 | 194,771,621 |
| Right-of-use assets | 12,984,000 | 8,968,913 |
| Goodwill | 11,649,100 | 11,649,100 |
| Customer relationships | 20,374,470 | 23,823,680 |
| Other intangible assets | 3,114,287 | 4,652,969 |
| Total Intangible assets | 35,137,857 | 40,125,749 |
| | 240,882,369 | 243,866,284 |
| Current assets | | |
| Inventories | 172,511,867 | 124,563,136 |
| Trade receivables and other receivables | 145,748,201 | 102,187,418 |
| Advances and prepayments | 7,813,790 | 2,687,016 |
| Cash pooling intercompany receivables | 583,511,187 | 513,704,034 |
| Cash and cash equivalents | 11,806,687 | 62,597,628 |
| | 921,391,732 | 805,739,232 |
| Total assets | 1,162,274,101 | 1,049,605,515 |
| Equity | | |
| Issued share capital | 69,701,704 | 69,701,704 |
| Share premium | 24,964,506 | 24,964,506 |
| Legal and other reserves | 121,743,815 | 121,743,815 |
| Revaluation reserve | 57,927,094 | 57,927,094 |
| Retained earnings | 705,953,905 | 616,435,475 |
| Total equity | 980,291,023 | 890,772,593 |
| Non-current liabilities | | |
| Employee benefit liability | 5,947,909 | 3,323,943 |
| Deferred tax liability | 5,397,060 | 7,166,077 |
| Lease liabilities | 8,054,656 | 5,293,658 |
| Provisions | 1,265,568 | 1,477,177 |
| Total non-current liabilities | 20,665,193 | 17,260,795 |
| Current liabilities | | |
| Trade payables and other payables | 102,810,740 | 98,292,133 |
| Income taxes payable | 7,269,803 | 938,975 |
| Short-term lease liabilities | 5,058,437 | 4,060,128 |
| Other current liabilities | 41,593,377 | 34,697,081 |
| Short-term provisions | 4,585,527 | 3,583,810 |
| Total current liabilities | 161,317,884 | 141,572,127 |
| Total liabilities | 181,983,077 | 158,832,922 |
| Total liabilities and equity | 1,162,274,101 | 1,049,605,515 |

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| STATEMENT OF CASH FLOWS | 31 December 2022 | 31 December 2021 |
|---|-----------------------------|-----------------------------|
| Cash flows from operating activities: | | |
| Profit before tax | 109,305,627 | 119,210,366 |
| Depreciation and amortization | 30,893,505 | 27,910,831 |
| Impairment on property, plant and equipment | - | (2,460,989) |
| Impact of buildings revaluation reversal | - | - |
| Allowance for trade and other receivables, advances and prepayments | (2,893,915) | (1,928,553) |
| Inventory allowance movement | (9,351,919) | (384,788) |
| Movements in provisions for risks and charges | 790,168 | (8,327,189) |
| (Gain)/loss on sale of non-current assets | 28,423 | 42,686 |
| Write off of old advances paid to suppliers and trade payables, net | - | 2,962,915 |
| Write off of dividends | - | (6,276,644) |
| Interest revenues | (31,614,121) | (6,544,059) |
| Interest expenses | 437,136 | 245,739 |
| Operating profit before working capital changes | 97,594,903 | 124,450,315 |
| Change in inventories | (38,596,812) | 13,620,006 |
| Change in trade and other receivable | (45,793,643) | 144,380,157 |
| Change in trade and other payable | 23,253,591 | (71,631,105) |
| Interest paid | (437,136) | (245,739) |
| Cash generated from operating activities | 36,020,904 | 210,573,634 |
| Income tax paid | (15,199,349) | (19,935,360) |
| Net cash from operating activities | 20,821,555 | 190,638,274 |
| Cash flows from investing activities | | |
| Proceeds from sale of non-current assets | - | 2,272 |
| Purchase of property, plant and equipment and intangible assets | (28,100,087) | (22,905,852) |
| Interest received | 31,614,121 | 6,544,059 |
| Net cash used in investing activities | 3,514,034 | (16,359,521) |
| Cash flows from financing activities | | |
| Repayment of bank loans | - | - |
| Dividends paid | - | (5,110) |
| Lease payments | (5,319,378) | (4,865,515) |
| Net cash used in financing activities | (5,319,378) | (4,690,625) |
| Net increase (decrease) in cash and cash equivalents | 19,016,211 | 169,686,095 |
| Reclassification of cash pooling intercompany receivable | (69,807,153) | (513,704,034) |
| Cash at the beginning of the period 1 January | 62,597,628 | 406,713,534 |
| Cash at the end of the period 31 December | 11,806,687 | 62,597,628 |

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STATEMENT OF CHANGES IN EQUITY

| | Share capital | Share premium | Legal and other reserves | Revaluation reserve | Retained earnings | Total |
|--|----------------------|----------------------|---------------------------------|----------------------------|--------------------------|--------------------|
| Opening balance at 1 January 2022 | 69,701,704 | 24,964,506 | 121,743,815 | 57,927,094 | 616,435,475 | 890,772,593 |
| Profit for the year | - | - | - | - | 89,544,467 | 89,544,467 |
| Other elements of the comprehensive income | - | - | - | - | (26,037) | (26,037) |
| Total other comprehensive income | - | - | - | - | 89,518,430 | 89,518,430 |
| Legal reserve | - | - | - | - | - | - |
| Closing balance at 31 December 2022 | 69,701,704 | 24,964,506 | 121,743,815 | 57,927,094 | 705,953,905 | 980,291,023 |

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.

On 31.12.2022, the amount of legal reserves reaches the threshold of 20% of the company's share capital.

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ZENTIVA S.A. reports as preliminary result for 2022, a turnover of 754 MRON, with an increase of 10.3% compared to the previous year, and an operational profit of 89.5 MRON, with a decrease of 15.3%, compared to the previous period, mainly due to the increase of expenses with raw materials and utilities.

The financial statements are preliminary and not audited.

| Main Financial Ratios at 31.12.2022 | | |
|--|---|---------------|
| Ratio Name | Ratio Formula | Result |
| 1. Current ratio | Current assets / Current liabilities | 5.71 |
| 2. Debt ratios | Long term debt / Shareholder's equity x 100 | 0 |
| | Long term debt / Total capital employed x 100 | 0 |
| 3. Debtors days ratio | Trade receivables / Net turnover x 360 | 58 |
| 4. Asset turnover ratio | Net turnover / Non current assets | 3.13 |

NOTE
REGARDING THE PRELIMINARY FINANCIAL STATEMENTS AS OF 31.12.2022

Given the complexity of the process of preparing financial statements in accordance with International Financial Reporting Standards (IFRS), 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 publishing date. These do not include the complete adjustments, and may be subject to change until they are finalized and presented for approval to the General Meeting of Shareholders.

The main elements which are potentially subject to change include, but are not limited to:

- Deffered Tax and Income Tax
- Operating Profit
- Reclassifications across assets and liabilities

Please note that the values presented are not yet audited - during the audit adjustments may be made which may influence the results of the financial year 2022.

General Manager

SIMONA COCOS

Chief Financial Officer

DANIEL NITULESCU