

S.C. ZENTIVA S.A.

Board of Directors Report

for the 1st Semester 2024

Report date: 30.06.2024

- **Name of the issuer:** ZENTIVA SA
 - **Registered office:** Bd. Theodor Pallady nr.50, Bucuresti
 - **Phone / Fax:** 021.304.72.00, 021.304.75.00 / 021.345.40.04
 - **Tax identification number:** RO336206
 - **Trade Register number:** J/40/363/1991
 - **Regulated market on which the issued securities are traded:** Bucharest Stock Exchange
 - **Share Capital – subscribed and paid-in:** RON 69,701,704
 - **Class, type, no. And main characteristics of securities:** 697,017,040 dematerialized class I shares
 - **Market value:** RON 3.46 / share, represents the reference price of the last trading day from semester I 2024
 - **Market capitalization as at June 30, 2024:** RON 2,411,678,958
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1. SHARES AND SHAREHOLDERS

ZENTIVA SA (hereinafter, the “Company”) was established in 1962 under the name Intreprinderea de Medicamente Bucuresti (hereinafter “IMB”).

In 1990, the Company was incorporated, taking over the entire patrimony of the former IMB in accordance with the Government’s Decision.

In November 1999, the majority shareholding was taken over by the group of institutional investors formed of the European Bank for Reconstruction and Development, the Post-Privatization Foundation, GED Eastern Fund, Euromerchant Balcan Fund, Black See Fund and Galenica North East via the Cypriot company Venoma Holdings Limited.

In 27 June 2002, the Extraordinary General Shareholders’ Meeting approved the increase in the share capital by the amount of old Lei 277,974,100,000 (equivalent a RON 27,797,410), respectively from the value of old Lei 138,987,050,000 (equivalent of RON 13,898,705) to the value of old Lei 416,961,150,000 (equivalent of RON 41,696,115), through the granting of 2 free stocks for each stock held by the shareholders registered with the Shareholders’ Register as at the reference date 30 May 2002.

In 12 October 2005, Zentiva N.V., a Dutch company seated in Amsterdam, The Netherlands, with branches in several European countries, purchased the shares of Venoma.

In October 2005, Zentiva NV made a public offer regarding the purchase of the shares of the issuer Sicomed SA, denominated afterwards Zentiva SA, for the amount of RON / share 1.37, during the period between 9.11.2005 – 12.01.2006.

In March 2009, Sanofi - Aventis Europe announced its having become the shareholder of Zentiva N.V., holding approximately 96.8% shares.

In August 2009, Sanofi-Aventis Europe made a public offer regarding the purchase of the shares of the issuer Zentiva SA, for the amount of RON/share 0.7, during the period between 12.08.2009 and 22.09.2009. Between 20 February 2018 and 5 April 2018, Sanofi-Aventis Europe, through Zentiva N.V., conducted a public purchase offer at a price of RON 3.50 per share, after which it acquired 48,216,352 shares, thus reaching a holding of 93.2295% of the share capital of the Company.

On 31 August 2018 it was registered the transfer of shares from Venoma Holdings Limited, ZENTIVA NV and Sanofi Aventis Europe to Zentiva Group a.s. Therefore, Zentiva Group a.s became shareholder of Zentiva SA (holding of 93.2295% of the share capital).

On 30 September 2018, the transfer of shares was finalized between Zentiva N.V. (100% owned and controlled by Sanofi Aventis Europe), as seller, and AI Sirona BidCo s.r.o. (100% owned and controlled by AI Sirona (Luxembourg) Acquisition S. à r.l., a company which is entirely owned by AI Sirona (Luxembourg) Subco S. à r.l. and ultimately controlled by Advent Funds GPE VIII, a fund managed by Advent International Corporation), as buyer, through which the control over Zentiva Group a.s. was transferred. On 31 December 2018, Zentiva Group a.s. held 388,730,877 shares, representing 93.2295% of the share capital of the Company.

Between 18.12.2018 – 11.01.2019, Zentiva Group a.s. conducted a mandatory public offer for buying at a price of RON 3.7472 per share, after which it acquired 200,333 shares, thus reaching a holding of 388,931,210 shares representing 93.2776% of the share capital of the Company.

Between 05.07.2019 – 05.08.2019 (subscription period), the Company carried out the operation of share capital increase by granting preferential rights, by issuing a number of 300,000,000 new shares, with a nominal value of 0.1 RON / share, which were offered for subscription to the shareholders registered in the shareholders’ register of the Company held by Depozitarul Central SA, on the registration date of May 16, 2019. Following the subscriptions made, out of the total number of 300,000,000 new shares, 19,944,110 shares were not subscribed and were canceled in accordance with the provisions of the decision of the extraordinary general meeting of the shareholders of the Company dated April 30, 2019.



1. SHARES AND SHAREHOLDERS (continued)

After the share capital increase, the share capital of the Company is RON 69,701,704 (compared with RON 41,696,115 prior to the increase), being divided into 697,017,040 nominal shares with a value of 0,1 RON each, and is held as follows:

- the shareholder Zentiva Group a.s. owns 668,778,101 shares, representing 95.9486% of the Company's share capital;
- other natural and legal persons hold 28,238,939 shares, representing 4.0514% of the Company's share capital.

The synthetic shareholding structure as of June 30, 2024 remained identical to the one as of December 31, 2023 respectively:

Shareholding structure	30 June 2024 (%)	31 December 2023 (%)
Zentiva Group a.s.*	95.9486	95.9486
Other minority shareholders	4.0514	4.0514
Total	100	100

Source: Central Depository

* On December 31, 2019, the company Zentiva Group a.s. merged with the company Al Sirona Bidco s.r.o., the latter being the sole shareholder of Zentiva Group a.s. Following the merger, the company Zentiva Group a.s. ceased to exist, its entire assets being transferred to the company Al Sirona Bidco s.r.o., which, as of December 31st, 2019, also changed its legal form from a limited liability company ("s.r.o.") to a joint stock company ("a.s."), as well as the name from Al Sirona Bidco s.r.o. to Zentiva Group a.s.

The Company's shares have been listed on the Standard Category of the Bucharest Stock Exchange starting from 1998.

The market capitalization of Zentiva SA shares as at June 30, 2024 is in amount of RON 2,411,678,958 (December 31, 2023: 2,035,289,757).

As of June 30, 2024 the price per share amounted to RON 3.46 / share (December 31, 2023: RON 2.92 / share).

As of June 30, 2024, the Company has net assets of RON 1,333,846,263 which represents more than 50% of the share capital of RON 69,701,704 (as of December 31, 2023, the Company had net assets of RON 1,191,262,465 which represented more than 50% of the share capital of RON 69,701,704) which is in compliance with the requirements of Romanian Company Law (law no. 31/1990, with subsequent amendments).



2. ECONOMIC and FINANCIAL ANALYSIS

2.1 Analysis of the Financial Position (balance sheet)

The Company's patrimony, on main elements, on 30.06.2024 compared to the period ended 31.12.2023 is presented as follows:

Balance Sheet (RON)	30 June 2024	31 December 2023	Variation	Variation (%)
Total tangible and intangible assets	282,794,624	281,772,621	1,022,003	0.4%
Total inventories	195,926,305	191,883,609	4,042,697	2.1%
Total receivables	503,777,019	414,723,733	89,053,287	21.5%
Cash and cash equivalent	34,884,600	27,302,728	7,581,873	27.8%
Deposit Intercompany	623,839,110	583,520,497	40,018,613	6.9%
Current liabilities	280,574,564	280,350,759	223,805	0.1%
Total assets less current liabilities	1,360,647,095	1,219,152,428	141,494,667	11.6%
Total shareholders' equity	1,333,846,263	1,191,262,465	142,583,798	12.0%

- ◆ On June 30, 2024 trade receivables increased by 21.5% compared to the end of the previous year mainly due to the increased turnover;
- ◆ The company's cash and cash equivalents increased by 27.8% as at June 30, 2024 compared to the end of the year 2023;
- ◆ Current liabilities on 30.06.2024 were kept approximately at the same level as at the end of the previous year;
- ◆ Shareholders equity increased by 142.6 mil lei (+12%), representing mainly the profit of the first semester 2024.

2.2 Analysis of the Comprehensive Income (profit & loss account)

Profit & Loss Account (RON)	1 January – 30 June 2024	1 January – 30 June 2023	Variation	Variation (%)
Net turnover	551,258,064	450,606,624	100,651,440	22.3%
Other operating income	132,156	356,475	(224,319)	-62.9%
Operating expenses - Total	406,820,821	385,784,084	21,036,737	5.5%
Operating profit	144,569,399	65,179,015	79,390,384	121.8%
Financial profit	18,526,381	19,982,975	(1,456,594)	-7.3%
Gross profit	163,095,780	85,161,990	77,933,790	91.5%
Corporate tax	20,070,827	12,810,746	7,260,081	56.7%
Net profit	143,024,953	72,351,244	70,673,710	97.7%



2. ECONOMIC and FINANCIAL ANALYSIS (continued)

The net turnover increased by 22.3%, from RON 450.6 million in the first semester of 2023 to RON 551.3 million in the first semester of 2024, mainly due to the increase in sales of goods with 24%.

Operating expenses increased by 5.5%, from RON 385.8 million in the first semester of 2023 to RON 406.8 million in the first semester of 2024.

The variation of operating revenues and expenditures led to an operating result for the first half of 2024 of RON 144.6 million compared to RON 65.2 million in the first half of 2023.

2.3 Cash flow Statement and Liquidity Position

The cash flow statement detailing the cash flows from operating, investing and financing activities is part of the financial statements accompanying this report.

Liquidity indicators have increased compared to the same period from last year. As of June 30, 2024, the current liquidity indicator is 4.8 (June 30, 2023: 4.1) and the immediate liquidity indicator is 4.1 (June 30, 2023: 3.5).

3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2024

ZENTIVA S.A. reports for the first semester of 2024 a turnover of 551.3 million RON, increasing by 22% compared to the same period of the previous year, and a net profit of 143 million RON, increasing by 98% compared to the previous period mainly due to the increase in sales of goods (24%).

In the first 6 months of 2024, the achieved production volume was similar to the one achieved in the first 6 months of 2023.

The most important achievements of the first semester of 2024 were:

- Increase in sales of goods revenue by 24% compared to the same period of the previous year. Sales on the domestic market increased by 52% and external sales decreased by 5% compared to the same period of the previous year;
- Investments in amount of RON 20.1 million in new production equipment and in the modernization of existing one.

3.1 Reporting base

As at June 30, 2024, Zentiva SA prepared financial statements in accordance to the Order of the Ministry of Finance no. 2844/2016 approving the accounting regulations in line with the International Financial Reporting Standards, applicable for trade companies whose securities are accepted for trading on a regulated market, with all the subsequent amendments and clarifications in force.

The financial statements for the period ended June 30, 2024 are not audited.

a) Sales – Volumes and amounts

The net turnover as of June 30, 2024 is RON 551,258,064 (June 30, 2023: RON 450,606,624).



3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2024 (continued)

The average selling price of Zentiva products (finished goods and goods for resale) per pharmaceutical unit sold in the first half of 2024 was RON 6.73 and RON 5.35 RON in the first half of 2023. The price increase is due to mix of products and price indexation for part of the portfolio.

	30.06.2024	30.06.2023
Sales of goods (million RON)	524.0	421.8
Sold quantity (million units)	77.9	78.8
Average selling price (RON / sold unit)	6.73	5.35

External sales represented in the first half of 2024 39.98% out of total turnover (RON 220.38 million), compared to 51.65% in the first half of 2023 (RON 232.76 million). The external sales of medicines were made through a company part of Zentiva Group (Zentiva k.s.) and were mainly intended for European Union markets.

The percentage of OTC (over-the-counter medicines) products in Zentiva SA sales was 4.2% in the first semester of 2024 versus 3.6% in the first semester of 2023.

The sales by types of products in the first semester of 2024 and first semester of 2023 are presented below:

Product type	S1 2024	S1 2023
Ethical (Rx)	95.8%	96.4%
OTC	4.2%	3.6%

b) Operating Expenses

Description	Million RON		Variation	
	June 2024	June 2023	%	Mill RON
Operating expenses, out of which:	406.8	385.8	5%	21.0
Raw materials, materials and merchandise (including consumables)	233.2	234.4	-1%	(1.2)
Personnel benefit expenses	99.3	78.9	26%	20.4
Depreciation, amortization and provisions for tangible and intangible assets	14.0	14.8	-5%	(0.8)
Other operating expenses (including marketing expenses and inventory movement)	60.3	57.7	5%	2.6

Personnel benefit expenses increased by 26% in the first semester of 2024, respectively by RON 20.4 million; the number of employees was 1.035 at the end of the first semester of 2024 and 952 employees at the end of the first semester of 2023. The increase in labor costs was influenced by the internalization of employees from an external workforce supplier, but also by the increase in the employee number and by the annual indexation of wages according to Company's policy.

Other operating expenses decreased by RON 2.6 million compared to the first semester of 2023, mainly due to the increase in repair expenses and support services received from the group.



3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2024 (continued)

Group support service expenses include a large variety of services (see below) :

- The product portfolio management and its development (monitoring, assistance regarding transfers, projects for production process optimization of the Company), for the acquisition process (monitoring suppliers, negotiating the main contracts for raw material), legal support (international reviewing and supporting/complex situations linked to the business environment in Romania) and financial services (monitoring sales, support for planning and optimizing the production cost, defining the production flow for the local production capacity).
- In addition to services mentioned above in this category are also included IT support services (SAP and other apps used by all entities within the group), operational services and support for daily activities regarding the IT infrastructure and software used, and IT project management and execution relevant on a local level.

c) Cash availability

The Company's cash available at the end of 1st semester 2024 consists mainly of cash in banks in amount of RON 34.9 million (31 December 2023: RON 27.3 million).

d) Cash Pooling - Intercompany receivable

In 2024 and 2023 the Company participated in a cash pooling agreement with AI Sirona (Luxembourg) Acquisition SARL (the ultimate parent entity of Zentiva Group, a.s.). Through the cash pooling arrangements AI Sirona (Luxembourg) Acquisition SARL manages centrally the surplus cash and the short-term liquidity needs of the subsidiaries. The cash deposits/drawdowns under the cash pooling agreement are subject to interest rates based on 3M ROBOR rate and applicable mark-up based on valid Group transfer pricing policy.

The total interest income for cash-pooling transactions during the year is in the amount of RON 18,018,613 (30.06.2023: interest income in the amount of RON 19,431,323).

As of June 30, 2024 the balance of cash pooling deposit is RON 623,839,110 (December, 31 2023: RON 583,820,497).

3.2. Portfolio of products and distribution market

The product portfolio of Zentiva SA includes a variety of products for human use, as solids (tablets, capsules, and pellets) and injectable solutions.

a. The distribution activity on local market, up to 27 September 2018, was ensured by Sanofi Romania SRL, the exclusive distributor of the Sanofi Group on Romanian market. After Zentiva exited Sanofi Group, the distribution activity on local market was ensured by Romanian distribution companies.

b. ZENTIVA SA is part of Zentiva Group, which has production facilities in Czech Republic, Romania and India. The sales for the European Market were ensured by Sanofi Winthrop (part of Sanofi Group) until 30 September 2018 and by Zentiva k.s. (part of Zentiva Group) after 1 October 2018.



3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2024 (continued)

3.3 Selection policy for suppliers of raw materials

The policy of Zentiva SA is to permanently search for suppliers that deliver high quality raw materials.

The Quality Insurance Department assesses the potential producers and the existing ones on a permanent basis. Their focus is on the quality of documentation provided by them, which is necessary for authorization purposes and the quality of the supplied products, as well as the products behavior during the technological process.

3.4. The main competitors of Zentiva SA on the local market

Zentiva SA is one of the main producers of medicines on the local market.

Other local producers, well-established on the medicines market, are: Terapia Cluj, Antibiotice Iasi, Biofarm.

The main importers of pharmaceutical products are: Novartis, Sanofi, AstraZeneca, Merck Sharp Dohme and Johnson&Johnson.

3.5. Information about personnel

The number of Zentiva employees as of June 30, 2024 was 1.035 (December 31, 2023: 956 employees).

The employees' rights and other labor relationships are regulated by the Collective Labor Agreement. For 40% of the employees, such rights are defended by the Zentiva SA Trade Union.

3.6. Information about Company's environmental policy

The following regulatory documents related to environmental protection were applicable in Semester I 2024:

- Environmental Permit no. 234/7.05.2012, revised on 22.06.2021, with the mention that "The authorization maintains its validity for the entire period in which its beneficiary obtains the annual visa";
- Wastewater Collection Agreement no. 1521/31.08.2012, valid for an unlimited period of time;
- Water Management Authorization no. 205-B/05.05.2022, valid until 30.04.2026.

The waste management process was maintained by applying solutions for waste elimination.

The audits performed by Lloyd's Register Romania confirmed that the Environmental Management Systems, which was implemented according to EN ISO 14001:2015, and the Energy Management Systems are properly maintained.

3.7. Research and Development Activity

The R&D expenses for the first semester of 2024 were RON 5.1 million vs. RON 4.5 million in the first half of 2023, and consist in activities linked to the transfer of products. For 2024, R&D expenses are forecasted at RON 11.1 million.

3.8. Investment activity

In first semester of 2024, the Company's investment expenses amounted RON 20.1 million. The objectives of the investment program, which will be continued in 2024 are to maintain the Good Manufacturing Practice Guidelines and the update technologies in line with the international quality and environmental standards, and to extend the product portfolio and of the new forms of packaging. The investments provided in 2024 budget is RON 41.1 million (EUR 8.3 million).



3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2024 (continued)

3.9 Related party disclosures

Details about related parties:

<u>Company name</u>	<u>Nature of relation</u>	<u>Transaction type</u>	<u>Country of origin</u>	<u>Registered office</u>
AI Sirona (Luxembourg) Acquisition S.à.r.l	Parent of Zentiva Group AS	Holds cash pooling	Luxemburg	Luxemburg
Labormed Pharma Trading SRL	Company under common control	Sale of goods and services	Romania	Bucharest
Labormed Pharma SA	Company under common control	Provision of services	Romania	Bucharest
Zentiva Group AS	Majority shareholder	Purchases /revenue from services	Czech Republic	Prague
Zentiva Italia	Company under common control	Purchases of goods	Italy	Milan
Zentiva K.S.	Company under common control	Purchases/ Sale of goods and provision of services	Czech Republic	Prague
Zentiva Pharma GMBH	Company under common control	Purchases/ Sale of goods and provision of services	Germany	Frankfurt
Zentiva Private LTD	Company under common control	Purchases of goods	India	Mumbai
Zentiva Pharma UK Limited	Company under common control	Provision of services	UK	London

Payables and receivables from affiliated entities and other related parties

➤ Receivables from affiliated entities / other related parties

	30 June 2024	31 December 2023
Labormed Pharma Trading SRL	8,894,679	14,143,516
Labormed Pharma SA	546,731	1,773,605
Zentiva K.S.	180,712,670	100,409,533
Zentiva Group A.S.	10,731,084	14,416,422
Zentiva Pharma UK Limited	-	18,645
Total	200,885,163	130,761,721
Zentiva Group A.S. – prepayments	314,661	1,137,881
Total	201,199,825	131,899,602
AI Sirona (Luxembourg) Acquisition S.à.r.l	623,839,110	583,820,497



3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2024 (continued)

➤ Payables to the affiliated entities / other related parties

	30 June 2024	31 December 2023
Labormed Pharma Trading SRL	12,703,731	14,407,094
Labormed Pharma SA	5,800,742	4,059,371
Zentiva K.S.	79,149,317	75,221,926
Zentiva Group A.S	38,495,925	31,931,012
Zentiva Pharma GMBH	-	325,058
Zentiva Italia	274,936	507,890
Zentiva Private LTD	4,115,431	753,709
Total	140,540,082	127,206,060

Information regarding the transactions with the affiliated entities and other related parties

➤ Sales of goods and services

	30 June 2024	30 June 2023
Labormed Pharma Trading SRL	17,992,244	16,315,741
Labormed Pharma SA	8,691,739	2,049,464
Zentiva K.S.	187,222,777	202,453,128
Zentiva Group A.S	10,788,912	8,104,222
Total	224,695,672	228,922,555

➤ Purchase of goods and services

	30 June 2024	30 June 2023
Labormed Pharma Trading SRL	5,572,305	3,980,890
Labormed Pharma SA	2,099,889	947,213
Zentiva K.S.	81,834,653	76,763,207
Zentiva Group A.S.	19,582,243	30,028,194
Zentiva Italia	-	79,188
Zentiva Private LTD	4,116,174	1,125,197
Total	113,205,264	112,923,889

4. COMPANY'S MANAGEMENT

4.1. Board of Directors

As of June 30, 2024 the Board of directors had the following composition

- Simona Cocos - Member of the Board - starting with February 2010, and Chairman of the Board – starting with August, 2021;
- Margareta Tanase - Member of the Board - starting with March 2010;
- Hacho Agop Hatchikian - Member of the Board - starting with June 2024;
- Alin Briciu - Member of the Board - starting with February 2023;
- Francois Noel Marchand – Independent Member of the Board - starting with February 2017.



4. COMPANY'S MANAGEMENT (continued)

Company is not aware of any member of the Board of Directors holding shares issued by the Company during the relevant financial year.

The Board of Director members are appointed (on a permanent basis) by the Ordinary General Shareholders Meeting based on shareholders' votes and in compliance with the statutory requirements relating to quorum and majority. In case of mandate vacancy of one or more members, the Board of Directors may proceed to the appointment of provisional members, until the meeting of the Ordinary General Meeting of Shareholders which will appoint a final member of the Board of Directors. Therefore, the Company is not aware of any agreements, specific understandings or family relationships that may be incidental to the members of the Board of Directors.

4.2. Executive Management

As of June 30, 2024 the executive management member is:

- Simona Cocos – General Manager, Member and Chairman of the Board

Company does not have knowledge of any member of the executive senior management holding shares issued by the Company during the relevant financial year.

Company is not aware of any agreements, specific understandings or family relationships between the executive management members and any other person based on which such a person has been appointed as an executive that need to be disclosed .

To the best of the Company's knowledge and belief, there are no litigations or administrative proceedings involving the members of the Board of Directors or of the executive management, related to their activity within the Company or their ability to perform their professional responsibilities.

5. COMPANY'S EXPOSURE TO RISKS

Price risk

For the products in Zentiva portfolio in Romania, which are sold on based on prescriptions, the price is regulated by the Ministry of Health. They account for 95% of the turnover on the local market. The price of over-the-counter products is determined by market supply and demand.

No potential risks were identified that are likely to affect the Company's liquidity.

The Company did not purchase own shares.

The Company did not issue any bonds or other debt securities.

Market risk

The market risk is the risk that the fair value of the future cash flows of an instrument will fluctuate because of the changes of the market prices. The market prices have four types of risks: interest rate risk, currency risk, commodity price risk and other price risk, such as the equity price risk. The financial instruments affected by the market risk include credits and loans, deposits, trade receivables and payables.



5. COMPANY'S EXPOSURE TO RISKS (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

On 30 June 2024, the Company has no loans received and has a cash pooling agreement with the parent company, at a variable interest rate (as detailed in Note 9 and it has a debit balance as at 30 June 2024 and 31 December 2023).

Foreign currency risk

The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's exposure to the risk of the changes in foreign exchange rate mainly refers to the operating activities of the Company (when receivables or payables are expressed in a currency different from the functional currency of the Company).

The company has transactions in currencies other than its functional currency (RON).

The exposure to the foreign exchange risk (due mainly to the EUR and USD currencies) is not material, and the company does not use hedging instruments.

Capital management

Capital includes shares and equity attributable to shareholders. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes of managing capital during the financial years ended 30 June 2024 and 31 December 2023.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (mainly for trade receivables) and from its financing activities, including deposits with banks and financial institutions and cash pooling intercompany receivable, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company, subject to the established policy; nonetheless, the Company considers that the credit risk on receivables is low (mainly intra-group receivables).

Outstanding customer receivables are monitored at the end of each reporting period and any subsequent collections are analyzed.

The impairment indicators are analyzed at each reporting date.

The Company credit risk mainly relates to the receivables from related parties, for which the impairment probability is considered low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7, Note 8 and Note 9.

The Company assesses the concentration of the risk with respect to trade receivables as low due to the fact most of third party receivables are insured.



5. COMPANY'S EXPOSURE TO RISKS (continued)

Financial instruments and cash deposits

The credit risk from the balances with banks and financial institutions is managed by the treasury department of the Company, in accordance with the Company's policies. The maximum exposure of the Company to the credit risk for the components of the statement of financial position at 30 June 2024 is the carrying amounts as illustrated in Note 8 and Note 9.

Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Company has no long-term financing (neither trade, nor liabilities to financial institutions).

The Company's financial liabilities with maturities over 1 year are represented by lease liabilities.

6. CONTINGENCIES

Legal claims

As of June 30, 2024, the Company is involved in several disputes, of which the most significant are listed below:

- In December 2020, the Company filed a summons against the National Health Insurance House ("CNAS") requesting the VAT paid, related to the clawback tax for Q1 2020. In this litigation, respectively within case file no. 7592/2/2020, the trial was suspended as a consequence of the fact that the Romanian Constitutional Court was requested to solve the exception of unconstitutionality of the phrase "*starting with the first quarter of 2020*" within paragraph 1 of art. 37 of GEO no. 77/2011. As at June 30, 2024, the file registered with the Romanian Constitutional Court under no. 665D/2022 is still in the preliminary report phase.
- On April 25, 2024, the Company received a statement of claim from the Bucharest Tribunal, 3rd Civil Section, together with Zentiva k.s., a company which is part of the same group as the Company, as defendants, in a lawsuit against Bayer HealthCare LLC, Bayer AG and Bayer SRL, as claimants. The case is the subject of file no. 5615/3/2024, has as its object the obligation of the defendants, jointly and severally, to pay the provisionally established amount of 100,000 Euros and is pending before the court in the first phase of the proceedings.

In the above-mentioned file, the claimants allege that the defendants infringed on the rights resulting from the European invention patent EP 2305255, which, according to the claimants' statements, would have given them an exclusive right to use the chemical substance sorafenib tosylate until the date of December 3, 2022. Thus, the claimants request the court to determine the defendants (i) to pay, jointly and severally, to the claimants the provisionally established amount of 100,000 Euros, as compensation for acts of infringement of the European invention patent EP 2305255, committed in Romania, and (ii) to pay, jointly and severally, the relevant trial expenses. Also, the claimants request the court to order the suspension of the trial of this litigation until the final resolution of file no. 16122/3/2021, pending before the Bucharest Tribunal, 3rd Civil Section. The object of file no. 16122/3/2021 is represented by the annulment of the European invention patent EP 2305255, being introduced by Zentiva k.s. against Bayer HealthCare LLC and the State Invention and Trademark Office.

The first hearing within this case file was established for November 6, 2024.



6. CONTINGENCIES (continued)

The Company's management considers that the respective litigations will not significantly impact the Company's operations and financial position.

7. OBJECTIVES FOR THE YEAR 2024

For 2024, our objective is to maintain our leadership in the healthcare field, focusing on identifying growth opportunities and on diversifying our business according to European quality standards; to secure an efficient and profitable organization. Also, we reaffirm our commitment to our customers and partners for delivering the same best possible services to our meeting the Romanian patients' needs to the same extent of involvement as before.

Our key priorities for 2024 are:

- To maintain the profitability of the local producer, in the context of an increase in costs for utilities, increase in costs for materials (raw materials, excipients, and packaging materials);
- To enhance the production capacity, by implementing the investment plan for 2024;
- To diversify and enhance Zentiva's presence on various markets and transfer of new products that should be produced locally;
- To increase the volume sales of products on the local market;
- To strengthen our product portfolio through new launches.

8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no subsequent events that would affect the Company's financial statements as of June 30, 2024.

Administrator,
Cocos Simona

Prepared by,
Nitulescu Daniel
Chief Financial Officer



ZENTIVA S.A.

FINANCIAL REPORTING

AS AT 30 JUNE 2024

Report date: 30.06.2024

- **Name of the issuer:** ZENTIVA SA
- **Registered office:** Bd. Theodor Pallady nr.50, Bucuresti
- **Phone / Fax:** 021.304.72.00, 021.304.75.00 / 021.345.40.04
- **Tax identification number:** RO336206
- **Trade Register number:** J/40/363/1991
- **Regulated market on which the issued securities are traded:** Bucharest Stock Exchange
- **Share Capital – subscribed and paid-in:** RON 69,701,704
- **Class, type, no. and main characteristics of securities:** 697,017,040 dematerialized class I shares
- **Market value:** RON 3.46 / share, represents the reference price of the last trading day from semester I 2024
- **Market capitalization as at June 30, 2024:** RON 2,411,678,958

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ZENTIVA S.A.
STATEMENT OF COMPREHENSIVE INCOME
For the period ended June 30, 2024
(all amounts are expressed in RON, unless specified otherwise)

STATEMENT OF COMPREHENSIVE INCOME	30.06.2024	30.06.2023
	RON	RON
Revenue from sales of goods	523,995,059	421,774,985
Revenue from rendering of services	27,263,005	28,831,640
Revenue	551,258,064	450,606,624
Other operating income	132,156	356,475
Changes in inventories of finished goods and work in progress	13,876,802	11,513,957
Raw material expenses, merchandise, consumables used and utilities	(233,195,123)	(234,369,542)
Employee benefits expenses	(99,339,522)	(78,945,076)
Depreciation, amortization and impairment	(14,023,862)	(14,818,738)
Marketing and advertising expenses	(4,628,320)	(4,225,481)
Reversal of/ (expenses with) provisions	(333,562)	(1,324,176)
Other operating expenses	(69,177,235)	(63,615,028)
Operating profit	144,569,399	65,179,014
Financial Income	19,999,909	21,963,807
Financial Expenses	(1,473,528)	(1,980,832)
Profit before income tax	163,095,780	85,161,990
Income Tax Expense	(20,070,827)	(12,810,746)
Net profit for the year (A)	143,024,953	72,351,244
Other comprehensive income:		
<i>Other comprehensive income that will not be reclassified to profit and loss in subsequent periods:</i>	-	-
Deferred tax impact on pension/reevaluation recognized in equity	-	-
Other comprehensive income items	(441,155)	-
Other comprehensive income net of tax (B)	(441,155)	-
Comprehensive income for the year (A) + (B)	142,583,798	72,351,244
Number of Shares	697,017,040	697,017,040
Net earnings per share (RON/share)	0.21	0.10

Financial statements for the period ended June 30, 2024 are not audited.

ZENTIVA S.A.
STATEMENT OF FINANCIAL POSITION
For the period ended June 30, 2024
(all amounts are expressed in RON, unless specified otherwise)

STATEMENT OF FINANCIAL POSITION	30.06.2024	31.12.2023
Assets		
Non-current assets		
Property, plant and equipment	231,869,361	220,505,720
Advances for equipment	684,388	8,652,051
Right-of-use assets	20,517,825	21,092,139
Goodwill	11,649,100	11,649,100
Customer relationships	15,200,655	16,925,260
Other intangible assets	2,873,295	2,948,351
Total Intangible assets	29,723,050	31,522,711
	282,794,624	281,772,621
Current assets		
Inventories	195,923,305	191,883,609
Trade receivables and other receivables	499,761,155	410,875,837
Advances and prepayments	4,015,864	3,847,896
Cash pooling intercompany receivables	623,839,110	583,820,497
Cash and cash equivalents	34,884,600	27,302,728
	1,358,427,035	1,217,730,566
Total assets	1,641,221,659	1,499,503,187
Equity		
Issued share capital	69,701,704	69,701,704
Share premium	24,964,506	24,964,506
Legal and other reserves	158,129,071	155,961,510
Revaluation reserve	64,633,967	67,069,892
Retained earnings	1,016,417,016	873,564,853
Total equity	1,333,846,263	1,191,262,465
Non-current liabilities		
Employee benefit liability	8,065,568	7,173,565
Deferred tax liability	5,647,552	5,556,704
Lease liabilities	11,822,143	13,894,126
Provisions	1,265,568	1,265,568
Total non-current liabilities	26,800,831	27,889,963
Current liabilities		
Contract liability	1,364,500	4,623,319
Trade payables and other payables	210,857,897	210,988,922
Income taxes payable	7,522,949	7,641,646
Short-term lease liability	8,915,866	7,261,482
Other current liabilities	48,329,542	46,251,580
Short-term provisions	3,583,810	3,583,810
Total current liabilities	280,574,564	280,350,759
Total liabilities	307,375,395	308,240,722
Total liabilities and equity	1,641,221,659	1,499,503,187

Financial statements for the period ended June 30, 2024 are not audited.

ZENTIVA S.A.
STATEMENT OF FINANCIAL POSITION
For the period ended June 30, 2024
(all amounts are expressed in RON, unless specified otherwise)

STATEMENT OF CASH FLOWS	30.06.2024	30.06.2023
Cash flows from operating activities:		
Profit before tax	163,095,780	85,161,990
Depreciation and amortization	14,023,862	14,818,738
Allowance for trade and other receivables, advances and prepayments	(159,050)	1,070,369
Inventory allowance movement	389,480	7,221,482
Movements in provisions for risks and charges	-	1,228,300
Loss on sale of non-current assets	(889,882)	22,852
Interest revenues	(18,018,613)	(19,431,323)
Interest expenses	748,815	597,266
Operating profit before working capital changes	159,190,392	90,689,674
Change in inventories	(4,432,176)	(4,462,158)
Change in trade, other receivable and advances	(80,926,573)	(180,145,740)
Change in trade and other payable	1,825,290	93,758,088
Interest paid	(748,815)	(597,266)
Cash generated from operating activities	74,908,118	(757,403)
Income tax paid	(20,098,675)	(12,176,158)
Net cash from operating activities	54,809,443	(12,933,561)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(20,125,238)	(5,841,936)
Cash pooling movement	(40,018,613)	17,198,465
Interest received	18,018,613	19,431,323
Net cash from/ (used) in investing activities	(42,125,238)	30,787,852
Cash flows from financing activities		
Lease payments	(5,102,333)	(5,484,845)
Net cash used in financing activities	(5,102,333)	(5,484,845)
Net increase (decrease) in cash and cash equivalents	7,581,872	12,369,446
Cash at the beginning of the period 1 January	27,302,728	11,190,679
Cash at the end of the period 30 June	34,884,600	23,560,126

ZENTIVA S.A.
STATEMENT OF CHANGES IN EQUITY
For the period ended June 30, 2024
(all amounts are expressed in RON, unless specified otherwise)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Legal and other reserves	Revaluation reserve	Retained earnings	Total
Opening balance at 1 January 2024	69,701,704	24,964,506	155,961,510	67,069,892	873,564,853	1,191,262,465
Profit for the year	-	-	-	-	143.024.953	143.024.953
Revaluation reserve				(2.435.924)	2.435.924	-
Other comprehensive income:						
Deferred tax impact of other comprehensive income items	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(441.155)	(441.155)
Total other comprehensive income	-	-	-	-	(441.155)	(441.155)
Total comprehensive income	-	-	-	(2.435.924)	1.994.769	(441.155)
Reserve for reinvested profit	-	-	2,167,561	-	2.167.561	-
Closing balance at 30 June 2024	69,701,704	24,964,506	158.129.071	64.633.967	1.016.417.016	1.333.846.263

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 social 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.

NOTE 1: INFORMATION ABOUT THE COMPANY

The company, previously named SICOMED S.A. Bucharest ("Sicomed") was founded in 1962 as Intreprinderea de Medicamente BUCURESTI ("IMB"). The current registered office of the Company is located in B-dul Theodor Pallady no.50, Bucharest. The Company is registered with the Trade Register under no. J40/363/1991.

In 1990, Sicomed became a joint stock company by incorporating and taking over all the assets of the former IMB in accordance with the Government Decision. The initial share capital was the result of the difference between assets, including specific valuations of land and buildings donated by the State to the Company in accordance with the Government Decision, and liabilities held as of the same date.

In October 2005, the majority stake in the company was acquired by Zentiva Group (a group in the pharmaceutical industry operating in Central and Eastern Europe) by acquiring shares held in Venoma Holdings Limited. Zentiva Group has control over the Company's operations.

Starting with 24 January 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).

The main activity of the Company is the production and marketing of preparations and medicines for human use.

Starting with 2007, a decision has been taken at the Zentiva Group level, and as a result the Company started its trading operations through its subsidiary in Romania, namely Zentiva International (incorporated in Slovakia) ("ZIRO") and, as such, the Romanian market (i.e. distributors) was supplied with the Company's products through ZIRO. Starting with 1 October 2011, sales are made directly through Sanofi Romania SRL entity and after that date, ZIRO became an entity with no activity, and was to be liquidated.

On 20 February 2018, Zentiva SA launched the public purchase offer by Zentiva NV of the shares owed by minority shareholders in the percent of 18.4067 % at a purchase price of RON 3.5 / share. The public purchase offer was concluded on 5 April 2018. The shares redeemed through this offer were primarily the ones owned by KJK Fund II, the NN Optional Active Pension Fund, the NN Optional Optimal Pension Fund and the NN Privately Administrated Pension Fund.

At the end of October 2016, Sanofi Group announced, after an analysis of all the available options, the initiation of its European generic medicine's division carve out.

As of that date, Zentiva SA was included in this separation process that was finalized on September 30, 2018, when Advent International NV purchased the European generic medicine division of Sanofi Group.

Starting with 1 September 2018, Sanofi Romania SRL, who was up until that time the distributor of generic medicine produced by Zentiva SA on the Romanian market, transferred its distribution activity to Zentiva SA, based on the distribution activity transfer contract, which was approved on 7 March 2019 by the General Meeting of the Shareholders of Zentiva SA.

Following this, Zentiva started the direct distribution in Romanian of generic medicines both produced in Romania, as well as imported from other entities from the Group. The local market distribution is done by local distributors.

The Company is listed on Bucharest Stock Exchange.

The Company has no investments in subsidiaries or associated companies as of 30 June 2024. The Company is part of a group and is at its turn consolidated in the Group's Financial Statements, the consolidated parent company being AI Sirona (Luxembourg) Acquisition S.a.r.l.

COMPANY'S MANAGEMENT as at June 30, 2024

Board of Directors

Simona Cocos - Member of the Board - starting with February 2010, and Chairman of the Board – starting with August, 2021

Margareta Tanase - Member of the Board - starting with March 2010

Hacho Agop Hatchikian - Member of the Board - starting with June 2024

Alin Briciu - Member of the Board - starting with February 2023

Francois Noel Marchand – Independent Member of the Board - starting with February 2017

Executive Management

Simona Cocos – General Manager, Member and Chairman of the Board

NOTE 2: BASIS OF PREPARATION OF THE FINANCIAL STATEMENT

The Company's financial statements have been prepared in accordance with the provisions of Order No. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market with all subsequent amendments and clarifications. These provisions are in line with the provisions of the International Financial Reporting Standards endorsed by the European Union, except for the provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency, of IAS 20 Accounting of Government Grants regarding the recognition of revenue from green certificates, with the exception of IFRS 15 - Revenue from Contracts with Customers regarding the revenue from distribution network connection charges. In order to prepare these financial statements, in accordance with the Romanian legal provisions, the functional currency of the Company is considered to be the Romanian Leu (RON).

Going Concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue its activity in the foreseeable future. To assess the applicability of this assumption, the management analyses the forecasts of future cash inflows.

On 30 June 2024, current assets of the Company exceed current liabilities by RON 1,077,852,471 (as of 31 December 2023 current assets exceeded current liabilities by RON 937,379,807). At the same date the Company recorded a profit for the year of RON 143,024,953 (2023: RON 192,615,832)

The budget prepared by the management of the Company and approved by the Board of Directors for the year 2024, indicates positive cash flows from the operating activities, an increase in sales and profitability from the direct distribution on the Romanian market of generic medicine produced locally as well as the ones imported from other entities of the Group to which the Company belongs.

The management considers that the Company will be able to continue its activity in the foreseeable future and therefore the application of the going concern principle in the preparation of the financial statements is reasonable.

Principles, policies and accounting methods

No significant changes occurred in the company's accounting policies and principles during the financial year concluded on June 30, 2024, compared to the accounting policies presented on December 31, 2023.

NOTE 3: SALES OF GOODS AND RENDERING OF SERVICES AND RAW MATERIAL AND CONSUMABLES EXPENSES

3.1 Revenues

For management purposes, the Company is organized in business units based on its products and services. The Company has a single reportable segment, namely the production of medicines.

The Company's management monitors the operating results of the business for the purpose of making decisions regarding the allocation of resources and the assessment of performance. Performance is assessed based on the operating profit or loss, the profit before tax and it is quantified consistently with the operating profit or the loss in the financial statements.

The Company monitors the sales transactions, considering the domestic and external sales.

	1 January – 30 June 2024	1 January – 30 June 2023
Sales - domestic	330,875,539	217,848,626
Sales – external*	220,382,525	232,757,998
Total revenue	551,258,064	450,606,624
a) Rendering of services	27,263,005	28,831,640
b) Sales of goods, including:	523,995,059	421,774,985
Sales of finished goods	434,715,846	386,277,377
Sales of merchandise	117,542,516	61,270,281
Residual products	39,397	31,745
Claw back tax	(28,302,700)	(25,804,418)

* Sales of the company are within European Union, external sales being represented mainly by sales to Czech Republic.

Clawback tax

Starting the last quarter of the financial year ended 31 December 2009, in the pharmaceutical industry, for the companies holding Marketing Authorizations (MA) for certain medicines, a new tax was introduced and referred to as "claw-back tax". For the purpose of funding the public health expenses, MA holders included in the national health programs have the obligation to pay the claw-back tax quarterly for the concerned sales of medicines related to the concerned quarter based on the notifications received by the Company from the National Health Insurance House Fund (CNAS).

The contribution (the claw-back tax) is paid by the MA holders or by their legal representatives, if these medicines are:

- Prescribed within the healthcare system in Romania.
- Used in the ambulatory treatment (with or without a patient's contribution) based on a medical prescription and are available in pharmacies, hospitals or used as part of the medical treatment in dialysis clinics.

Starting 2020, following several legal amendments brought by Law 53/2020 approving Ordinance no. 85/2019, differentiated claw-back contribution by types of medicines was introduced.

Specifically, for type I medicines (innovative medicines), the quarterly contribution is calculated by applying 25% on the value related to their centralized consumption (as communicated by the National Health Insurance Fund, after VAT deduction), while for type II (medicines produced in Romania, both innovative and generic) and type III medicines (generic medicines / any other medicines not classified as type I or II), the contribution is calculated by applying 15% and 20%, respectively.

NOTE 3: SALES OF GOODS AND RENDERING OF SERVICES AND EXPENSES WITH RAW MATERIALS AND CONSUMABLES EXPENCES (continued)

In October 2023, Government Ordinance no. 88/2023 was published approving the amendment of art. 3^o8 of Government Ordinance no. 77/2011, so that starting from Q3 2023, the quarterly clawback contribution is calculated and due differentiated depending on the classification of medicines into «type I medicines» and «type II medicines».

The list containing the classification of type I and type II medicines is approved quarterly by Minister of Health order, up to and including the 15th of the second month following the end of the quarter for which the contribution is due. The classification of medicines in the categories mentioned above is carried out by the National Agency of Medicines and Medical Devices in Romania.

Most of the medicines Zentiva have in its portfolio are classified under type II medicines, so the related clawback contribution is calculated by applying 15%.

3.2 Raw material expenses, merchandise, consumables used and utilities

	Note	1 January – 30 June 2024	1 January – 30 June 2023
Raw materials	a	106,275,819	115,483,552
Merchandise		59,179,595	58,035,934
Packaging materials	b	43,371,441	38,195,424
Auxiliary materials	c	9,257,431	8,116,754
Utilities	d	8,656,706	10,684,476
Other material expenses	e	6,454,131	3,853,403
Total		233,195,123	234,369,542

The amounts mentioned in the above table on the reference lines a, b, c represent mainly expenses with raw materials and direct materials, packaging and auxiliary materials, used in the production activity.

The amounts mentioned on reference line d – utilities - refer mainly to the expenses with energy, gas and water.

e – this category includes mainly the expenses with materials not on stock used by the department in charge with the certification of the products originating from Turkey and India, which are going to be distributed on the EU market, as well as with the certification of the products existing in the Zentiva SA portfolio.

NOTE 4: OTHER INCOME / OTHER EXPENSES AND ADJUSTMENTS

4.1 Other operating income

	1 January – 30 June 2024	1 January – 30 June 2023
Other operating income		
Gain/ loss from disposal of non-current assets	(889,882)	22,852
Other operating income	1,022,038	333,623
Total	132,156	356,475

NOTE 4: OTHER INCOME / OTHER EXPENSES AND ADJUSTMENTS (continued)

4.2 Other operating expenses

	1 January – 30 June 2024	1 January – 30 June 2023
Support services received from Zentiva Group	25,100,254	21,671,970
Repairs	6,561,358	3,548,143
Royalties – Zentiva trademark	2,179,297	1,880,275
Travel expenses	2,108,828	1,622,748
Write-off of inventories	6,195,350	5,682,634
Taxes, registration fees	1,378,765	1,477,492
Professional fees	862,866	901,876
Other expenses	24,560,089	19,019,209
Net allowance for inventories	389,480	7,810,682
Net allowance for trade receivables and other receivables	(159,050)	-
Total	69,177,235	63,615,028

The expenses with support services from the Group include a large variety of services (see below) and have increased in the first semester of 2024 compared to the same period from previous year:

- Management and development of the products portfolio (monitoring, assistance regarding transfers, projects for Company production process optimization), for the procurement process (suppliers monitoring, negotiating the main contracts for raw material), legal support (international review and support / complex situations related to the business environment in Romania) and financial services (sales monitoring, support in production cost planning and optimization, defining the production flow for the local production capacity).
- In addition to services mentioned above in this category are also included IT support services (SAP and other apps used by all entities within the group), operational services and support for daily activities regarding the IT infrastructure and software used, and IT project management and execution relevant on a local level.

Repair services include: repair services related to the production equipment and repairs related to the cars fleet.

Other expenses include: expenses for R&D in the pharmaceutical field, expenses for production authorization, equipment maintenance and repair, transport, security, intranet and other miscellaneous costs. In this category, there are included also the personnel leasing services of Lugeră & Makler Romania SRL.

NOTE 5: NON-CURRENT ASSETS

	Property, plant and equipment	Goodwill	Customer relationships	Right-of-use assets	Intangible asstes	Total
Gross value as at 1 January 2024	408,125,701	11,649,100	34,492,101	41,601,245	9,498,075	505,366,222
Additions	19,961,236			3,787,649	164,000	23,912,885
Disposals	(3,567,554)				(288,083)	(3,855,637)
Transfers						
Gross value as at 30 June 2024	424,519,383	11,649,100	34,492,101	45,388,894	9,373,992	525,423,470
Depreciation and impairment as of 1 January 2024	(187,619,981)	-	(17,566,841)	(20,509,105)	(6,549,723)	(232,245,651)
Depreciation in the year	(7,698,237)		(1,724,605)	(4,361,964)	(239,056)	(14,023,862)
Disposals	2,668,196				288,083	2,956,279
Amortizare si depreciere de valoare la 30 June 2024	(192,650,022)	-	(19,291,446)	(24,871,069)	(6,500,696)	(243,313,233)
Net value as at 1 January 2024	220,505,720	11,649,100	16,925,260	21,092,139	2,948,351	273,120,570
Net value as at 30 June 2024	231,869,361	11,649,100	15,200,655	20,517,825	2,873,295	282,110,236

PROPERTY, PLANT AND EQUIPMENT

Revaluation of land and buildings

As of 31 December 2022, the Company revalued the existing land and buildings in the Company's patrimony. The revaluation was made by an independent valuer in accordance with the International Valuation Standards.

The net impact following the revaluation was in the amount of RON 11,481,031, of which in the revaluation reserve it was registered the amount of RON 10,884,283.

Also, in 2022, as a result of the revaluation, the amount of RON 596,748 was recorded as an impact on the profit for the year - on the line of "Depreciation and impairment"; 1,305,483 RON representing the reversal of impairment losses related to buildings resulting from the revaluation from 31 December 2017 and 31 December 2020 and 708,735 RON impairment losses resulted from 31 December 2022 revaluation.

Fair value was determined by reference to market information, using the net rental income capitalization approach as the main method in valuing buildings and special constructions and the market approach (direct comparison method), as a method for land valuation. The cost replacement approach was also applied as a secondary valuation method for the buildings valuation.

Valuation techniques are selected by the independent valuer in accordance with the International Valuation Standards, the type of property and the purpose of the valuation. Applying techniques and methods of measurement are in line with common practice for the type of asset valued.

NOTE 5: NON-CURRENT ASSETS (continued)

Fair value is generally determined by using inputs on level 3 of the fair value measurement hierarchy.

The inputs used in the valuation were:

a. For buildings and special constructions:

- level 3 inputs representing replacement costs, historic costs, historic cost update indexes, impairment adjustments - most of these being derived based on publicly available technical studies, respectively IROVAL Catalogues and the National Institute of Statistics (as opposed to data taken directly from the market), with impairment estimated by the valuer.

b. For land:

- level 3 inputs representing sale prices taken from sale offers for similar pieces of land, publicly available, with adjustments made by the valuer depending on their comparability with the measured pieces of land.

The result of the evaluation was influenced by the main market inputs used, mainly: market value per square meter for land (estimated at EUR 149 / sqm), estimation of net rental revenues for buildings (estimating a monthly market rent, the occupancy rate of the property, the operating expenses, respectively the property tax, the insurance premium, administrative expenses and expenses for capital repairs and a capitalization rate of 9.5%).

The fair value of the Company's land of 77,877 sqm was determined by the valuer to be EUR 149/sqm.

The total fair value of the measured assets was RON 114,838,475. The sensitivity analysis of the overall value of the valued asset base, performed by using the main inputs under the income approach in the range - / + 1% for the capitalization rate and (3%) / + 5% in the degree of vacancy (cumulative sensitivity of the two basic indicators), indicated an interval of RON 108,1m - RON 121,1m.

As at 31 December 2023, the independent valuer reassessed the fair value using updated market estimates and concluded that there are no significant variations compared to the fair values estimated as at 31 December 2022.

GOODWILL AND CUSTOMER RELATIONSHIPS

The goodwill and customer relationships of the Company are related to transfer of distribution activity from Sanofi Romania as part of a carve-out process performed in 2018 by Sanofi Group, which included the transfer of the Generics distribution business from Sanofi Romania to Zentiva.

The Company performed an impairment testing on goodwill as of 31 December 2023 and respectively as of 31 December 2022 in accordance with IAS 36. The recoverable value of the CGU to which goodwill is allocated was significantly higher than the carrying value, so no impairment adjustments were identified. No reasonably possible change in the key assumptions on which management has based its determination of the recoverable value would cause the CGU's carrying amount to exceed its recoverable amount.

The recoverable value was determined based on the value in use following the application of the discounted cash flow method within the income approach, using management's assumptions, namely: future cash flows estimated by the management for 9 years (2024 – 2032) determined taking into account an average annual growth rate of net sales of 7.5% (2022: 7.4%), a perpetuity growth rate of 2.5% (2022: 2.5%), operating margin of 3.0% (2022: 4.5%) and a WACC of 14.5% for 2024, 11.6% for 2025 and 10.5% for the period 2026 - 2032.

NOTE 5: NON-CURRENT ASSETS (continued)

RIGHT-OF-USE-ASSETS

The Company recognized as “Right-of-use assets” the following categories:

- Car leasing for the Company’s personnel;
- The lease of a packing line;
- The lease contract for the storage premises owned by FM Logistic;
- The lease agreement for IT equipment.

The leases for vehicles have a lease term of 48 months. The Company’s obligations under the lease contracts are secured by the lessor’s title to the leased assets.

The Company has a lease for a warehouse used for medicines storage, that includes the termination option. This option is negotiated by the Company’s management to provide flexibility in the management of the leased asset and align with the Company’s business needs. The Company’s management applies judgement to determine whether it is reasonably certain to exercise termination option.

INTANGIBLE ASSETS

The Company recognized in the category “intangible assets” the following items:

- Computer software
- Research and development expenses
- Patents, licenses, trademarks

NOTE 6: INVENTORIES

	30 June 2024	31 December 2023
Merchandise	54,611,641	42,934,535
Finished products and semi-finished products	67,004,512	57,681,841
Raw materials	67,124,488	83,160,193
Package materials	21,291,383	21,823,278
Minus:		
Allowance for obsolete inventories	(14,105,719)	(13,716,239)
Total	195,926,305	191,883,609

The Company has no inventories pledged in favor of third parties as of 30 June 2024 and 31 December 2023 respectively.

NOTE 7: TRADE RECEIVABLES AND OTHER RECEIVABLES; ADVANCES AND PREPAYMENTS

Trade receivables and other receivables

	30 June 2024	31 December 2023
Total trade receivables, net, out of which:	499,155,825	409,688,292
Trade receivables *	298,845,204	279,501,113
Trade receivables from related parties	200,885,163	130,761,721
Minus:		
Allowance for expected credit losses	(574,542)	(574,542)
Total other receivables - net, out of which:	605,330	1,187,545
Recoverable taxes	605,330	1,343,305
Sundry debtors	-	3,290
Minus:		
Allowance for doubtful foreseen losses from other receivables	-	(159,050)
Total trade receivables and other receivables	499,761,155	410,875,837

	30 June 2024	31 December 2023
Advances and prepayments, out of which:		
Advances paid – current	136,980	1,072,091
Prepayments	3,564,223	1,637,924
Prepayments to related parties	314,661	1,137,881
Total advances and prepayments	4,015,864	3,847,896

Trade receivables are not interest-bearing and are generally on 60 - 120 days terms (2023: 60 - 120 days terms).

See below for the movements in the allowance for trade and other receivables:

Value adjustments	30 June 2024	31 December 2023
Opening Balance	(733,592)	(481,785)
Set-up	-	(257,047)
Uses	159,050	5,240
Closing Balance	(574,542)	(733,592)

ZENTIVA S.A.
Notes to the Financial Statements
For the period ended June 30, 2024
(all amounts are expressed in RON, unless specified otherwise)

NOTE 8: CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
Cash at banks and on hand	34,884,600	27,302,728
Total	34,884,600	27,302,728

As of 30 June 2024, the Company had letters of guarantee issued in favor of third parties amounting to RON 26,160 (2023: RON 26,160).

As of 30 June 2024 and 31 December 2023 respectively, the Company has an unused credit facility of RON 10,000,000 at BNP Paribas. The interest rate is 1-month ROBOR + 1.30% pa.

NOTE 9: CASH POOLING INTERCOMPANY RECEIVABLE

In 2024 and 2023 the Company participated in a cash pooling agreement with AI Sirona (Luxembourg) Acquisition SARL (the ultimate parent entity of Zentiva Group, a.s.). Through the cash pooling arrangements AI Sirona (Luxembourg) Acquisition SARL manages centrally the surplus cash and the short-term liquidity needs of the subsidiaries. The cash deposits/drawdowns under the cash pooling agreement are subject to interest rates based on 3M ROBOR rate and applicable mark-up based on valid Group transfer pricing policy.

The total interest income for cash-pooling transactions during the year is in the amount of RON 18,018,613 (30.06.2023: interest income in the amount of RON 19,431,323).

As of June 30, 2024 the balance of cash pooling deposit is RON 623,839,110 (December, 31 2023: RON 583,820,497).

NOTE 10: ISSUED CAPITAL AND RESERVES

Share Capital

	30 June 2024	31 December 2023
	Number	Number
Ordinary shares subscribed capital	697,017,040	697,017,040

	30 June 2024	31 December 2023
	RON / share	RON / share
Ordinary shares nominal value	0.1	0.1

	30 June 2024	31 December 2023
	RON	RON
Share capital	69,701,704	69,701,704

The company's share capital is fully paid on June 30, 2024 and December 31, 2023.

NOTE 10: ISSUED CAPITAL AND RESERVES (continued)

Redeemable shares

The company does not own redeemable shares on June 30, 2024 and December 31, 2023.

Bonds

The company does not have bonds issued on June 30, 2024 and December 31, 2023.

Shareholding structure

	30 June 2024 (%)	31 December 2023 (%)
Zentiva Group AS	95,9486	95,9486
Other minority shareholders	4,0514	4,0514
	100%	100%

Reserves

Total other reserves included in the capital components:	30 June 2024	31 December 2023
Legal reserves	13,940,341	13,940,341
Other reserves (other funds)	144,188,730	142,021,169
Revaluation reserves	64,633,967	67,069,892
Retained earnings	1,016,417,016	873,564,853
Total other reserves	1,239,180,054	1,096,596,256

NOTE 11: PROVISIONS

	Provisions for litigations	Provisions for taxes	Environmental provision	Other provisions	Total
On 1 January 2024	-	3,583,810	1,265,568	-	4,849,378
Increase	-	-	-	-	-
Reversal	-	-	-	-	-
On 30 June 2024	-	3,583,810	1,265,568	-	4,849,378
Current	-	3,583,810	-	-	3,583,810
Long term	-	-	1,265,568	-	1,265,568

Tax provisions

As at 30 June 2024, the balance of the tax provision is in amount of RON 3,583,810.

The provisions for taxes are set for the amounts payable to the State Budget, provided that the respective amounts do not appear as a liability in relation to the State.

NOTE 11: PROVISIONS (continued)

Environmental provisions

Environmental provisions were reassessed by specialists during 2021, so that the provision as of December 31, 2023 and June 30, 2024 is in amount of RON 1,265,568. This represents expenses related to ecological rehabilitation and soil and underground water monitoring.

NOTE 12: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

Company applies an employee defined benefit plan. The plan requires the Company to pay social security contributions for the employees in the public pension fund.

In the normal course of business, the Company makes payments to the Romanian State for on behalf of its employees. All Company employees are members of the Romanian State pension plan. The Company does not operate any other pension plan or post-retirement benefit plan except for the retirement benefits plan detailed below and, consequently, has no obligation concerning pensions. In addition, the Company is not under the obligation to provide additional benefits to former or current employees.

Benefits granted upon retirement:

According to the Collective Labor Agreement, the Company grants to its employees a variable number of salaries depending on length of service within the Company.

According to P1 Plan, upon retirement, retirees receive a bonus depending on their length of service within the Company as follows:

- Up to 10 years in the Company, ½ average gross salary at company level;
- 10 - 20 years within the Company, 1 average gross salary at company level;
- 20 - 30 years within the Company, 2 average gross salary at company level;
- Over 30 years within the Company, 3 average gross salaries at company level.

In addition, according to P2 Plan, when employees turn 50, in case the employees have completed 5 years of continuous service in the company, they receive a bonus based on their length of service within the Company as follows:

- 5 - 15 years in the Company, ½ average gross employee salary;
- Over 15 years in the Company, one average gross employee salary.

At the same time, depending on the length of service at the Company, the employees receive some benefits in fixed amounts, which start with 400 RON upon completion of 2 years in the Company and reach 3,800 RON upon completion of 36 years in the Company.

Provisions for pensions and other similar obligations are estimated based on the collective labor agreement of the Company by a third-party specialist. As of June 30, 2024 these provisions are in total amount of RON 8,065,568 (December 31, 2023: RON 7,173,565).

NOTE 13: TRADE PAYABLES AND OTHER PAYABLES

Trade payables and other payables

	30 June 2024	31 December 2023
Trade payables	70,317,815	83,782,862
Trade payables to related parties	140,540,082	127,206,060
Total	210,857,897	210,988,922

Other current liabilities

	30 June 2024	31 December 2023
Wages and salaries payable	17,724,514	19,650,365
Social security contributions and salary taxes	5,222,734	4,380,866
Claw back tax (*)	16,030,328	14,164,344
Other taxes	4,377,112	3,078,401
Other liabilities	4,974,854	4,977,605
Total	48,329,542	46,251,580

NOTE 14: RELATED PARTY DISCLOSURE

Details about related parties:

Company name	Nature of relation	Transaction type	Country of origin	Registe red office
AI Sirona (Luxembourg) Acquisition S.à.r.l	Parent of Zentiva Group AS	Holds cash pooling	Luxembourg	Luxembourg
Labormed Pharma Trading SRL	Company under common control	Sale of goods and services	Romania	Bucharest
Labormed Pharma SA	Company under common control	Provision of services	Romania	Bucharest
Zentiva Group A.S.	Majority shareholder	Purchases /revenue from services	Czech Republic	Prague
Zentiva Italia	Company under common control	Purchases of goods	Italy	Milan
Zentiva, K.S.	Company under common control	Purchases/ Sale of goods and provision of services	Czech Republic	Prague
Zentiva Pharma GMBH	Company under common control	Purchases/ Sale of goods and provision of services	Germany	Frankfurt
Zentiva Private LTD	Company under common control	Purchases of goods	India	Mumbai
Zentiva Pharma UK Limited	Company under common control	Provision of services	UK	London

NOTE 14: RELATED PARTY DISCLOSURE (continued)

Payables and receivables from affiliated entities and other related parties

➤ **Receivables from affiliated entities / other related parties**

	30 June 2024	31 December 2023
Labormed Pharma Trading SRL	8,894,679	14,143,516
Labormed Pharma SA	546,731	1,773,605
Zentiva K.S.	180,712,670	100,409,533
Zentiva Group A.S.	10,731,084	14,416,422
Zentiva Pharma UK Limited	-	18,645
Total	200,885,163	130,761,721
Zentiva K.S. – prepayments	314,661	1,137,881
Total	201,199,825	131,899,602

Al Sirona (Luxembourg) Acquisition S.à.r.l – cash pooling	623,839,110	583,820,497
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➤ **Payables to the affiliated entities / other related parties**

	30 June 2024	31 December 2023
Labormed Pharma Trading SRL	12,703,731	14,407,094
Labormed Pharma SA	5,800,742	4,059,371
Zentiva K.S.	79,149,317	75,221,926
Zentiva Group A.S	38,495,925	31,931,012
Zentiva Pharma GMBH	-	325,058
Zentiva Italia	274,936	507,890
Zentiva Private LTD	4,115,431	753,709
Total	140,540,082	127,206,060

Information regarding the transactions with the affiliated entities and other related parties

➤ **Sales of goods and services**

	30 June 2024	30 June 2023
Labormed Pharma Trading SRL	17,992,244	16,315,741
Labormed Pharma SA	8,691,739	2,049,464
Zentiva K.S.	187,222,777	202,453,128
Zentiva Group A.S	10,788,912	8,104,222
Total	224,695,672	228,922,555

ZENTIVA S.A.
Notes to the Financial Statements
For the period ended June 30, 2024

(all amounts are expressed in RON, unless specified otherwise)

NOTE 14: RELATED PARTY DISCLOSURE (continued)

➤ **Purchase of goods and services**

	30 June 2024	30 June 2023
Labormed Pharma Trading SRL	5,572,305	3,980,890
Labormed Pharma SA	2,099,889	947,213
Zentiva K.S.	81,834,653	76,763,207
Zentiva Group A.S.	19,582,243	30,028,194
Zentiva Italia	-	79,188
Zentiva Private LTD	4,116,174	1,125,197
Total	113,205,264	112,923,889

NOTE 15: FINANCIAL RATIOS

Ratio Name	Formula	30 June 2024	30 June 2023
Current Liquidity Ratio	Current Assets / Current Liabilities	4.8	4.1
Indebtedness Ratio	Long Term Debt / Shareholders' Equity x 100	0%	0%
Debtors Days Ratio	Average Customers Balance / Turnover x 90	74	98
Assets Turnover Ratio	Turnover / Non Current Assets	1.9	1.7

The current liquidity ratio has increased compared to the same period last year. As of June 30, 2024, the current liquidity indicator is 4.8 (June 30, 2023: 4.1)

The company has no long-term debt.

The duration of debt collection, respectively the number of days until which debtors pay their debts to the company has decreased compared to the same period from last year, especially due to the collection improvement.

NOTE 16: EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no subsequent events that would affect the financial statements of the Company as of June 30, 2024.

Administrator,
Cocos Simona

Signature

Prepared by,
Nitulescu Daniel
Chief Financial Officer

Signature

STATEMENT

The undersigned hereby declare that, to their knowledge, the financial statements for the first semester of 2024 have been prepared in accordance with applicable accounting standards and provides an accurate and compliant representation of the company's assets, liabilities, financial position, profit and loss account.

The report of the Board of Directors presents in an accurate and complete manner information about the activity of ZENTIVA SA and includes a fair assessment of its development and performance, as well as a description of the main risks and uncertainties specific to its activity.

The undersigned assume responsibility for the preparation of the financial statements for the first semester of 2024 and confirm that:

- the accounting policies used in preparing the half-yearly financial statements are in accordance with the applicable accounting regulations;
- the half-yearly financial statements provide an accurate representation of the company's financial position, financial performance and all other information related to its activity;
- the legal entity carries out its activity in conditions of continuity

General Manager – COCOS SIMONA

Chief Financial Officer – NITULESCU DANIEL