

S.C. ZENTIVA S.A.

**Report of the Board of Directors
for 2023 Fiscal Year (Preliminary)**

Reported date : 31.12.2023
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	2023 RON	2022 RON
Revenue from sales of goods	886,086,572	704,706,902
Revenue from rendering of services	59,566,489	54,923,968
Revenue	945,653,061	759,630,870
Other operating income	395,084	3,366,161
Changes in inventories of finished goods and work in progress	18,373,825	9,170,800
Raw material expenses, merchandise, consumables used and utilities	(445,352,366)	(370,732,616)
Employee benefits expenses	(162,197,973)	(135,032,946)
Depreciation, amortization and impairment	(31,701,874)	(30,296,757)
Marketing and advertising expenses	(9,924,589)	(5,968,891)
Reversal of/ (expenses with) provisions	1,117,499	(3,205,975)
Other operating expenses	(133,558,810)	(140,600,303)
Operating profit	182,803,858	86,330,344
Financial Income	41,829,109	35,258,118
Financial Expenses	(4,518,761)	(6,603,544)
Profit before income tax	220,114,206	114,984,918
Income Tax Expense	(28,974,005)	(15,519,714)
Net profit for the year (A)	191,140,201	99,465,204
Other comprehensive income:		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Impact from revaluation of land and buildings	-	10,884,283
Deferred tax impact	174,384	(1,741,485)
Other comprehensive income items	(882,309)	(26,037)
Other comprehensive income net of tax (B)	(707,925)	9,116,761
Comprehensive income for the year (A) + (B)	190,432,275	108,581,965
Net earnings per share (RON/share)	0.27	0.14

ZENTIVA S.A.
Preliminary Financial Statements
31 December 2023
AMOUNTS ARE EXPRESSED IN RON, UNLESS SPECIFIED OTHERWISE

	31 December 2023	31 December 2022
STATEMENT OF FINANCIAL POSITION		
Assets		
Non-current assets		
Property, plant and equipment	220,505,720	212,594,512
Advances for equipment	8,652,051	5,907,878
Right-of-use assets	21,092,139	18,681,887
Goodwill	11,649,100	11,649,100
Customer relationships	16,925,260	20,374,470
Other intangible assets	2,948,351	3,114,287
Total intangible assets	31,522,711	35,137,857
	281,772,621	272,322,135
Current assets		
Inventories	191,883,609	173,060,231
Trade receivables and other receivables	412,480,791	151,446,752
Advances and prepayments	3,847,896	13,642,385
Cash pooling intercompany receivables	583,820,497	583,511,187
Cash and cash equivalents	27,302,728	11,190,679
	1,219,335,520	932,851,234
Total assets	1,501,108,141	1,205,173,370
Equity		
Issued share capital	69,701,704	69,701,704
Share premium	24,964,506	24,964,506
Legal and other reserves	155,961,510	146,399,175
Revaluation reserve	67,069,892	67,069,892
Retained earnings	872,089,222	691,219,282
Total equity	1,189,786,834	999,354,559
Non-current liabilities		
Contract liability	-	4,282,372
Employee benefit liability	7,173,565	5,947,909
Deferred tax liability	5,556,704	7,138,545
Lease liabilities	13,894,126	12,999,385
Provisions	1,265,568	1,265,568
Total non-current liabilities	27,889,963	31,633,780
Current liabilities		
Contract liability	4,623,319	4,070,598
Trade payables and other payables	214,304,951	115,095,577
Income taxes payable	7,406,202	3,028,357
Short-term lease liabilities	7,261,482	5,811,596
Other current liabilities	46,251,580	41,593,377
Short-term provisions	3,583,810	4,585,527
Total current liabilities	283,431,344	174,185,032
Total liabilities	311,321,307	205,818,811
Total liabilities and equity	1,501,108,141	1,205,173,370

STATEMENT OF CASH FLOWS	31 December 2023	31 December 2022
Cash flows from operating activities:		
Profit before tax	220,114,206	114,984,918
Depreciation and amortization	30,772,848	30,893,505
Impairment on property, plant and equipment	929,026	-
Reevaluation impact on property, plant and equipment	-	(596,748)
Allowance for trade and other receivables, advances and prepayments	251,807	(1,823,546)
Inventory allowance movement	(4,848,676)	(9,351,919)
Movements in provisions for risks and charges	(1,001,717)	790,168
(Gain)/loss on sale of non-current assets	24,897	28,423
Write off of old advances paid to suppliers and trade payables, net	-	(212,678)
Interest revenues	(37,877,564)	(31,614,121)
Interest expenses	1,380,300	437,136
Operating profit before working capital changes	209,745,127	103,535,137
Change in inventories	(13,974,701)	(39,145,176)
Change in trade, other receivable and advances	(254,235,530)	(63,228,667)
Change in trade and other payable	100,031,944	35,066,115
Interest paid	(1,380,300)	(437,136)
Cash generated from operating activities	40,186,540	35,790,274
Income tax paid	(26,003,618)	(15,199,349)
Net cash from operating activities	14,182,922	20,590,925
Cash flows from investing activities		
Proceeds from sale of non-current assets	-	-
Purchase of property, plant and equipment and intangible assets	(28,319,718)	(27,415,096)
Cash pooling movement	(309,310)	(70,877,522)
Interest received	37,877,564	31,614,121
Net cash used in investing activities	9,248,537	(66,678,496)
Cash flows from financing activities		
Lease payments	(7,319,410)	(5,319,378)
Net cash used in financing activities	(7,319,410)	(5,319,378)
Net increase (decrease) in cash and cash equivalents	16,112,049	(51,406,949)
Cash at the beginning of the period 1 January	11,190,679	62,597,628
Cash at the end of the period 31 December	27,302,728	11,190,679

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for the period ended on December 31, 2023
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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 2023	69,701,704	24,964,506	146,399,175	67,069,892	691,219,282	999,354,559
Profit for the year	-	-	-	-	191,140,201	191,140,201
Other comprehensive income:						
Increase in reevaluation reserve	-	-	-	-	-	-
Deferred tax impact	-	-	-	-	(174,383)	(174,383)
Other comprehensive income	-	-	-	-	882,308	882,308
Total other comprehensive income	-	-	-	-	(707,925)	(707,925)
Total comprehensive income	-	-	-	-	190,432,275	190,432,275
Reserve for reinvested profit	-	-	9,562,335	-	(9,562,335)	-
Closing balance at 31 December 2023	69,701,704	24,964,506	155,961,510	67,069,892	872,089,222	1,189,786,834

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 31.12.2023, 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 2023, a turnover of 945.7 MRON, with an increase of 24.5% compared to the previous year, and an operational profit of 191.1 MRON, with an increase of 92.2%, compared to the previous period, mainly due to the increase in sales of goods (26%) and services (8%) and the increase in the financial result (30%).

The financial statements are preliminary and not audited.

Main Financial Ratios at 31.12.2023		
Ratio Name	Ratio Formula	Result
1. Current ratio	Current assets / Current liabilities	4.3
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	107
4. Asset turnover ratio	Net turnover / Non current assets	3.4

NOTE
REGARDING THE PRELIMINARY FINANCIAL STATEMENTS AS OF 31.12.2023

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 2023.

General Manager
SIMONA COCOS

Chief Financial Officer
DANIEL NITULESCU