

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

## **Board of Directors Report for the *I<sup>st</sup>* Semester 2022**

**Report date:** 30.06.2022

- **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 2.14 / share, represents the reference price of the last trading day from semester I 2022
  - **Market capitalization as at June 30, 2022:** RON 1,491,616,466
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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 November 2005 - 12 January 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 August 2009 and 22 September 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 December 2018 – 11 January 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 July 5, 2019 – August 5, 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.

## ZENTIVA S.A.

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, 2022 remained identical to the one as of December 31, 2021 respectively:

Shareholding structure	30 June 2022 (%)	31 December 2021 (%)
Zentiva Group a.s.*	95.9486	95.9486
Other minority shareholders	4.0514	4.0514
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Central Depository

\* On December 31, 2019, the company Zentiva Group a.s. merged with the company AI 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 AI 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 AI 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, 2022 is in amount of RON **1,491,616,466**.

As of June 30, 2022 the price per share amounted to RON / share 2.14.

As of June 30, 2022, the Company has net assets of RON 922,556,750 which represents more than 50% of the share capital of RON 69,701,704 (as of December 31, 2021, the Company had net assets of RON 890,772,593 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 30.06.2022 compared to the period ended 31.12.2021 is presented as follows:

Balance Sheet (RON)	30 June 2022	31 December 2021	Variation	Variation (%)
Total tangible and intangible assets	240,403,149	243,866,284	(3,463,135)	-1%
Total inventories	142,166,591	124,563,136	17,603,455	14%
Total receivables	127,047,126	104,874,434	22,172,692	21%
Cash and cash equivalent	574,378,618	576,301,662	(1,923,044)	0%
Current liabilities	143,817,836	141,572,127	2,245,709	2%
Total assets less current liabilities	940,177,648	908,033,388	32,144,260	4%
Total shareholders' equity	922,556,750	890,772,594	31,784,156	4%

- ◆ Inventories increased as of June 30, 2022 compared to the end of the previous year by 14%, due to the increase of finished products, work in progress goods and materials.
- ◆ On June 30, 2022 trade receivables increased compared to the end of the previous year by 21%
- ◆ The company's cash in hand decreased by 0.3% as at June 30, 2022 compared to the end of the previous year
- ◆ Shareholders equity increased by 31.8 mil lei (+4%), representing the profit of the first semester 2022.

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

Profit & Loss Account (RON)	1 January – 30 June 2022	1 January – 30 June 2021	Variation	Variation (%)
Net turnover	362,662,248	330,356,311	32,305,937	10%
Other operating income	7,361,377	4,932,667	2,428,710	49%
Operating expenses - Total	340,676,765	292,626,507	48,050,259	16%
Operating profit	29,346,860	42,662,471	(13,315,611)	-31%
Financial profit	7,439,432	1,735,674	5,703,758	329%
Gross profit	36,786,292	44,398,145	(7,611,853)	-17%
Corporate tax	5,002,135	9,801,332	(4,799,197)	-49%
Net profit	31,784,157	34,596,813	(2,812,656)	-8%

The net turnover increased by 10%, from RON 330.4 million in the first semester of 2021 to RON 362.7 million in the first semester of 2022, mainly because of the increase with 15% of the domestic sales.

Operating expenses increased by 16%, from RON 292.6 million in the first semester of 2021 to RON 340.7 million in the first semester of 2022.

The variation of operating revenues and expenditures led to a net result for the first half of 2022 of RON 31.8 million compared to RON 34.6 million in the first half of 2021.

## 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, 2022, the current liquidity indicator is 5.9 (June 30, 2021: 3.7) and the immediate liquidity indicator is 4.9 (June 30, 2021: 3.0).

## 3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2022

ZENTIVA S.A. reports for the first half of 2022 a turnover of 362.7 MRON, increasing by 10% compared to the same period of the previous year, and a net profit of 31.8 MRON, decreasing by 8% compared to the previous period mainly due to the increase in operating expenses (15%), the increase of expenses with raw materials, materials and finished goods (15%) and of the expenses with employee benefits (20%).

In the first 6 months of 2022, the achieved production volume was higher by 3.8 million commercial units than the production volume achieved in the first 6 months of 2021, representing an increase of 6%.

The most important achievements of the first semester of 2022 were:

- Export revenues increased by 4% compared to the same period of the previous year. These were mainly for the European market (Germany, France, Czech Republic, Slovakia, etc.)
- Investments in amount of RON 9.8 million (equivalent to EUR 1.98 million) in new production equipment and in the modernization of existing ones

### 3.1 Reporting Base

As at June 30, 2022, 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, 2022 are not audited.

#### a) Sales – Volumes and Amounts

The net turnover as of June 30, 2022 is RON 362,662,248 (June 30, 2021: RON 330,356,311).

The average selling price of Zentiva products (finished goods and goods for resale) per pharmaceutical unit sold in the first half of 2022 was RON 4.99 and RON 4.49 RON in the first half of 2021. The price increase is due to the change in the product mix by a significant increase of the share of products for hospitals and chronic diseases.

	30.06.2022	30.06.2021
Sales of goods (million RON)	340.1	324.7
Sold quantity (million units)	68.2	72.3
Average selling price (RON / sold unit)	4.99	4.49

Exports represented in the first half of 2022 46.63% out of total turnover (RON 169.12 million), compared to 43.07% in the first half of 2021 (RON 162.09 million). The export sales were made through a company part of Zentiva Group (Zentiva k.s.) and were mainly destined for European Union markets.

The percentage of OTC products (over-the-counter medicines) in Zentiva's total sales represented 4.1% in the first semester of 2022 versus 3.5% in the first semester of 2021.

The sales by types of products in the first semester of 2022 and first semester of 2021 are presented below:

Product type	S1 2022	S1 2021
Ethical (Rx)	95.9%	96.5%
OTC	4.1%	3.5%

#### b) Operating Expenses

Description	Million RON		Variation	
	June 2022	June 2021	%	Mill RON
<b>Operating expenses, out of which:</b>	<b>340.7</b>	<b>292.6</b>	<b>16%</b>	<b>48.1</b>
Raw materials, consumables and goods	190.9	165.8	15%	25.0
Personnel expenses	63.9	53.4	20%	10.5
Depreciation and provisions; adjustments for impairment losses	13.3	10.3	29%	3.0
Other operating expenses (including marketing expenses and inventory movement)	72.6	63.1	15%	9.6
<b>Turnover</b>	<b>362.7</b>	<b>330.4</b>	<b>10%</b>	<b>32.3</b>
<b>Other operating revenues</b>	<b>7.4</b>	<b>4.9</b>	<b>49%</b>	<b>2.4</b>

**Expenses with raw materials, consumables and goods** have increased by 15% compared to the same period of the previous year due to the increase in the quantities of manufactured products and traded goods and due to the increase in prices for such materials.

**Personnel expenses** increased by 20% in the first half of 2022, respectively by RON 10.5 million; the number of employees was 852 at the end of June 2022 and 782 at the end of June 2021. The increase in personnel expenses was influenced by the internalization of employees from an external workforce supplier, but also by the increase of employee number and by the annual indexation of wages according to Company's policy.

**Other operating expenses** increased by RON 9.6 million compared to the first half of 2021, mainly because of the increase of third party expenses (including the services received from the group).

**Management service expenses:** the costs with services from the group 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.

**Other operating revenues** increased with RON 2.4 million compared to the previous year due to the increased recharged services to the companies in the group, as a result of the new businesses integrated in Zentiva group and refers to the administrative support services and services of the commercial team.

### c) Cash and Cash Equivalents

The Company's cash available at the end of Ist semester 2022 consists mainly of cash in banks and cash on hand in amount of RON 27.9 million (31 December 2021: RON 62.6 million).

### CASH POOLING - INTERCOMPANY RECEIVABLE

Prior to 2020 the Company participated in cash pooling arrangement with Zentiva Group, a.s. The cash pooling arrangement was transferred in December 2020 to AI Sirona (Luxembourg) Acquisition SARL (the ultimate parent entity of Zentiva Group) via a new contract signed between Zentiva Group, a.s., the Company and AI Sirona (Luxembourg) Acquisition SARL. 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.

In 2021, the Company has reassessed the purpose of the cash pooling deposits held at AI Sirona (Luxembourg) Acquisition SARL and has concluded that no longer holds them for short term cash management and that is now held to generate an investment return. Consequently, the Company has reclassified in 2021 the cash pooling balance from "Cash and cash equivalents" to "Cash pooling - intercompany receivable". As of June 30, 2022 the balance of cash pooling deposit is 546,486,543 RON (December, 31 2021: 513,704,034 RON).

### **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 went out from 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 export sales for the European Market were ensured by Sanofi Winthrop (part of Sanofi Group) up to 30 September 2018 and by Zentiva k.s. (part of Zentiva Group) after 1 October 2018.

### **3.3 Selection Policy for Raw Materials Suppliers**

The policy of Zentiva SA involves the permanent search for suppliers which deliver high quality raw materials. The Quality Department permanently evaluates potential producers but also existing producers. Their focus is on the quality of documentation provided by the suppliers, which is necessary for authorization purposes and the quality of the supplied products, as well as the quality of the products and their behavior during the operating process.

### **3.4. The Major Competitors of Zentiva SA on the Local Market**

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

Other local manufacturers with a tradition in the drug market are: Terapia Cluj, Antibiotice Iasi, Biofarm.

The main importers of pharmaceutical products are: Sanofi, Novartis, Pfizer, Johnson&Johnson, AstraZeneca.

### **3.5. Informations about Personnel**

The number of Zentiva employees as of June 30, 2022 was 852 (December 31, 2021: 830 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 Ist Semester 2022:

- Environmental Permit no. 234/7 May 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 August 2012, valid for an unlimited period of time;
- Water Management Authorization no. 205-B/05.05.2022, valid until 30.04.2026.

The performance of 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 half of 2022 were RON 1.6 million vs. RON 4.8 million in the first half of 2021, and consist in activities linked to the transfer of products. For 2022, R&D expenses are forecasted at RON 7.2 million.

### 3.8. Investment activity

In first half of 2022, the Company's investment expenses amounted RON 9.8 million. The objectives of the investment program, which will be continued in 2022 are the preservation of the Good Manufacturing Practice Guidelines and the updating of technologies in line with the international quality and environmental standards, together with the extension of the product portfolio and of the new forms of packaging. The investment level foreseen in 2022 budget is RON 21.5 million.

### 3.9 Related Parties

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 Acquisition S.à.r.l	Parent of Zentiva Group AS	Holds cash pooling	Luxembourg	Luxembourg
Labormed Phama Trading SRL	Company under joint control	Provides services	Romania	Bucuresti
Labormed Pharma SA	Company under joint control	Provides services	Romania	Bucuresti
Solacium Pharma SRL	Company under joint control	Provides services	Romania	Bucuresti
Zentiva as Hlohovec	Company under joint control	Procurement of services	Slovakia	Bratislava
Zentiva Group A.S.	Majority shareholder	Acquisitions/revenues from services	Cehia	Praga
Zentiva Italia	Company under joint control	Goods acquisition	Italia	Milano
Zentiva, K.S.	Company under joint control	Acquisition/sale of goods and services	Cehia	Praga
Zentiva Pharma GMBH	Company under joint control	Acquisition/sale of goods and services	Germania	Frankfurt
Zentiva Private LTD	Company under joint control	Goods acquisition	India	Mumbai
Helvepharm AG	Company under joint control	Provides services	Elvetia	Frauenfeld

### Payables and receivables from affiliated entities and other related parties

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
Labormed Pharma Trading SRL	8,657,579	12,522,480
Labormed Pharma SA	1,876,078	670,363
Solacium Pharma SRL	4,961,172	3,388,029
Zentiva K.S.	93,130,027	45,463,597
Zentiva Group A.S.	-	13,605,273
<b>Total</b>	<b>108,624,855</b>	<b>77,649,742</b>
AI Sirona (Luxembourg) Acquisition S.à.r.l	546,486,543	513,704,034



➤ **Payables to the affiliated entities / other related parties**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Labormed Pharma Trading SRL	8,169,903	5,964,175
Labormed Pharma SA	2,156,950	710,727
Solacium Pharma SRL	2,288,407	1,379,723
Zentiva K.S.	18,378,449	605,503
Zentiva Group A.S	-	13,168,245
Zentiva Pharma GMBH	318,530	366,618
Zentiva Italia	1,208	196,329
Zentiva Private LTD	4,046,534	-
<b>Total</b>	<b>35,359,981</b>	<b>22,391,059</b>

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

➤ **Sales of goods and services**

	<b>30 June 2022</b>	<b>30 June 2021</b>
Labormed Pharma Trading SRL	12,509,785	1,001,401
Labormed Pharma SA	1,205,714	629,729
Solacium Pharma SRL	4,021,453	1,574,109
Zentiva K.S.	160,228,209	133,161,767
Zentiva Group A.S	4,310,113	-
<b>Total</b>	<b>182,275,275</b>	<b>136,367,006</b>

➤ **Purchase of goods and services**

	<b>30 June 2022</b>	<b>30 June 2021</b>
Labormed Pharma Trading SRL	2,237,682	10,631,700
Labormed Pharma SA	1,446,222	1,816,904
Solacium Pharma SRL	908,684	2,197,327
Zentiva K.S.	60,077,266	42,753,230
Zentiva Group A.S.	38,424,017	27,346,910
Zentiva Italia	78,236	137,698
Zentiva Private LTD	575,266	2,058,336
<b>Total</b>	<b>103,747,373</b>	<b>86,942,105</b>

#### 4. COMPANY'S MANAGEMENT

##### 4.1. Board of Directors

As of June 30, 2022 the Board of directors had the following composition:

Simona Cocos - Chairman of the Board – starting with August, 2021

Kevin Joseph Clifford – Member of the Board - starting with November, 2021

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

Kenneth Lynard - Member of the Board - starting with October 2019

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

Company does not have knowledge 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 by the Ordinary General Shareholders Meeting based on shareholders' votes and in compliance with the statutory requirements relating to quorum and majority. Therefore, there are no specific agreements, understandings or family relations to be disclosed herein.

## 4.2. Executive Management

Executive management members as of June 30, 2022:

Simona Cocos – General Manager  
Margareta Tanase - Industrial Affairs Director

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 does not have knowledge specific agreements, understandings or family relations to be disclosed herein.

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 senior management, related to their activity within the Company or their capacity to perform their attributions.

## 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.

### 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, The Company's exposure to the risk of changes in market interest rates is not significant, since as of 30 June 2022, the Company has no loans.

At 30 June 2022, the Company had no loans received. It does have a cash pooling agreement with the parent company at a floating interest rate (as detailed in Note 9, it has a debit balance as of 30 June 2022 and 31 December 2021).

The Company's exposure to the interest rate risk changes on the market is not material.

### 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 the revenues or expenses 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 uses no 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 2022 and 31 December 2021.

### **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, 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 shipment to major customers is analyzed. Furthermore, a significant part of non-affiliated party trade receivables are insured by Coface and Credendo.

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.

### **Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the treasury department of the Company. The Company's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2022 is the carrying amounts as illustrated in Note 8 and Note 9 of the financial statements.

### **Liquidity risk**

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

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

The Company's liabilities with maturities over 1 year are represented by lease liabilities, deferred tax and provisions.

## 6. COMMITMENTS AND CONTINGENCIES

### Legal claims

As of June 30, 2022, the Company is involved in several disputes, of which the most significant are listed below:

- The company was involved in several disputes with the National Health Insurance House ("CNAS") following a challenge filed on the VAT paid, related to the clawback tax for the period Q1 2012 - Q4 2012, as well as on the method of calculating the individual consumption communicated for determining the clawback tax for the period Q1 2013 - Q3 2013 and Q1 2020, requesting the cancellation of the Notifications received from CNAS related to the previously mentioned periods. Currently, the Company is involved in a single litigation, which is ongoing against CNAS, namely- case file no. 7592/2/2020 - for Q2 2020, while the other 6 disputes in which the Company has been involved in the past were definitively settled as at the date of this Report.

Thus, so far, the Company has won in court the recovery of the VAT related to the clawback tax for the period Q1 2012 - Q4 2012 and for Q2 2013 - Q3 2013 (for Q1 2013, the Company's action was rejected in its entirety) and is investigating the possibilities of recovery or compensation with other tax obligations of the amounts thus recovered. For all these cases, the decisions of the court are final.

- The dispute with ANAF challenging the clawback tax, as well as the penalties calculated for the reviewed period Q4 2009 - Q3 2011. In 2016, following a tax review of the clawback tax for the period Q4 2009 - Q3 2011, ANAF issued a taxation decision in the amount of RON 18,457,107 RON ("Initial Decision"), representing the clawback difference and related penalties. During 2016, following the appeal filed by the Company, ANAF annulled the Initial Decision and ordered a review, during 2017, of this fiscal obligation for the period Q4 2009 - Q3 2011. Following this new investigation, ANAF issued a new taxation decision and decisions regarding the accessory payments, in a total amount of RON 8,355,860 (consisting of RON 3,672,966 as main debt and RON 4,682,894 as penalties) ("Second Decision"). The company also challenged the Second Decision. The appeal was dismissed by ANAF, and the Company filed an action in administrative court for the annulment of the Second Decision (respectively of the last taxation decision and the decisions regarding the accessory payments) and of the decision dismissing the appeal.

On May 28, 2019, following an initial adjournment of the ruling, the court of first instance partially allowed the action filed by the Company, namely, the 3 heads of claim regarding the additionally determined clawback contribution and the related accessory payments were allowed by the court. Specifically, the court allowed the action (i) regarding the main debt in the amount of RON 3,672,966 and (ii) regarding the penalties requested for the total amount of RON 4,494,934 (the head of claim regarding the penalties in the amount of RON 187,960 being dismissed).

This decision of the court has been appealed by both the Company and ANAF.

On February 21, 2022, the High Court of Cassation and Justice allowed the appeal of the Company, annulling the decision regarding the accessories payment in amount of RON 187,960, which was the object of the head of the claim dismissed by the court of first instance. At the same time, the High Court also dismissed the appeals filed by ANAF. The decision of the High Court is final. Therefore, as of 31 December 2021, the Company considered this decision an adjusting subsequent event and reversed the remaining provision for claw back tax in amount of RON 3,672,966.

- In August 2019, ALPHA TRANSCORD SRL filed, through its judicial administrator, a summons against the Company. The case, i.e., the file no. 25005/3/2019 has as subject matter a contractual obligation consisting in the binding of the Defendants, including the Company, to pay the amount of RON 2,262,332.27 and is in the procedural phase on the substance.

The Claimant alleges the non-payment by the Company of certain due invoices related to the road transport services provided by the Claimant. As such, the Claimant requests the court to bind the Defendants, including the Company, (i) to pay the amount of RON 2,262,332.27 representing the amount of the invoices due related to the road transport services provided under the agreement signed between the parties and (ii) to pay the Claimant's expenses related to the case.

On 9 November 2021 the court allowed the action in part and ordered the Defendant to pay the Claimant the amount of EUR 21,928.70 (excluding VAT), representing the value of the unpaid invoices. Also, the court ordered ALPHA TRANSCORD SRL to pay the amount of RON 72,655 as court costs to the Defendant. The court's solution is not final, it can be appealed within 30 days from the communication.

- In June 2022, the company Novartis AG introduced a request for the issuance of a presidential order against the Company, by which it requested the cessation of the Company's performance of any act that affects patent EP3103448 for Gilenya® products. Specifically, in file no. 15701/3/2022 registered at the Bucharest Court, the plaintiff requested that: (i) The Company cease any act of exploitation of the product Fingolimod Zentiva 0.5 mg and other similar products until the competent court pronounces a definitive solution on the substance of the cause; (ii) The Company shall be obliged to make available to the bailiff for provisional seizure all the products indicated in point (i), held by/in the possession or under the control of the Company, until the competent court pronounces a definitive solution on the substance of the cause; (iii) The company should temporarily withdraw from the Romanian market the products mentioned in point (i) and (iv) The company should bear the court costs related to the resolution of the case.

At the trial term from June 30, 2022, the court rejected the plaintiff's claim as inadmissible on grounds related to the substance of the claim.

The decision of the Bucharest Court is not final, and according to publicly available data on the courts' portal, Novartis AG filed an appeal against it. The first term in the appeal phase is set on August 24, 2022.

The Company's management considers that the respective litigations will not significantly impact the Company's operations and financial position and that it set sufficient provisions where there was significant risk.

## **7. OBJECTIVES FOR THE YEAR 2022**

For 2022, 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 2022 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 2022;
- To diversify and enhance Zentiva's presence on various markets through exports 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**

The military invasion of the Ukraine on February 24th, 2022, has taken place after the end of reporting period. Extraordinary geopolitical tensions, escalating energy prices, international sanctions imposed on Russia and numerous adjacent uncertainties may adversely affect various sectors of the economy. The Company does not have direct exposures to related parties and/or key customers or suppliers from countries involved in the military conflict. The Company regards these events as non-adjusting events after the reporting period the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence. Although neither the Company's performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, the Company's management continues to monitor the evolving situation and is analyzing the possible impact on the financial position and results of the Company.

**Administrator,**  
Cocos Simona

**Prepared by,**  
Nitulescu Daniel  
Chief Financial Officer

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

**FINANCIAL REPORTING**

**AS AT 30 JUNE 2022**

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**ZENTIVA S.A.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the period ended June 30, 2022**  
*(all amounts are expressed in RON, unless specified otherwise)*

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	<u>30.06.2022</u>	<u>30.06.2021</u>
	<b>RON</b>	<b>RON</b>
Sales of goods	340,129,224	324,663,939
Rendering of services	22,497,796	5,513,209
Other Income	35,228	179,163
<b>Turnover</b>	<b><u>362,662,248</u></b>	<b><u>330,356,311</u></b>
Other operating income	7,361,377	4,932,667
Changes in inventories of finished goods and work in progress	5,276,497	5,285,023
Raw materials and consumables used	(190,852,259)	(165,836,503)
Employee benefits expenses	(63,926,236)	(53,444,450)
Depreciation, amortization and impairment	(13,268,776)	(10,272,913)
Marketing and advertising expenses	(2,490,660)	(2,394,671)
Reversal of/ (expenses with) provisions	(329,311)	(1,181,364)
Other operating expenses	(75,086,020)	(64,781,628)
<b>Operating profit</b>	<b><u>29,346,860</u></b>	<b><u>42,662,471</u></b>
Financial Income	11,100,123	3,267,970
Financial Expenses	(3,660,690)	(1,532,296)
<b>Profit before tax</b>	<b><u>36,786,292</u></b>	<b><u>44,398,145</u></b>
Income Tax Expense	(5,002,135)	(9,801,332)
<b>Net profit after tax (A)</b>	<b><u>31,784,157</u></b>	<b><u>34,596,813</u></b>
<b>Other comprehensive income:</b>		
Other elements of comprehensive income not reclassified through Profit and Loss account	-	-
Revaluation of land and buildings impact	-	-
Deferred tax on revaluation of land and buildings impact recognised in equity	-	-
<b>Other comprehensive income net of tax (B)</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total comprehensive income after tax (A) + (B)</b>	<b><u>31,784,157</u></b>	<b><u>34,596,813</u></b>
<b>Number of Shares</b>	<b><u>697,017,040</u></b>	<b><u>697,017,040</u></b>
<b>Earnings per share (RON/share)</b>	<b><u>0.04560</u></b>	<b><u>0.04964</u></b>

Financial statements for the period ended June 30, 2022 are not audited.



**ZENTIVA S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**For the period ended June 30, 2022**  
*(all amounts are expressed in RON, unless specified otherwise)*

	<b>30.06.2022</b>	<b>30.06.2021</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	194,624,495	194,771,621
Goodwill	8,597,879	8,968,913
Customer relationships	11,649,100	11,649,100
Right-of-use assets	22,099,075	23,823,680
Intangible assets	3,432,600	4,652,969
	<b>240,403,149</b>	<b>243,866,284</b>
<b>Current assets</b>		
Inventories	142,166,591	124,563,136
Trade receivables and other receivables	127,047,126	104,874,434
Cash pooling – related parties receivables	546,486,543	513,704,034
Cash and cash equivalents	27,892,075	62,597,628
	<b>843,592,335</b>	<b>805,739,232</b>
<b>Total assets</b>	<b>1,083,995,484</b>	<b>1,049,605,515</b>
<b>Equity and debt</b>		
Issued share capital	69,701,704	69,701,704
Share premium, including:	24,964,506	24,964,506
<i>Share premium at nominal value</i>	<i>9,863,684</i>	<i>9,863,684</i>
<i>Hyperinflation related to share premium</i>	<i>15,100,822</i>	<i>15,100,822</i>
Legal and other reserves	121,743,815	121,743,815
Revaluation reserve	57,927,094	57,927,094
Retained earnings	648,219,632	616,435,475
<b>Total equity</b>	<b>922,556,750</b>	<b>890,772,593</b>
<b>Non-current liabilities</b>		
Employee benefit liability	3,323,943	3,323,943
Non-current lease liabilities	5,695,239	7,166,077
Deferred tax liability	7,336,148	5,293,658
Non-current provisions	1,265,568	1,477,177
<b>Total non-current liabilities</b>	<b>17,620,898</b>	<b>17,260,795</b>
<b>Current liabilities</b>		
Trade accounts payable	102,025,366	98,292,133
Income taxes payable	-	938,975
Other current liabilities	3,915,027	4,060,128
Short-term lease liability	34,030,833	34,697,081
Short-term provisions	3,846,610	3,583,810
<b>Total current liabilities</b>	<b>143,817,836</b>	<b>141,572,127</b>
<b>Total liabilities</b>	<b>161,438,734</b>	<b>158,832,922</b>
<b>Total liabilities and equity</b>	<b>1,083,995,484</b>	<b>1,049,605,515</b>

Financial statements for the period ended June 30, 2022 are not audited.

**ZENTIVA S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**For the period ended June 30, 2022**  
*(all amounts are expressed in RON, unless specified otherwise)*

**CASH FLOW STATEMENT**

	<b>30.06.2022</b>	<b>30.06.2021</b>
<b>Cash flows from operating activities:</b>		
<b>Net profit before taxation and extraordinary elements</b>	<b>36,786,292</b>	<b>44,398,145</b>
<i>Adjustments for:</i>		
Depreciation and amortization of tangible and intangible assets	13,268,774	8,187,156
Movements in provisions for risks and expenses	(2,085,608)	(1,539,624)
Net income from interests	(10,782,509)	(2,933,828)
Net expenditures from interests	464,542	128,271
<b>Operating profit before changes in the circulating assets</b>	<b>37,651,491</b>	<b>48,240,721</b>
Decrease / (Increase) of stocks	(15,115,626)	(12,186,471)
Decrease / (Increase) of trade receivables and of other receivables	(22,523,663)	(18,436,926)
(Decrease) / Increase of trade debts and of other debts	4,071,947	1,358,899
Paid income taxes	(6,519,521)	(15,232,304)
Pension liabilities paid	-	(617,757)
<b>Cash from operating activities</b>	<b>(2,435,371)</b>	<b>3,126,162</b>
<b>Cash flows from investment activities:</b>		
Proceeds from sale of non-current assets	-	-
Purchase of property, plant and equipment and intangible assets	(9,805,639)	(8,156,767)
Interest (paid) / received	10,317,967	(128,271)
<b>Net cash used in investing activities</b>	<b>512,328</b>	<b>(8,258,039)</b>
<b>Cash flows from financing activities:</b>		
Movements in deposits related parties	(32,782,509)	-
Dividends paid	-	(8,187)
Other financial assets	-	-
<b>Net cash from/ (used in) in financing activities</b>	<b>(32,782,509)</b>	<b>(8,187)</b>
Net increase (decrease) in cash and cash equivalents	<b>(34,705,553)</b>	<b>(5,167,064)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>62,597,628</b>	<b>406,713,534</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>27,892,075</b>	<b>401,546,470</b>

**ZENTIVA S.A.STATEMENT OF CHANGES IN EQUITY****For the period ended June 30, 2022***(all amounts are expressed in RON, unless specified otherwise)***STATEMENT OF CHANGES IN EQUITY**

	<b>Share capital</b>	<b>Share premium</b>	<b>Reserves</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Opening balance 01.01.2022</b>	<b>69,701,704</b>	<b>24,964,506</b>	<b>121,743,815</b>	<b>57,927,094</b>	<b>616,435,475</b>	<b>890,772,593</b>
Profit for the year	-	-	-	-	31,784,157	31,784,157
Share capital increase	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-
Other elements of the comprehensive income	-	-	-	-	-	-
Total Equity	69,701,704	24,964,506	121,743,815	57,927,094	648,219,632	922,556,750
Retained earnings - correction	-	-	-	-	-	-
<b>Closing balance 30.06.2022</b>	<b>69,701,704</b>	<b>24,964,506</b>	<b>121,743,815</b>	<b>57,927,094</b>	<b>648,219,632</b>	<b>922,556,750</b>

The legal reserve is set in accordance with the provisions of the Companies Law, according to which, at least 5% of the annual accounting profit is transferred within the legal reserves until their balance reaches 20% of the company's 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 assessments of land and buildings donated by the State to the Company in accordance with the Government Decision and liabilities held on 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 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 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 the Sanofi Romania SRL entity and after that date, ZIRO became an entity with no activity 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 buying price of RON 3.5 / share. The public purchase offer was concluded on 5 April 2018. The shares purchased 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, to sell its Europe generic business.

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

Starting with 1st of September 2018, Sanofi Romania SRL, who was up until that time the distributor on the Romanian market of generic medicine manufactured by Zentiva SA, transferred its distribution activity towards 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 on the Romanian of products both manufactured 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 affiliated companies on 30 June 2022. 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, 2022**

**Board of Directors**

Simona Cocos - Chairman of the Board – starting with August, 2021  
Kevin Joseph Clifford – Member of the Board - starting with November, 2021  
Margareta Tanase - Member of the Board - starting with April 2010  
Kenneth Lynard - Member of the Board - starting with October 2019  
Francois Noel Marchand – Independent Member of the Board - starting with February 2017

**Executive Management**

Simona Cocos – General Manager  
Margareta Tanase - Industrial Affairs Director

**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 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market with all subsequent modifications and clarifications. These provisions are in line with the provisions of the International Financial Reporting Standards adopted by the European Union, except for the provisions of IAS 21 - The Effects of Changes in Foreign Exchange Rates on the Functional Currency IAS 20 - The accounting of governmental subventions regarding the recognition of income from green certificates, with the exception of IFRS 15 - Income from contracts with clients regarding the income from distribution network charges and with the exception of interim distribution of dividends. 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. In order to assess the applicability of this assumption, the management analyses the forecasts of future cash inflows.

On 30 June 2022, current assets of the Company exceed current liabilities by RON 699,774,499 (on 31 December 2021 current assets exceeded current liabilities by RON 664,167,105).

The budget prepared by the management of the Company and approved by the Board of directors for the year 2022, indicates positive cash flows from the operation activities, an increase in sales and profitability from the direct distribution on the Romanian market of generic medicine manufactures locally as well as the ones imported from other entities of the Group to which the Company belongs to.

The management deems that the Company will be able to continue its activity in the foreseeable future and therefore the application of the principle of continuity of activity in the drawing up of the financial statements is justified.

**Principles, policies and accounting methods**

No significant changes occurred in the company's accounting policies and methods during the financial year concluded on June 30, 2022, compared to the accounting policies presented on December 31, 2021.

**NOTE 3: SALES OF GOODS AND RENDERING OF SERVICES AND EXPENSES WITH RAW MATERIALS AND CONSUMABLES**

**3.1 Turnover**

For management purposes, the company is organised in business units depending on its products and services. The company has a single reporting segment, namely the production of drugs.

The Company's management monitors the operating results of the unit as a whole for the purpose of decisions making regarding the allocation of resources and the assessment of performance. Performance is assessed based on the operating profit or loss, the gross profit or loss 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.

	<b>1 January – 30 June 2022</b>	<b>1 January – 30 June 2021</b>
Sales - domestic	193,544,260	168,265,622
Sales – external*	169,117,988	162,090,689
<b>Total Turnover</b>	<b>362,662,248</b>	<b>330,356,311</b>
<b>a) Rendering of services</b>	<b>22,497,796</b>	<b>5,513,209</b>
<b>b) Sales of goods, of which:</b>	<b>340,129,224</b>	<b>324,663,939</b>
Sales of finished goods	188,959,621	153,636,593
Sales of goods for resale	174,393,901	190,824,058
Residual products	346,284	1,013,504
Claw back tax expense	(23,570,583)	(20,810,215)
<b>c) Other revenues</b>	<b>35,228</b>	<b>179,163</b>

\*External sales are represented mainly by exports to Cehia.

**Clawback tax**

Starting on the last quarter of the financial year ending on 31 December 2009, within the pharmaceutical industry, for the companies which held Marketing Authorisations (MA) for certain medicinal products, a new tax was introduced and this was called the `clawback tax`.

For the purpose of funding the public health expenses, the MA holders included in the national health programs have the obligation to pay the clawback tax quarterly for the respective sales of medicinal products corresponding to the respective quarter based on the notifications received by the company from the National Health Insurance House Fund (CNAS).

The contribution (the clawback tax) should be paid by the MA holders or by their legal representatives, if these medicinal products are:

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

The value of the clawback tax was influenced in 2020 by amendments brought by Law 53/2020 on the approval of Ordinance no. 85/2019 by introducing the differentiated clawback contribution by types of medicines starting with the first quarter of 2020 (the corresponding declaration and payment deadline being applied after the law enforcement), on three types of categories, respectively type I (medicines innovative), type II (medicines manufactured in Romania, both innovative and generic) and type III (generic medicines / any other medicines that do not fall into type I or II).

Specifically, for type I medicines the quarterly contribution will be calculated by applying a percentage of 25% on the value related to their centralized consumption (communicated by the National Health Insurance House, after VAT deduction), while for type II medicines and type III clawback contribution will be calculated by applying the percentage of 15% and 20% respectively. Thus, through the above-mentioned amendments to the same Ordinance, starting with the first quarter of 2020, provisions regarding the value of the “p” percentage are modified by applying differentiated values for the types of medicines (25%, 15%, respectively 20%) and waiving the previous “p” percentage of 27.65%.

The category “**Rendering of services**” includes the revenues resulted from the rendering of quality verification services in relation to the products manufactured outside the European Union that are to be sold on the EU markets by the partners within the Company’s Group as well as the revenues from certain production services provided to third parties.

### 3.2 Raw material expenses and consumables used

<b>Raw materials and consumables used</b>	<b>Note</b>	<b>1 January – 30 June 2022</b>	<b>1 January – 30 June 2021</b>
Raw materials	1	80,595,445	59,348,679
Goods for resale		58,327,731	67,029,896
Packaging materials	2	29,346,047	25,966,917
Auxiliary materials	3	7,404,057	4,684,957
Utilities	4	11,099,302	5,006,031
Other material expenses	5	4,079,677	3,800,023
<b>Total</b>		<b>190,852,259</b>	<b>165,836,503</b>

The amounts mentioned in the above table on the reference lines 1, 2, 3 represent mainly expenses with raw materials and the direct materials, the packages and auxiliary materials, used in the production activity. The amounts mentioned at reference number 4 – utilities - refer mainly to the expenses with energy and water. 5 – in this category are registered mainly the expenses with consumables used by the department in charge with the certification of the products produced in 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 / EXPENSES AND ADJUSTMENTS

### 4.1 Other operating income

<b>Other operating income</b>	<b>1 January - 30 June 2022</b>	<b>1 January - 30 June 2021</b>
Gain/ (loss) from disposal of assets	2,542	2,203
Services recharged to Group entities	7,358,835	4,930,464
Other operating income	-	-
<b>Total</b>	<b>7,361,377</b>	<b>4,932,667</b>

The Company recognized revenues from re-invoicing of some services offered by Zentiva’s employees mainly to the following companies within the Group: Zentiva K.S, Labormed Pharma Trading SRL (previous Alvogen Romania S.R.L.), Labormed Pharma S.A.si Solacium Pharma S.R.L., which are generally services related to the commercial activity of Group, the advertising of generic products and assistance services to the Headquarter.

#### 4.2 Other operating expenses

	1 January – 30 June 2022	1 January – 30 June 2021
Management service received from Zentiva Group	34,134,502	32,835,667
Maintenance - repairs	4,065,217	3,996,474
License – Zentiva trademark	2,206,250	1,904,056
Travel expenses	625,610	347,115
Write-off of inventories	2,615,103	2,351,119
Registration fees to ANM	1,843,299	2,683,984
Professional fees	310,583	274,392
Postage and telecommunication	243,463	293,226
Other expenses	32,954,476	20,432,944
Net allowance for inventories and receivables	(3,912,482)	(337,349)
<b>Total</b>	<b>75,086,020</b>	<b>64,781,628</b>

**Management service expenses:** the costs with services from the group 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.

**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, Internet and other miscellaneous costs. In this category, there are included also the personnel leasing services of Luger & Makler Romania SRL.



**NOTE 5: NON-CURRENT ASSETS**

	<b>Property, plant and equipment</b>	<b>Goodwill</b>	<b>Customer relationships</b>	<b>Right-of-use assets</b>	<b>Intangible asstes</b>	<b>Total</b>
<b>Gross value as at 1 January 2022</b>	363,894,891	11,649,100	34,492,101	20,960,098	10,556,553	441,552,743
Additions	7,725,935			2,079,704		9,805,638
Disposals	1,524,609			(3,687,750)		(2,163,141)
Transfers						
<b>Gross value as at 30 June 2022</b>	373,145,435	11,649,100	34,492,101	19,352,051	10,556,553	449,195,240
<b>Depreciation and impairment as of 1 January 2022</b>	(169,123,268)	-	(10,668,421)	(11,991,185)	(5,903,584)	(197,686,458)
Depreciation in the year	(7,873,063)		(1,724,605)	(2,450,738)	(1,220,369)	(13,268,774)
Disposals	(1,524,609)			3,687,750		2,163,141
<b>Depreciation and impairment as of 30 June 2022</b>	(178,520,940)	-	(12,393,026)	(10,754,173)	(7,123,953)	(208,792,091)
<b>Net value as at 1 January 2022</b>	<b>194,771,621</b>	<b>11,649,100</b>	<b>23,823,680</b>	<b>8,968,913</b>	<b>4,652,969</b>	<b>243,866,284</b>
<b>Net value as at 30 June 2022</b>	<b>194,624,495</b>	<b>11,649,100</b>	<b>22,099,075</b>	<b>8,597,879</b>	<b>3,432,600</b>	<b>240,403,149</b>

**ZENTIVA S.A.**

**Notes to the Financial Statements**

**For the period ended June 30, 2022**

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

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**PROPERTY, PLANT AND EQUIPMENT**

Revaluation of land and buildings

As of 31 December 2020, the Company carried out the revaluation of the existing land and buildings in the Company's patrimony. The revaluation was made by an independent evaluator in accordance with the International Valuation Standards.

The net impact following the revaluation was in the amount of RON 27,049,685, of which in the revaluation reserve it was registered the amount of RON 21,227,460.

Also, as a result of the revaluation, the amount of RON 5,822,225 was recorded as an impact on the profit for the year - in the line of "Depreciation, amortization and impairment losses", representing the resumption of impairment losses related to buildings resulting from the revaluation from December 31, 2017.

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

Valuation techniques are selected by the independent evaluator 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.

Fair value is generally determined by using level 3 data in the fair value measurement hierarchy.

The data used in the evaluation were:

a. For special buildings and constructions

- level 3 input data representing replacement costs, historical costs, historical cost update indices, depreciation adjustments - most 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 depreciations estimated by the evaluator.

b. For land

- level 3 input data which represent sale prices taken from sale offers for similar lands, publicly available, with adjustments made by the evaluator depending on their comparability with the evaluated lands

The result of the evaluation is influenced by the main market data used, these being mainly: market value per square meter for land (estimated at 145 EUR / sqm), estimation of gross replacement costs (which were estimated using IROVAL cost catalogues - recognized local and the method of updating historical costs) in the range of 350-800 Euro / sqm built area (depending on the construction system of buildings) and estimating physical depreciation (which were based on the physical condition of assets at the valuation date, their life effective age) and external (estimated by capitalizing the loss of income).

The fair value of the company's land in a size of 74.475 sqm was established by the evaluator at the value of 145 Eur/sqm.

Estimating fair values through the income approach and allocating values based on the net replacement costs of constructions and respecting the valuation standard specific to valuation for accounting purposes would have led to values similar to those estimated by the cost approach. The total fair value of the valuation assets is RON 108,782,830. Sensitivity analysis of the global value of the valued asset base, performed by using the main input data in the income approach in the range - / + 1% for the capitalization rate and -3% / + 5% in the unutilized rate (cumulative sensitivity of the two basic indicators), indicates an interval of RON 99.5m - RON 117.6m.

The Company did not disclose the net accounting value of land and buildings if they were accounted for using historical cost method as this information is not available.

## ZENTIVA S.A.

### Notes to the Financial Statements

#### For the period ended June 30, 2022

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

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#### 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 and customer relationships as of 31 December 2021 and respectively as of 31 December 2020 in accordance with IAS 36. The recoverable value 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 assets' carrying amount to exceed their recoverable amount.

The recoverable value of these assets (goodwill and customer relationships) was determined based on the market value 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 (2022 – 2030) determined taking into account an average annual growth rate of net sales of 3.7%, a perpetuity growth rate of 2.5%, operating margin of 4.5% and an average WACC of 10%.

#### RIGHT-OF-USE-ASSETS

The Company recognized in the category "right-of-use-assets" the following categories of operating leases:

- Car leasing for the Company's personnel
- The lease of a packing line
- The lease contract for the storage premises held by FM Logistic.

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

The Company has a lease for a warehouse for storage of the medicines, that includes the option of term extension and the termination option. These options are negotiated by the Company's management in order to provide flexibility in the management of the portfolio of leased assets and comply with the Company's business needs. The Company's management applies significant judgement to determine whether it is reasonably certain to exercise these extensions or terminations.

#### INTANGIBLE ASSETS

The Company recognized in the category "intangible assets" the following items:

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

**ZENTIVA S.A.****Notes to the Financial Statements****For the period ended June 30, 2022***(all amounts are expressed in RON, unless specified otherwise)***NOTE 6: INVENTORIES**

	<b>30 June 2022</b>	<b>30 June 2021</b>
Merchandise	37,621,016	36,656,462
Finished products and semi-finished products	53,946,013	52,290,420
Raw materials	64,096,645	52,741,194
Package materials	11,931,922	10,791,894
<b>Minus:</b>		
Allowance for obsolete inventories	(25,429,005)	(27,916,834)
<b>Total</b>	<b>142,166,591</b>	<b>124,563,136</b>

The Company does not hold mortgaged inventories in favour of third parties as of June 30, 2022 and December 31, 2021.

**NOTE 7: TRADE RECEIVABLES AND OTHER RECEIVABLES / CURRENT****Trade receivables and other receivables**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Total trade receivables, net, out of which:</b>	<b>121,995,819</b>	<b>99,909,501</b>
Trade receivables *	15,670,472	24,208,297
Trade receivables from related parties	108,624,855	77,649,742
<b>Minus:</b>		
Allowance for doubtful trade accounts receivable	(2,299,508)	(1,948,538)
<b>Total other receivables, out of which:</b>	<b>2,233,571</b>	<b>2,277,917</b>
Recoverable taxes	2,068,031	3,580,171
Sundry debtors	165,540	124,909
<b>Minus:</b>		
Allowance for doubtful other accounts receivable	-	(1,427,162)
Advances paid	1,210,122	1,208,629
Prepaid expenses	1,607,614	1,478,387
<b>Total trade receivables, other receivables, advances and prepaid expenses</b>	<b>127,047,126</b>	<b>104,874,434</b>

Starting with January 2019, the Company signed with FactoFrance SA a non-recourse factoring contract being agreed to finance the local receivables with the main nine Romanian distributors through buying without recourse of all the available receivables in the maximum covered limit by the Credento insurer.

Trade receivables are not interest-bearing and are generally due between 60 - 120 days (2021: maturing between 60 - 120 days).

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Opening Balance</b>	<b>(3,375,700)</b>	<b>(5,304,253)</b>
Increases during the year	(911,755)	(2,749,139)
Reversals during the year	1,987,947	4,677,692
<b>Closing Balance</b>	<b>(2,299,508)</b>	<b>(3,375,700)</b>

**ZENTIVA S.A.****Notes to the Financial Statements****For the period ended June 30, 2022***(all amounts are expressed in RON, unless specified otherwise)***NOTE 8: CASH AND CASH EQUIVALENTS**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Cash at banks and on hand	27,892,075	62,597,628
Advance for payment of dividends	-	-
<b>Total</b>	<b>27,892,075</b>	<b>62,597,628</b>

Cash in the bank is interest-bearing at the daily interest rate when the deposits are set. Short-term deposits are made for different periods of time between 1 day and 3 months, depending on the Company's cash requirements and accrues interest at the appropriate interest rates.

**NOTE 9: CASH POOLING INTERCOMPANY RECEIVABLE**

Prior to 2020 the Company participated in cash pooling arrangement with Zentiva Group, a.s. The cash pooling arrangement was transferred in December 2020 to AI Sirona (Luxembourg) Acquisition SARL (the ultimate parent entity of Zentiva Group) via a new contract signed between Zentiva Group, a.s., the Company and AI Sirona (Luxembourg) Acquisition SARL. 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.

In 2021 the Company has reassessed the purpose of the cash pooling deposits held at AI Sirona (Luxembourg) Acquisition SARL and has concluded that no longer holds them for short term cash management and that is now held to generate an investment return. Consequently, the Company has reclassified in 2021 the cash pooling balance from cash and cash equivalents to cash pooling intercompany receivable. As of June 30, 2022 the balance of cash pooling deposit is 546,486,543 RON (December, 31 2021: 513,704,034 RON).

**NOTE 10: ISSUED CAPITAL AND RESERVES****Share Capital**

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>Number</b>	<b>Number</b>
Ordinary shares subscribed capital	697,017,040	697,017,040

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>RON / share</b>	<b>RON / share</b>
Ordinary shares nominal value	0,1	0,1

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>RON</b>	<b>RON</b>
Share capital	69,701,704	69,701,704

The company's share capital is fully paid on June 30, 2022 and December 31,2021.

**Redeemable shares**

The company does not own redeemable shares on June 30, 2022 and December 31,2021.

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
**For the period ended June 30, 2022**  
*(all amounts are expressed in RON, unless specified otherwise)*

**Bonds**

The company does not have bonds issued on June 30, 2022 and December 31, 2021

**Shareholding structure**

	<b>30 June 2022</b>	<b>31 December 2021</b>
	(%)	(%)
Zentiva Group AS	95,9486	95,9486
Other minority shareholders	4,0514	4,0514
	<b>100%</b>	<b>100%</b>

**Reserves**

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Total other reserves included in the capital components:</b>		
Legal reserves	13,940,341	13,940,341
Other reserves (other funds)	107,803,474	107,803,474
Revaluation reserves	57,927,094	57,927,094
Retained earnings	648,219,632	616,435,475
<b>Total other reserves</b>	<b>827,890,541</b>	<b>796,106,384</b>

**NOTE 11: PROVISIONS**

	<b>Provisions for litigations</b>	<b>Provisions for taxes</b>	<b>Environmental provision</b>	<b>Other provisions</b>	<b>Total</b>
<b>On 1 January 2022</b>	<b>211,549</b>	<b>3,583,810</b>	<b>1,265,568</b>	<b>-</b>	<b>5,060,927</b>
Increase	-	262,800	-	-	262,800
Reversal	(211,549)	-	-	-	(211,549)
	-	-	-	-	-
<b>On 30 June 2022</b>	<b>-</b>	<b>3,846,610</b>	<b>1,265,568</b>	<b>-</b>	<b>5,112,178</b>
Current	-	3,846,610	-	-	3,846,610
Long term	-	-	1,265,568	-	1,265,568

***Tax provisions***

As of June 30, 2022, the company has a provision for the potential differences in taxes and fees that could be found by the control bodies following a full audit of the company's books, in the context of the multitude of legislative changes, in the amount of RON 3,846,610 (31 December 2021 : RON 3,583.810).

The provisions for taxes are created for the amounts owed to the state budget, provided that the respective amounts do not appear as a debt in relation to the state.

***Environmental provisions***

Environmental provisions were reassessed by specialists during 2021, so that the provision as of December 31, 2021 was in amount of RON 1,265,568 and the balance as of June 30, 2022 – RON 1,265,568. This provision represents costs related to ecological remediation and soil and groundwater monitoring.

**NOTE 12: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS**

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

In the current activity, the Company makes payments to the Romanian State for its employees' benefit. All Company employees are included in the Romanian State's pension plan. The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation regarding pensions. In addition, the Company is not required to provide additional benefits to former or current employees.

Benefits granted upon retirement:

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

According to the P1 plan, upon retirement, employees receive a premium depending on seniority within the Company as follows:

- up to 20 years within the Company, 1 company gross average salary;
- between 20-30 years within the Company, 1 and ½ company gross average salary;
- over 30 years within the Company, 2 company gross average salaries.

According to the P2 plan, in addition, at the date when employees reach the age of 50, they receive a premium according to his/her seniority within the Company as follows:

- 10-20 years within the Company, ½ of the employee salary;
- Over 20 years within the Company, one employee salary;

Pension provisions and other similar obligations are estimated based on the provisions of the Collective Labor Agreement of the Company by an actuary independent specialist. As of June 30, 2022 and December 31, 2021 these provisions are in total amount of RON 3,323,943.

**NOTE 13: TRADE PAYABLES AND OTHER LIABILITIES (CURRENT)****Trade payables**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Trade payables	66,577,937	75,887,576
Trade payables to affiliated companies	35,359,981	22,391,059
Received advances and other payables	87,448	13,498
<b>Total</b>	<b>102,025,366</b>	<b>98,292,133</b>

**Other current liabilities**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Wages and salaries payable	11,979,350	12,847,369
Social security contributions for salaries	3,886,193	4,474,104
Claw back tax	12,722,866	11,252,312
Other taxes	2,365,245	2,755,264
Other liabilities	3,077,179	3,368,032
<b>Total</b>	<b>34,030,833</b>	<b>34,697,081</b>

**ZENTIVA S.A.****Notes to the Financial Statements****For the period ended June 30, 2022***(all amounts are expressed in RON, unless specified otherwise)***NOTE 14: RELATED PARTIES**

Details about related parties:

<b>Company name</b>	<b>Nature of relation</b>	<b>Transaction type</b>	<b>Country of origin</b>	<b>Registered office</b>
AI Sirona Acquisition S.à.r.l	Parent of Zentiva Group AS	Holds cash pooling	Luxembourg	Luxembourg
Labormed Pharma Trading SRL	Company under joint control	Provides services	Romania	Bucuresti
Labormed Pharma SA	Company under joint control	Provides services	Romania	Bucuresti
Solacium Pharma SRL	Company under joint control	Provides services	Romania	Bucuresti
Zentiva as Hlohovec	Company under joint control	Procurement of services	Slovakia	Bratislava
Zentiva Group A.S.	Majority shareholder	Acquisitions/revenues from services	Cehia	Praga
Zentiva Italia	Company under joint control	Goods acquisition	Italia	Milano
Zentiva, K.S.	Company under joint control	Acquisition/sale of goods and services	Cehia	Praga
Zentiva Pharma GMBH	Company under joint control	Acquisition/sale of goods and services	Germania	Frankfurt
Zentiva Private LTD	Company under joint control	Goods acquisition	India	Mumbai
Helvepaharm AG	Company under joint control	Provides services	Elvetia	Frauenfeld

**Payables and receivables from affiliated entities and other related parties**➤ **Receivables from affiliated entities / other related parties**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Labormed Pharma Trading SRL	8,657,579	12,522,480
Labormed Pharma SA	1,876,078	670,363
Solacium Pharma SRL	4,961,172	3,388,029
Zentiva K.S.	93,130,027	45,463,597
Zentiva Group A.S.	-	13,605,273
<b>Total</b>	<b>108,624,855</b>	<b>77,649,742</b>
AI Sirona (Luxembourg) Acquisition S.à.r.l	546,486,543	513,704,034



**ZENTIVA S.A.****Notes to the Financial Statements****For the period ended June 30, 2022***(all amounts are expressed in RON, unless specified otherwise)***➤ Payables to the affiliated entities / other related parties**

	<b>30 June 2022</b>	<b>31 December 2021</b>
Labormed Pharma Trading SRL	8,169,903	5,964,175
Labormed Pharma SA	2,156,950	710,727
Solacium Pharma SRL	2,288,407	1,379,723
Zentiva K.S.	18,378,449	605,503
Zentiva Group A.S	-	13,168,245
Zentiva Pharma GMBH	318,530	366,618
Zentiva Italia	1,208	196,329
Zentiva Private LTD	4,046,534	-
<b>Total</b>	<b>35,359,981</b>	<b>22,391,059</b>

**Information regarding the transactions with the affiliated entities and other related parties****➤ Sales of goods and services**

	<b>30 June 2022</b>	<b>30 June 2021</b>
Labormed Pharma Trading SRL	12,509,785	1,001,401
Labormed Pharma SA	1,205,714	629,729
Solacium Pharma SRL	4,021,453	1,574,109
Zentiva K.S.	160,228,209	133,161,767
Zentiva Group A.S.	4,310,113	-
<b>Total</b>	<b>182,275,275</b>	<b>136,367,006</b>

**➤ Purchase of goods and services**

	<b>30 June 2022</b>	<b>30 June 2021</b>
Labormed Pharma Trading SRL	2,237,682	10,631,700
Labormed Pharma SA	1,446,222	1,816,904
Solacium Pharma SRL	908,684	2,197,327
Zentiva K.S.	60,077,266	42,753,230
Zentiva Group A.S.	38,424,017	27,346,910
Zentiva Italia	78,236	137,698
Zentiva Private LTD	575,266	2,058,336
<b>Total</b>	<b>103,747,373</b>	<b>86,942,105</b>

**ZENTIVA S.A.****Notes to the Financial Statements****For the period ended June 30, 2022***(all amounts are expressed in RON, unless specified otherwise)*

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**NOTE 15: FINANCIAL RATIOS**

<b>Ratio Name</b>	<b>Formula</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
Current Liquidity Ratio	Current Assets / Current Liabilities	5.9	3.7
Indebtedness Ratio	Long Term Debt / Shareholders' Equity x 100	0%	0%
Debtors Days Ratio	Average Customers Balance / Turnover x 180	55	131
Assets Turnover Ratio	Turnover / Non Current Assets	1.5	1.4

The current liquidity ratio has increased compared to the same period last year. As of June 30, 2022, the current liquidity indicator is 5.9 (June 30, 2021: 3.7)

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 decrease of receivables balance with related parties.

**NOTE 16: EVENTS OCCURRING AFTER THE REPORTING PERIOD**

Extraordinary geopolitical tensions, caused by the military invasion of the Ukraine on February 24th, 2022, escalating energy prices, international sanctions imposed on Russia and numerous adjacent uncertainties may adversely affect various sectors of the economy. The Company does not have direct exposures to related parties and/or key customers or suppliers from countries involved in the military conflict. The Company regards these events as non-adjusting events after the reporting period the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence. Although neither the Company's performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, the Company's management continues to monitor the evolving situation and is analyzing the possible impact on the financial position and results of the Company.

Given the aspects indicated above and the nature of its activity, the Company deems that the preparation of the financial statements as a going concern is not affected.

**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 2022 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 2022 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