



# S.C. ZENTIVA S.A.

## Board of Directors Report *for the 1<sup>st</sup> Semester 2023*

**Report date:** 30.06.2023

- **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 1.92 / share, represents the reference price of the last trading day from semester I 2023
  - **Market capitalization as at June 30, 2023:** RON 1,338,272,717
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## 1. SHARES AND SHAREHOLDERS

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

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

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

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

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

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

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

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

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

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

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

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



## 1. SHARES AND SHAREHOLDERS (continued)

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

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

The synthetic shareholding structure as of June 30, 2023 remained identical to the one as of December 31, 2022 respectively:

Shareholding structure	30 June 2023 (%)	31 December 2022 (%)
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 Al Sirona Bidco s.r.o., the latter being the sole shareholder of Zentiva Group a.s. Following the merger, the company Zentiva Group a.s. ceased to exist, its entire assets being transferred to the company Al Sirona Bidco s.r.o., which, as of December 31st, 2019, also changed its legal form from a limited liability company ("s.r.o.") to a joint stock company ("a.s."), as well as the name from Al Sirona Bidco s.r.o. to Zentiva Group a.s.*

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

The market capitalization of Zentiva SA shares as at June 30, 2023 is in amount of RON 1,338,272,717 (December 31, 2022: 1,352,213,058).

As of June 30, 2023 the price per share amounted to RON 1.92 / share (December 31, 2022: RON 1.94 / share).

As of June 30, 2023, the Company has net assets of RON 1,071,705,802 which represents more than 50% of the share capital of RON 69,701,704 (as of December 31, 2022, the Company had net assets of RON 999,354,559 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 30.06.2023 compared to the period ended 31.12.2022 is presented as follows:

Balance Sheet (RON)	30 June 2023	31 December 2022	Variation	Variation (%)
Total tangible and intangible assets	267,297,214	272,322,135	(5,024,921)	-2%
Total inventories	170,300,908	173,060,231	(2,759,323)	-2%
Total receivables	346,519,304	165,089,137	181,430,167	21%
Cash and cash equivalent	23,560,126	11,190,679	12,369,447	111%
Deposit Intercompany	565,242,353	583,511,187	(18,268,834)	-3%
Current liabilities	270,767,259	174,185,032	96,582,227	55%
Total assets less current liabilities	1,102,152,646	1,030,988,338	71,164,308	7%
Total shareholders' equity	1,071,705,802	999,354,559	72,351,244	7%

- ◆ On June 30, 2023 trade receivables increased by 21% compared to the end of the previous year mainly due to the increased turnover;
- ◆ The company's cash and cash equivalents increased by 111% as at June 30, 2023 compared to the end of the year 2022;
- ◆ Current liabilities increased on 30.06.2023 compared to the end of the previous year by 55%, due to the increase in liabilities to affiliated entities;
- ◆ Shareholders equity increased by 72.4 mil lei (+7%), representing the profit of the first semester 2023.

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

Profit & Loss Account (RON)	1 January – 30 June 2023	1 January – 30 June 2022	Variation	Variation (%)
Net turnover	450,606,624	362,662,248	87,944,376	24%
Other operating income	356,475	7,361,377	(7,004,902)	-95%
Operating expenses - Total	385,784,085	340,676,765	45,107,320	13%
Operating profit	65,179,014	29,346,860	35,832,154	122%
Financial profit	19,982,976	7,439,432	12,543,543	169%
Gross profit	85,161,990	36,786,292	48,375,697	132%
Corporate tax	12,810,746	5,002,135	7,808,611	156%
Net profit	72,351,244	31,784,157	40,567,087	128%



## 2. ECONOMIC and FINANCIAL ANALYSIS (continued)

The net turnover increased by 24%, from RON 362.7 million in the first semester of 2022 to RON 450.6 million in the first semester of 2023, mainly due to a 38% increase in external sales.

Operating expenses increased by 13%, from RON 340.7 million in the first semester of 2022 to RON 385.8 million in the first semester of 2023.

The variation of operating revenues and expenditures led to a net result for the first half of 2023 of RON 72.4 million compared to RON 31.8 million in the first half of 2022.

### 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 decreased compared to the same period from last year. As of June 30, 2023, the current liquidity indicator is 4.1 (June 30, 2022: 5.9) and the immediate liquidity indicator is 3.5 (June 30, 2022: 4.9).

## 3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2023

ZENTIVA S.A. reports for the first semester of 2023 a turnover of 450.6 MRON, increasing by 24% compared to the same period of the previous year, and a net profit of 72.4 MRON, increasing by 128% compared to the previous period mainly due to the increase in sales of goods (24%) and services (28%) and the increase in the financial result (169%).

In the first 6 months of 2023, the achieved production volume was higher by 6.5 million commercial units than the production volume achieved in the first 6 months of 2022, representing an increase of 9.9%.

The most important achievements of the first semester of 2023 were:

- Increase in sales of goods revenue by 24% compared to the same period of the previous year. Sales on the domestic market increased by 13% and external sales by 38% compared to the same period of the previous year.
- Investments in amount of RON 5.8 million in new production equipment and in the modernization of existing one

### 3.1 Reporting base

As at June 30, 2023, 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, 2023 are not audited.

#### a) Sales – Volumes and amounts

The net turnover as of June 30, 2023 is RON 450,606,624 (June 30, 2022: RON 362,662,248).



### 3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2023 (continued)

The average selling price of Zentiva products (finished goods and goods for resale) per pharmaceutical unit sold in the first half of 2023 was RON 5.35 and RON 4.99 RON in the first half of 2022. The price increase is due to mix of products and price indexation for part of the portfolio.

	30.06.2023	30.06.2022
Sales of goods (million RON)	421.8	340.1
Sold quantity (million units)	78.8	68.2
Average selling price (RON / sold unit)	5.35	4.99

External sales represented in the first half of 2023 51.65% out of total turnover (RON 232.76 million), compared to 46.63% in the first half of 2022 (RON 169.12 million). The external sales of medicines were made through a company part of Zentiva Group (Zentiva k.s.) and were mainly intended for European Union markets.

The percentage of OTC (over-the-counter medicines) products in Zentiva SA sales was 3.6% in the first semester of 2023 versus 4.1% in the first semester of 2022.

The sales by types of products in the first semester of 2023 and first semester of 2022 are presented below:

Product type	S1 2023	S1 2022
Ethical (Rx)	96.4%	95.9%
OTC	3.6%	4.1%

#### b) Operating Expenses

Description	Million RON		Variation	
	June 2023	June 2022	%	Mill RON
<b>Operating expenses, out of which:</b>	<b>385.8</b>	<b>340.7</b>	<b>13%</b>	<b>45.1</b>
Raw materials, materials and merchandise (including consumables)	234.4	190.9	23%	43.5
Personnel benefit expenses	78.9	63.9	23%	15.0
Depreciation, amortization and provisions for tangible and intangible assets	14.8	13.3	12%	1.5
Other operating expenses (including marketing expenses and inventory movement)	57.7	72.6	-21%	-15.0
<b>Turnover</b>	<b>450.6</b>	<b>362.7</b>	<b>24%</b>	<b>87.9</b>
<b>Other operating revenues</b>	<b>0.4</b>	<b>7.4</b>	<b>-95%</b>	<b>-7.0</b>

**Expenses for raw materials, materials and merchandise** have increased by 23% 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 benefit expenses** increased by 23% in the first semester of 2023, respectively by RON 15.0 million; the number of employees was 952 at the end of June 2023 and 852 at the end of June 2022. The increase in labor costs was influenced by the internalization of employees from an external workforce supplier, but also by the increase in the employee number and by the annual indexation of wages according to Company's policy.

**Other operating expenses** decreased by RON 15.0 million compared to the first semester of 2022, mainly due to the decrease in expenses related to the factoring agreement and in the expenses with the support services received from the group.



### 3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2023 (continued)

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

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

#### c) Cash availability

The Company's cash available at the end of 1st semester 2023 consists mainly of cash in banks and cash on hand in amount of RON 23.6 million (31 December 2022: RON 11.2 million).

#### d) Cash Pooling - Intercompany receivable

In 2022 and 2021 the Company participated in a cash pooling agreement with AI Sirona (Luxembourg) Acquisition SARL (the ultimate parent entity of Zentiva Group, a.s.). Through the cash pooling arrangements AI Sirona (Luxembourg) Acquisition SARL manages centrally the surplus cash and the short-term liquidity needs of the subsidiaries. The cash deposits/drawdowns under the cash pooling agreement are subject to interest rates based on 3M ROBOR rate and applicable mark-up based on valid Group transfer pricing policy.

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, 2023 the balance of cash pooling deposit is 565,242,353 RON (December, 31 2022: 583,511,187 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 exited Sanofi Group, the distribution activity on local market was ensured by Romanian distribution companies.

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





### 3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2023 (continued)

#### 3.3 Selection policy for suppliers of raw materials

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

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

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

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

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

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

#### 3.5. Information about personnel

The number of Zentiva employees as of June 30, 2023 was 952 (December 31, 2022: 884 employees).

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

#### 3.6. Information about Company's environmental policy

The following regulatory documents related to environmental protection were applicable in Semester I 2023:

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

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

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

#### 3.7. Research and Development Activity

The R&D expenses for the first semester of 2023 were RON 4.5 million vs. RON 1.6 million in the first half of 2022, and consist in activities linked to the transfer of products. For 2023, R&D expenses are forecasted at RON 8.8 million.

#### 3.8. Investment activity

In first semester of 2023, the Company's investment expenses amounted RON 5.8 million. The objectives of the investment program, which will be continued in 2023 are to maintain the Good Manufacturing Practice Guidelines and the update technologies in line with the international quality and environmental standards,





and to extend the product portfolio and of the new forms of packaging. The investments provided in 2023 budget is RON 20.3 million (EUR 4.1 million).

### 3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2023 (continued)

#### 3.9 Related party disclosures

Details about related parties:

<u>Company name</u>	<u>Nature of relation</u>	<u>Transaction type</u>	<u>Country of origin</u>	<u>Registered office</u>
AI Sirona 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
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 2023</b>	<b>31 December 2022</b>
Labormed Pharma Trading SRL	3.985.286	15.382.705
Labormed Pharma SA	5.570.220	3.098.789
Zentiva K.S.	128.710.181	272.196
Zentiva Group A.S.	8.631.425	725.459
Zentiva Pharma UK Limited	18.645	18.645
Zentiva Private LTD	(7.372)	(1.985)
<b>Total</b>	<b>146.908.385</b>	<b>19.495.809</b>
Zentiva Group A.S. – avansuri platite	-	11.736.473
<b>Total</b>	<b>146.908.385</b>	<b>31.232.281</b>

  

AI Sirona (Luxembourg) Acquisition S.à.r.l	565.242.353	583.511.187
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### 3. COMPANY'S ACTIVITY IN THE 1st SEMESTER of 2023 (continued)

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

	30 June 2023	31 December 2022
Labormed Pharma Trading SRL	15.928.262	10.972.707
Labormed Pharma SA	2.879.611	1.718.903
Zentiva K.S.	103.761.503	12.428.076
Zentiva Group A.S	10.069.494	6.845.584
Zentiva Pharma GMBH	324.326	323.281
Zentiva Italia	310.796	229.627
Zentiva Private LTD	1.043.295	380.511
Al Sirona (Luxembourg) Acquisition S.à.r.l	59.561	69.462
<b>Total</b>	<b>134.376.848</b>	<b>32.968.150</b>

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

#### ➤ Sales of goods and services

	30 June 2023	30 June 2022
Labormed Pharma Trading SRL	16.315.741	12.509.785
Labormed Pharma SA	2.049.464	1.205.714
Solacium Pharma SRL	-	4.021.453
Zentiva K.S.	202.453.128	160.228.209
Zentiva Group A.S	8.104.222	4.310.113
<b>Total</b>	<b>228.922.555</b>	<b>182.275.275</b>

#### ➤ Purchase of goods and services

	30 June 2023	30 June 2022
Labormed Pharma Trading SRL	3.980.890	2.237.682
Labormed Pharma SA	947.213	1.446.222
Solacium Pharma SRL	-	908.684
Zentiva K.S.	76.763.207	60.077.266
Zentiva Group A.S.	30.028.194	38.424.017
Zentiva Italia	79.188	78.236
Zentiva Private LTD	1.125.197	575.266
<b>Total</b>	<b>112.923.889</b>	<b>103.747.373</b>

### 4. COMPANY'S MANAGEMENT

#### 4.1. Board of Directors

As of June 30, 2023 the Board of directors had the following composition

- Simona Cocos - Member of the Board - starting with February 2010, and Chairman of the Board – starting with August, 2021;
- Margareta Tanase - Member of the Board - starting with March 2010;
- Kenneth Lynard - Member of the Board - starting with October 2019;
- Alin Briciu - Member of the Board - starting with February 2023;
- Francois Noel Marchand – Independent Member of the Board - starting with February 2017.



## 4. COMPANY'S MANAGEMENT (continued)

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

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

### 4.2. Executive Management

As of June 30, 2023 the executive management member is:

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

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

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

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

## 5. COMPANY'S EXPOSURE TO RISKS

### Price risk

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

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

The Company did not purchase own shares.

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

### Market risk

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



## 5. COMPANY'S EXPOSURE TO RISKS (continued)

### **Interest rate risk**

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

On 30 June 2023, the Company has no loans received and has a cash pooling agreement with the parent company, at a variable interest rate (as detailed in Note 9 and it has a debit balance as at 30 June 2023 and 31 December 2022).

### **Foreign currency risk**

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

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

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

### **Capital management**

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes of managing capital during the financial years ended 30 June 2023 and 31 December 2022.

### **Credit risk**

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

### **Trade receivables**

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

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

The impairment indicators are analyzed at each reporting date.

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

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



## 5. COMPANY'S EXPOSURE TO RISKS (continued)

### Financial instruments and cash deposits

The credit risk from the balances with banks and financial institutions is managed by the treasury department of the Company, in accordance with the Company's policies. The maximum exposure of the Company to the credit risk for the components of the statement of financial position at 30 June 2023 is the carrying amounts as illustrated in Note 8 and Note 9.

### Liquidity risk

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

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

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

## 6. CONTINGENCIES

### Legal claims

As of June 30, 2023, 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. As of June 30, 2023, the Company is involved in a single litigation, which is ongoing against CNAS, namely- case file no. 7592/2/2020 - for Q1 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.

\*the judgment in case no. 7592/2/2020 is suspended following the referral to the Constitutional Court of Romania, with the exception of unconstitutionality of the provisions of the phrase "*starting with the first quarter of 2020*" in para. 1 of Art. 37 of OUG nr. 77/2011. On June 30, 2023, the file registered with the Constitutional Court of Romania under no. 665D/2022 was in the reporting phase.

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.

- 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.



## 6. CONTINGENCIES (continued)

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.

On May 29, 2023, the Bucharest Court's ruling was communicated at Zentiva's procedural headquarters. Through this solution, Alpha Transcord SRL's claims, amounting to approximately EUR 22,000, were partially admitted, based on the expert report administered during the procedure. The court also ordered the applicant to pay the Company RON 72,655 (approx. EUR 14,600) as legal costs.

Alpha Transcord SRL appealed against the above-mentioned solution on June 22, 2023. Alpha Transcord SRL requests the partial annulment of the sentence so that the Company is obliged to pay the entire amount of approximately EUR 450,000 and the rejection of the court costs requested by the Company (considered excessive and illegal granted by the court).

The company filed a complaint for appeal request filed by Alpha Transcord SRL on July 24, 2023.

- In August 2022, the company Novartis AG filed a permanent injunction for the Company, by which Novartis AG demanded Zentiva to refrain from any act infringing the patent EP 3103448 for Gilenya® products. Specifically, Novartis AG requested Zentiva: (i) to cease any act of commercial exploitation of the product "Fingolimod Zentiva 0.5 mg" and other related products; (ii) to withdraw from the Romanian market all products/related products; (iii) to destroy all products/related products; (iv) to publish the court decision within the top three national newspapers (in terms of readership) and (v) to pay the costs related to the litigation.

At the first hearing set on 13 December 2022, Novartis AG filed a modification request to amend their claim according to the limitation request they described in the statement of defense [i.e., Novartis requested the court (i) to take note that Novartis limits the patent RO/EP 3103448 by amending the claims for the purposes set out in the main application and in the statement of defense, (ii) to order the Romanian State Office for Inventions and Trademarks ("OSIM") to publish the patent in the amended form, (iii) to reject Zentiva's arguments and, accordingly, to dismiss the counterclaim for annulment as unfounded, and (iv) to oblige Zentiva to support the costs related to the litigation].

At the hearing set on 14 February 2023, OSIM filed a statement of defense showing the procedural history of the patent and underlied that they would not present arguments regarding the merits of the patent, since it was issued by the European Patent Office ("EPO"). However, OSIM has asked the court to suspend the case until all proceedings relating to EP 448 are completed before the EPO.

At the hearing on April 18, 2023, the Company requested to suspend the proceedings until the final outcome of the proceedings before the EPO is obtained.

Novartis invoked OSIM's lack of standing. The company claimed a lack of interest in this defence and, in the alternative, rejected it as unfounded in light of OSIM's competence and the provisions of Law nr. 64/1991. The court rejected as unfounded the exception of lack of interest and remanded the case for deliberation on OSIM's legal standing. After the hearing, according to information published in the court's file, the court rejected Novartis' plea regarding OSIM's lack of standing.



## 6. CONTINGENCIES (continued)

Within the same deadline, the court questioned the request for suspension, but Novartis filed the decision in file case G 2/21, stating that the suspension of proceedings before the EPO would soon end and asked the court only to postpone the case, not to suspend it. The company argued that the application for postponement should be dismissed because the filing of the judgment in file G 2/21 has no bearing on the case and, in any event, even if a judgment is delivered by the Opposition Division, it is subject to appeal, a suspensive appeal of enforcement, so a suspension will be imposed anyway.

The court postponed the case and the request for suspension will be discussed at the next term, which has been set for September 19, 2023.

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

## 7. OBJECTIVES FOR THE YEAR 2023

For 2023, 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 2023 are:

- To maintain the profitability of the company;
- To enhance the production capacity, by implementing the investment plan for 2022;
- To diversify and enhance Zentiva's presence on various markets and transfer of new products that should be produced locally;
- To increase the volume sales of products on the local market;
- To strengthen our product portfolio through new launches.

## 8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no subsequent events that would affect the Company's financial statements as of June 30, 2023.

**Administrator,**  
Cocos Simona

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





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

**FINANCIAL REPORTING**

**AS AT 30 JUNE 2023**

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**ZENTIVA S.A.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the period ended June 30, 2023**  
*(all amounts are expressed in RON, unless specified otherwise)*

	<u>30.06.2023</u>	<u>30.06.2022</u>
	<b>RON</b>	<b>RON</b>
Revenue from sales of goods	421,774,985	340,129,224
Revenue from rendering of services	28,831,640	22,533,024
<b>Turnover</b>	<b>450,606,624</b>	<b>362,662,248</b>
Other operating income	356,475	7,361,377
Changes in inventories of finished goods and work in progress	11,513,957	5,276,497
Raw materials and consumables used	(234,369,542)	(190,852,259)
Employee benefits expenses	(78,945,076)	(63,926,236)
Depreciation, amortization and impairment	(14,818,738)	(13,268,776)
Marketing and advertising expenses	(4,225,481)	(2,490,660)
Expenses with provisions	(1,324,176)	(329,311)
Other operating expenses	(63,615,028)	(75,086,020)
<b>Operating profit</b>	<b>65,179,014</b>	<b>29,346,860</b>
Financial Income	21,963,807	11,100,123
Financial Expenses	(1,980,832)	(3,660,690)
<b>Profit before tax</b>	<b>85,161,990</b>	<b>36,786,292</b>
Income Tax Expense	(12,810,746)	(5,002,135)
<b>Net profit after tax (A)</b>	<b>72,351,244</b>	<b>31,784,157</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>-</b>	<b>-</b>
<b>Total comprehensive income after tax (A) + (B)</b>	<b>72,351,244</b>	<b>31,784,157</b>
<b>Number of Shares</b>	<b>697,017,040</b>	<b>697,017,040</b>
<b>Earnings per share (RON/share)</b>	<b>0.10380</b>	<b>0.04560</b>

Financial statements for the period ended June 30, 2023 are not audited.

**ZENTIVA S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**For the period ended June 30, 2023**

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

	<b>31.03.2023</b>	<b>31.12.2022</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	209,060,886	212,594,512
Advances for equipment	4,623,451	5,907,878
Right-of-use assets	20,287,596	18,681,887
Goodwill	11,649,100	11,649,100
Customer relationships	18,649,865	20,374,470
Other intangible assets	3,026,316	3,114,287
<b>Total intangible assets</b>	<b>33,325,281</b>	<b>35,137,857</b>
	<b>267,297,214</b>	<b>272,322,135</b>
<b>Current assets</b>		
Inventories	170,300,908	173,060,231
Trade receivables and other receivables	340,860,788	151,446,752
Advances and prepayments	5,658,517	13,642,385
Cash pooling intercompany receivables	565,242,353	583,511,187
Cash and cash equivalents	23,560,126	11,190,679
	<b>1,105,622,690</b>	<b>932,851,234</b>
<b>Total assets</b>	<b>1,372,919,905</b>	<b>1,205,173,370</b>
<b>Equity</b>		
Issued share capital	69,701,704	69,701,704
Share premium	24,964,506	24,964,506
Legal and other reserves	146,399,175	146,399,175
Revaluation reserve	67,069,892	67,069,892
Retained earnings	763,570,526	691,219,282
<b>Total equity</b>	<b>1,071,705,802</b>	<b>999,354,559</b>
<b>Non-current liabilities</b>		
Contract liability	2,329,275	4,282,372
Employee benefit liability	6,161,071	5,947,909
Deferred tax liability	7,191,115	7,138,545
Lease liabilities	13,499,815	12,999,385
Provisions	1,265,568	1,265,568
<b>Total non-current liabilities</b>	<b>30,446,843</b>	<b>31,633,780</b>
<b>Current liabilities</b>		
Contract liability	4,070,598	4,070,598
Trade payables and other payables	213,247,250	115,095,577
Income taxes payable	3,610,375	3,028,357
Short-term lease liability	6,626,185	5,811,596
Other current liabilities	37,399,024	41,593,377
Short-term provisions	5,813,827	4,585,527
<b>Total current liabilities</b>	<b>270,767,259</b>	<b>174,185,032</b>
<b>Total liabilities</b>	<b>301,214,102</b>	<b>205,818,811</b>
<b>Total liabilities and equity</b>	<b>1,372,919,905</b>	<b>1,205,173,370</b>

Financial statements for the period ended June 30, 2023 are not audited.

**ZENTIVA S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**For the period ended June 30, 2023**  
*(all amounts are expressed in RON, unless specified otherwise)*

**CASH FLOW STATEMENT**

	<b>30.06.2023</b>	<b>30.06.2022</b>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	<b>85,161,990</b>	<b>36,786,292</b>
<i>Adjustments for:</i>		
Depreciation and amortization of tangible and intangible assets	14,818,738	13,268,774
Movements in provisions for risks and charges	9,543,003	(2,085,608)
Interest revenues	(19,431,323)	(10,782,509)
Interest expenses	597,266	464,542
<b>Operating profit before working capital changes</b>	<b>90,689,674</b>	<b>37,651,491</b>
Changes in inventories	(4,462,158)	(15,115,626)
Changes in trade, other receivables and advances	(180,145,740)	(22,523,663)
Changes in trade and other payable	93,758,088	6,731,636
Paid income taxes	(12,176,158)	(6,519,521)
<b>Cash generated from operating activities</b>	<b>(12,336,295)</b>	<b>224,317</b>
<b>Cash flows from investment activities:</b>		
Purchase of property, plant and equipment and intangible assets	(5,841,936)	(9,805,639)
Interest (paid) / received	18,834,058	10,317,967
Movements in deposits related parties	17,198,465	(32,782,509)
<b>Net cash used in investing activities</b>	<b>30,190,587</b>	<b>(32,270,181)</b>
<b>Cash flows from financing activities:</b>		
Other financial assets / liabilities	(5,484,845)	(2,659,689)
<b>Net cash from financing activities</b>	<b>(5,484,845)</b>	<b>(2,659,689)</b>
Net increase (decrease) in cash and cash equivalents	<b>12,369,447</b>	<b>(34,705,553)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>11,190,679</b>	<b>62,597,628</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>23,560,126</b>	<b>27,892,075</b>

**ZENTIVA S.A.**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the period ended June 30, 2023**  
*(all amounts are expressed in RON, unless specified otherwise)*

**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Share premium	Reserves	Revaluation reserve	Retained earnings	Total
<b>Opening balance at 01.01.2023</b>	<b>69,701,704</b>	<b>24,964,506</b>	<b>146,399,175</b>	<b>67,069,892</b>	<b>691,219,282</b>	<b>999,354,559</b>
Profit for the year	-	-	-	-	72,351,244	72,351,244
Share capital increase	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-
Other elements of the comprehensive income	-	-	-	-	-	-
Total comprehensive income	69,701,704	24,964,506	146,399,175	67,069,892	763,570,526	1,071,705,802
Reserve for reinvested profit	-	-	-	-	-	-
<b>Closing balance at 30.06.2023</b>	<b>69,701,704</b>	<b>24,964,506</b>	<b>146,399,175</b>	<b>67,069,892</b>	<b>763,570,526</b>	<b>1,071,705,802</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.

**ZENTIVA S.A.****Notes to the Financial Statements****For the period ended June 30, 2023***(all amounts are expressed in RON, unless specified otherwise)*

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**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 2023. The Company is part of a group and is at its turn consolidated in the Group's Financial Statements, the consolidated parent company being Al Sirona (Luxembourg) Acquisition S.a.r.l.



**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
**For the period ended June 30, 2023**  
*(all amounts are expressed in RON, unless specified otherwise)*

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**COMPANY'S MANAGEMENT as at June 30, 2023**

**Board of Directors**

As of June 30, 2023 the Board of directors had the following composition

- Simona Cocos - Member of the Board - starting with February 2010, and Chairman of the Board – starting with August, 2021;
- Margareta Tanase - Member of the Board - starting with March 2010;
- Kenneth Lynard - Member of the Board - starting with October 2019;
- Alin Briciu - Member of the Board - starting with February 2023;
- Francois Noel Marchand – Independent Member of the Board - starting with February 2017.

**Executive Management**

As of June 30, 2023 the Executive management member is:

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

**NOTE 2: BASIS OF PREPARATION OF THE FINANCIAL STATEMENT**

The Company's financial statements have been prepared in accordance with the provisions of Order No. 2844/2016 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 2023, current assets of the Company exceed current liabilities by RON 834,855,431 (on 31 December 2022 current assets exceeded current liabilities by RON 758,666,203).

The budget prepared by the management of the Company and approved by the Board of directors for the year 2023, 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, 2023, compared to the accounting policies presented on December 31, 2022.

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
**For the period ended June 30, 2023**  
*(all amounts are expressed in RON, unless specified otherwise)*

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

**3.1 Revenues**

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

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

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

	<b>1 January – 30 June 2023</b>	<b>1 January – 30 June 2022</b>
Sales - domestic	217,848,626	193,544,260
Sales – external*	232,757,998	169,117,988
<b>Total revenue, of which:</b>	<b>450,606,624</b>	<b>362,662,248</b>
a) Rendering of services	28,831,640	22,533,024
b) Sales of goods, including:	421,774,985	340,129,224

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

**Clawback tax**

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

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

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

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

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

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
**For the period ended June 30, 2023**  
*(all amounts are expressed in RON, unless specified otherwise)*

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

**3.2 Raw material expenses, merchandise, consumables used and utilities**

	Note	1 January – 30 June 2023	1 January – 30 June 2022
Raw materials	a	115,483,552	80,595,445
Merchandise		58,035,934	58,327,731
Packaging materials	b	38,195,424	29,346,047
Auxiliary materials	c	8,116,754	7,404,057
Utilities	d	10,684,476	11,099,302
Other material expenses	e	3,853,403	4,079,677
<b>Total</b>		<b>234,369,542</b>	<b>190,852,259</b>

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

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

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

**NOTE 4: OTHER INCOME / OTHER EXPENSES AND ADJUSTMENTS**

**4.1 Other operating income**

Other operating income	1 January – 30 June 2023	1 January – 30 June 2022
Gain/ (loss) from disposal of assets	22,852	2,542
Other operating income	333,623	7,358,835
<b>Total</b>	<b>356,475</b>	<b>7,361,377</b>

**4.2 Other operating expenses**

	1 January – 30 June 2023	1 January – 30 June 2022
Support services received from Zentiva Group	21,671,970	34,134,502
Repairs	3,548,143	4,065,217
Royalties – Zentiva trademark	1,880,275	2,206,250
Travel expenses	1,622,748	625,610
Write-off of inventories	5,682,634	2,615,103
Taxes, registration fees	1,477,492	1,843,299
Professional fees	901,876	310,583
Other expenses	19,019,209	33,197,939
Net allowance for inventories and receivables	7,810,682	(3,912,482)
<b>Total</b>	<b>63,615,028</b>	<b>75,086,020</b>

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
**For the period ended June 30, 2023**  
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**NOTE 4: OTHER INCOME / OTHER EXPENSES AND ADJUSTMENTS (continued)**

The expenses with support services from the Group include a large variety of services (see below) and have decreased in semester I 2023 compared to the same period from previous year:

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

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

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

**NOTE 5: NON-CURRENT ASSETS**

	Property, plant and equipment	Goodwill	Customer relationships	Right-of-use assets	Intangible assets	Total
<b>Gross value as at 1 January 2023</b>	382,926,649	11,649,100	34,492,101	32,915,121	9,355,232	471,338,203
Additions	5,691,726			5,246,959	150,210	11,088,895
Disposals	(705,824)			(1,424,216)		(2,130,040)
Transfers						
<b>Gross value as at 30 June 2023</b>	387,912,552	11,649,100	34,492,101	36,737,864	9,505,442	480,297,059
<b>Depreciation and impairment as at 1 January 2023</b>	(170,332,137)	-	(14,117,631)	(14,233,233)	(6,240,945)	(204,923,946)
Depreciation in the year	(9,214,701)	-	(1,724,605)	(3,641,251)	(238,182)	(14,818,738)
Disposals	695,172	-	-	1,424,216	-	2,119,388
<b>Depreciation and impairment as at 30 June 2023</b>	(178,851,666)	-	(15,842,236)	(16,450,268)	(6,479,127)	(217,623,296)
<b>Net value as at 1 January 2023</b>	<b>212,594,512</b>	<b>11,649,100</b>	<b>20,374,470</b>	<b>18,681,888</b>	<b>3,114,287</b>	<b>266,414,257</b>
<b>Net value as at 30 June 2023</b>	<b>209,060,886</b>	<b>11,649,100</b>	<b>18,649,865</b>	<b>20,287,596</b>	<b>3,026,316</b>	<b>262,673,763</b>

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
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**NOTE 5: NON-CURRENT ASSETS (continued)**

PROPERTY, PLANT AND EQUIPMENT

Revaluation of land and buildings

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

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

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

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

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

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

The inputs used in the valuation were:

*a. For buildings and special constructions:*

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

*b. For land:*

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

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

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

The total fair value of the measured assets is RON 114,838,475. The sensitivity analysis of the overall value of the valued asset base, performed by using the main inputs under the income approach in the range - / + 1% for the capitalization rate and -3% / + 5% in the degree of vacancy (cumulative sensitivity of the two basic indicators), indicates an interval of RON 108.1m - RON 121.1m.

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
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**NOTE 5: NON-CURRENT ASSETS (continued)**

**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 2022 and respectively as of 31 December 2021 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 value in use following the application of the discounted cash flow method within the income approach, using management's assumptions, namely: future cash flows estimated by the management for 9 years (2023 – 2031) determined taking into account an average annual growth rate of net sales of 7.4% (2021: 3.7%), a perpetuity growth rate of 2.5% (2021:2.5%), operating margin of 4.5% (2021:4.5%) and a WACC of 13.5% for 2023, 14.5% for 2024, 11.6% for 2025 and 10.5% for the period 2026 - 2031 (2021: 10%).

**RIGHT-OF-USE-ASSETS**

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

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

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

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

**INTANGIBLE ASSETS**

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

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

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
**For the period ended June 30, 2023**  
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**NOTE 6: INVENTORIES**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Merchandise	30,899,302	27,880,610
Finished products and semi-finished products	61,047,308	55,002,377
Raw materials	77,573,155	90,332,051
Package materials	26,567,539	18,410,109
<b>Minus:</b>		
Allowance for obsolete inventories	(25,786,397)	(18,564,915)
<b>Total</b>	<b>170,300,908</b>	<b>173,060,231</b>

The Company has no inventories pledged in favor of third parties as of 30 June 2023 and 31 December 2022 respectively.

**NOTE 7: TRADE RECEIVABLES AND OTHER RECEIVABLES / ADVANCES AND PREPAYMENTS**

**Trade receivables and other receivables**

	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Total trade receivables, net, out of which:</b>	<b>339,471,020</b>	<b>148,849,848</b>
Trade receivables *	192,880,130	129,671,535
Trade receivables from related parties	146,908,385	19,495,809
<b>Minus:</b>		
Allowance for doubtful trade accounts receivable	(317,495)	(317,495)
<b>Total other receivables, out of which:</b>	<b>1,389,768</b>	<b>2,596,904</b>
Recoverable taxes	988,516	2,273,005
Sundry debtors	565,542	488,189
<b>Minus:</b>		
Allowance for doubtful other accounts receivable	(164,290)	(164,290)
<b>Total trade receivables and other receivables</b>	<b>340,860,788</b>	<b>151,446,752</b>

	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Advances and prepayments, out of which:</b>		
Advances paid – current	3,111,299	1,128,508
Advances paid to related parties – current	-	11,736,473
Prepaid expenses	2,547,218	777,405
<b>Total advances and prepayments</b>	<b>5,658,517</b>	<b>13,642,385</b>

Starting with January 2019, the Company signed with FactoFrance SA a non-recourse factoring contract to finance the local receivables with the main nine Romanian distributors by buying on a non-recourse basis all the available receivables subject to the maximum limit covered by the Credendo and Coface insurer. The risks and rewards related to the receivables were substantially transferred to a factor and as a result the transferred amount at the transfer date is derecognized, and the factoring fees and related finance costs are recognized at the payment date.

Starting October 2022, the Company decided to stop selling new receivables to FactoFrance. In the period following October 2022, only repayments were made. The debts related to the factoring agreement concluded with FactoFrance SA were fully paid in March 2023.

Trade receivables are not interest-bearing and are generally on 60 - 120 days terms (2022: 60 - 120 days terms).



**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
**For the period ended June 30, 2023**  
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**NOTE 7: TRADE RECEIVABLES AND OTHER RECEIVABLES / ADVANCES AND PREPAYMENTS**  
**(continued)**

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

	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Opening Balance</b>	<b>(481,785)</b>	<b>(3,375,700)</b>
Increases during the year	-	(858,355)
Reversals during the year	-	3,752,270
<b>Closing Balance</b>	<b>(481,785)</b>	<b>(481,785)</b>

**NOTE 8: CASH AND CASH EQUIVALENTS**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Cash at banks and on hand	23,560,126	11,190,679
<b>Total</b>	<b>23,560,126</b>	<b>11,190,679</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.

As of 30 June 2023, the Company had letters of guarantee issued in favor of third parties amounting to RON 19,105 (2022: RON 8,355,901).

As of 30 June 2023 and 31 December 2022 respectively, the Company has an unused credit facility of RON 10,000,000 at BNP Paribas. The interest rate is 1-month ROBOR + 1.30% pa.

**NOTE 9: CASH POOLING INTERCOMPANY RECEIVABLE**

In 2022 and 2021 the Company participated in a cash pooling agreement with AI Sirona (Luxembourg) Acquisition SARL (the ultimate parent entity of Zentiva Group, a.s.). Through the cash pooling arrangements AI Sirona (Luxembourg) Acquisition SARL manages centrally the surplus cash and the short-term liquidity needs of the subsidiaries. The cash deposits/drawdowns under the cash pooling agreement are subject to interest rates based on 3M ROBOR rate and applicable mark-up based on valid Group transfer pricing policy.

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, 2023 the balance of cash pooling deposit is RON 565,242,353 (December, 31 2022: RON 583,511,187).

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
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**NOTE 10: ISSUED CAPITAL AND RESERVES**

**Share Capital**

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>Number</b>	<b>Number</b>
Ordinary shares subscribed capital	697,017,040	697,017,040

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>RON / share</b>	<b>RON / share</b>
Ordinary shares nominal value	0.1	0.1

	<b>30 June 2023</b>	<b>31 December 2022</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, 2023 and December 31, 2022.

**Redeemable shares**

The company does not own redeemable shares on June 30, 2023 and December 31, 2022.

**Bonds**

The company does not have bonds issued on June 30, 2023 and December 31, 2022.

**Shareholding structure**

	<b>30 June 2023 (%)</b>	<b>31 December 2022 (%)</b>
Zentiva Group AS	95,9486	95,9486
Other minority shareholders	4,0514	4,0514
	<b>100%</b>	<b>100%</b>

**Reserves**

<b>Total other reserves included in the capital components:</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
Legal reserves	13,940,341	13,940,341
Other reserves (other funds)	132,458,834	132,458,834
Revaluation reserves	67,069,892	67,069,892
Retained earnings	763,570,526	691,219,282
<b>Total other reserves</b>	<b>977,039,593</b>	<b>904,688,349</b>

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
**For the period ended June 30, 2023**  
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**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 2023</b>	-	<b>3,583,810</b>	<b>1,265,568</b>	<b>1,001,717</b>	<b>5,851,095</b>
Increase	-	-	-	1,228,300	1,228,300
Reversal	-	-	-	-	-
<b>On 30 June 2023</b>	-	<b>3,583,810</b>	<b>1,265,568</b>	<b>2,230,017</b>	<b>6,251,095</b>
Current	-	3,583,810	-	2,230,017	5,813,827
Long term	-	-	1,265,568	-	1,265,568

***Tax provisions***

As of June 30, 2023, the company has a provision for the potential taxes and charges differences which might be determined by the tax authorities following a full tax check, in the context of multiple legislative changes, in the amount of RON 3,583.810 (31 December 2022 : RON 3,583.810).

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

***Environmental provisions***

Environmental provisions were reassessed by specialists during 2021, so that the provision as of December 31, 2022 and June 30, 2023 is in amount of RON 1,265,568. This represents expenses related to ecological rehabilitation and soil and underground water monitoring.

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

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

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

Benefits granted upon retirement:

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

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

- Up to 10 years in the Company, ½ average gross salary at company level;
- 10 - 20 years within the Company, 1 average gross salary at company level;

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
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**NOTE 12: PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

- 20 - 30 years within the Company, 2 average gross salary at company level;
- Over 30 years within the Company, 3 average gross salaries at company level.

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

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

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

Provisions for pensions and other similar obligations are estimated based on the collective labor agreement of the Company by a third-party specialist. As of June 30, 2023 and December 31, 2022 these provisions are in total amount of RON 6,161,071, respectively RON 5,947,909.

**NOTE 13: TRADE PAYABLES AND OTHER PAYABLES**

**Trade payables and other payables**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Trade payables	78,870,402	82,127,427
Trade payables to affiliated companies	134,376,848	32,968,150
Other liabilities	-	-
<b>Total</b>	<b>213,247,250</b>	<b>115,095,577</b>

**Other current liabilities**

	<b>30 June 2023</b>	<b>31 December 2022</b>
Wages and salaries payable	14,770,640	16,727,645
Social security contributions for salaries	4,801,950	5,341,031
Claw back tax	11,898,089	13,091,407
Other taxes	2,454,681	2,796,582
Other liabilities	3,473,663	3,636,712
<b>Total</b>	<b>37,399,024</b>	<b>41,593,377</b>

**ZENTIVA S.A.**  
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**NOTE 14: 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>Registe red office</u>
Al Sirona (Luxembourg) Acquisition S.à.r.l	Parent of Zentiva Group AS	Holds cash pooling	Luxembourg	Luxembourg
Labormed Pharma Trading SRL (former Alvogen Romania SRL)	Company under common control	Sale of goods and services	Romania	Bucharest
Labormed Pharma SA	Company under common control	Provision of services	Romania	Bucharest
Solacium Pharma SRL	Company under common control	Provision of services	Romania	Bucharest
Zentiva Group A.S.	Majority shareholder	Purchases /revenue from services	Czech Republic	Prague
Zentiva Italia	Company under common control	Purchases of goods	Italy	Milan
Zentiva, K.S.	Company under common control	Purchases/ Sale of goods and provision of services	Czech Republic	Prague
Zentiva Pharma GMBH	Company under common control	Purchases/ Sale of goods and provision of services	Germany	Frankfurt
Zentiva Private LTD	Company under common control	Purchases of goods	India	Mumbai
Zentiva Pharma UK Limited	Company under common control	Provision of services	UK	London

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

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

	<b>30 June 2023</b>	<b>31 December 2022</b>
Labormed Pharma Trading SRL	3,985,286	15,382,705
Labormed Pharma SA	5,570,220	3,098,789
Zentiva K.S.	128,710,181	272,196
Zentiva Group A.S.	8,631,425	725,459
Zentiva Pharma UK Limited	18,645	18,645
Zentiva Private LTD	(7,372)	(1,985)
<b>Total</b>	<b>146,908,385</b>	<b>19,495,809</b>
Zentiva Group A.S. – advances paid	-	11,736,473
<b>Total</b>	<b>146,908,385</b>	<b>31,232,281</b>
Al Sirona (Luxembourg) Acquisition S.à.r.l	565,242,353	583,511,187

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
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**NOTE 14: RELATED PARTIES (continued)**

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

	<b>30 June 2023</b>	<b>31 December 2022</b>
Labormed Pharma Trading SRL	15,928,262	10,972,707
Labormed Pharma SA	2,879,611	1,718,903
Zentiva K.S.	103,761,503	12,428,076
Zentiva Group A.S	10,069,494	6,845,584
Zentiva Pharma GMBH	324,326	323,281
Zentiva Italia	310,796	229,627
Zentiva Private LTD	1,043,295	380,511
Al Sirona (Luxembourg) Acquisition S.à.r.l	59,561	69,462
<b>Total</b>	<b>134,376,848</b>	<b>32,968,150</b>

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

➤ **Sales of goods and services**

	<b>30 June 2023</b>	<b>30 June 2022</b>
Labormed Pharma Trading SRL	16,315,741	12,509,785
Labormed Pharma SA	2,049,464	1,205,714
Solacium Pharma SRL	-	4,021,453
Zentiva K.S.	202,453,128	160,228,209
Zentiva Group A.S	8,104,222	4,310,113
<b>Total</b>	<b>228,922,555</b>	<b>182,275,275</b>

➤ **Purchase of goods and services**

	<b>30 June 2023</b>	<b>30 June 2022</b>
Labormed Pharma Trading SRL	3,980,890	2,237,682
Labormed Pharma SA	947,213	1,446,222
Solacium Pharma SRL	-	908,684
Zentiva K.S.	76,763,207	60,077,266
Zentiva Group A.S.	30,028,194	38,424,017
Zentiva Italia	79,188	78,236
Zentiva Private LTD	1,125,197	575,266
<b>Total</b>	<b>112,923,889</b>	<b>103,747,373</b>

**ZENTIVA S.A.**  
**Notes to the Financial Statements**  
**For the period ended June 30, 2023**  
*(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>30 June 2023</b>	<b>30 June 2022</b>
Current Liquidity Ratio	Current Assets / Current Liabilities	4.1	5.9
Indebtedness Ratio	Long Term Debt / Shareholders' Equity x 100	0%	0%
Debtors Days Ratio	Average Customers Balance / Turnover x 90	98	55
Assets Turnover Ratio	Turnover / Non Current Assets	1.7	1.5

The current liquidity ratio has decreased compared to the same period last year. As of June 30, 2023, the current liquidity indicator is 4.1 (June 30, 2022: 5.9)

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 increased compared to the same period from last year, especially due to the termination of the factoring agreement.

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

There were no subsequent events that would affect the financial statements of the Company as of June 30, 2023.

**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 2023 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 2023 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