

**Annual Report of the Board of Directors
for the fiscal year 2019**

Reported date: 31/12/2019

- **ZENTIVA S.A.**
- **Registered office:** 50, Theodor Pallady Blvd., Bucharest
- **Phone / Fax:** 021.304.72.00, 021.304.75.00 / 021.345.40.04
- **No. and registration date with the Trade Register Office:** J40/363/1991
- **Tax Identification Number:** RO 336206
- **Class, type, no. and main characteristics of securities:** 697,017,040 dematerialized class I stocks;
- **Regulated market wherein trading is performed:** Bucharest Stock Exchange;
- **Market value:** RON / stock 3.2 representing the reference price on the last trading day in 2019;

Market capitalization as at the 31 December 2019: RON 2,230.45 million.

1. STOCKS 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 stocks of Venoma.

In October 2005, Zentiva NV made a public offer regarding the purchase of the stocks of the issuer Sicomed SA, denominated afterwards Zentiva SA, for the amount of RON / stock 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 stocks of the issuer Zentiva SA, for the amount of RON/stock 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 Al Sirona BidCo s.r.o. (100% owned and controlled by Al Sirona (Luxembourg) Acquisition S. à r.l., a company which is entirely owned by Al 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 2018, 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. 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.

1. STOCKS AND SHAREHOLDERS (continued)

Following the share capital increase, the synthetic shareholding structure as of 31 December 2019, in comparison with the shareholding structure as of 31 December 2018 was the following:

Shareholding structure	31 December 2018 (%)	31 December 2019 (%)
Zentiva Group a.s.*	93.2295	95.9486
Other minority shareholders	6.7705	4.0514
Total	100	100

Source: Central Depository

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

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

Out of the total number of 697,017,040 shares, 696,833,149 shares are being traded on the capital market, the rest of 183,891 shares being held by Zentiva SA.

The Company did not trade its own stocks during the year 2019.

The market capitalization of the Zentiva SA stocks as at the 31 December 2019 amounted to million RON 2,230

As of 31 December 2019 the stock price amounted to RON / share 3.2.

As of 31 December 2019, the Company has net assets of RON 701,999,918 which represents more than 50% of the share capital of RON 69,701,704 (as of 31 December 2018, the Company had net assets of RON 630,692,665 which represented more than 50% of the share capital of RON 41,696,115) which is in compliance with the requirements of Romanian Company Law no. 31/1990, as amended and supplemented (the "Company Law").

As of 31 December 2019, the Company has a set aside as legal reserve RON 2,704,670 from the 2019 profit since it is a legal requirement to transfer 5% of the yearly profits to the legal reserve until their balance equals at least 20% of the share capital.

Company mergers and re-organizations

In 2019 the Company did not undergo any mergers or re-organizations.

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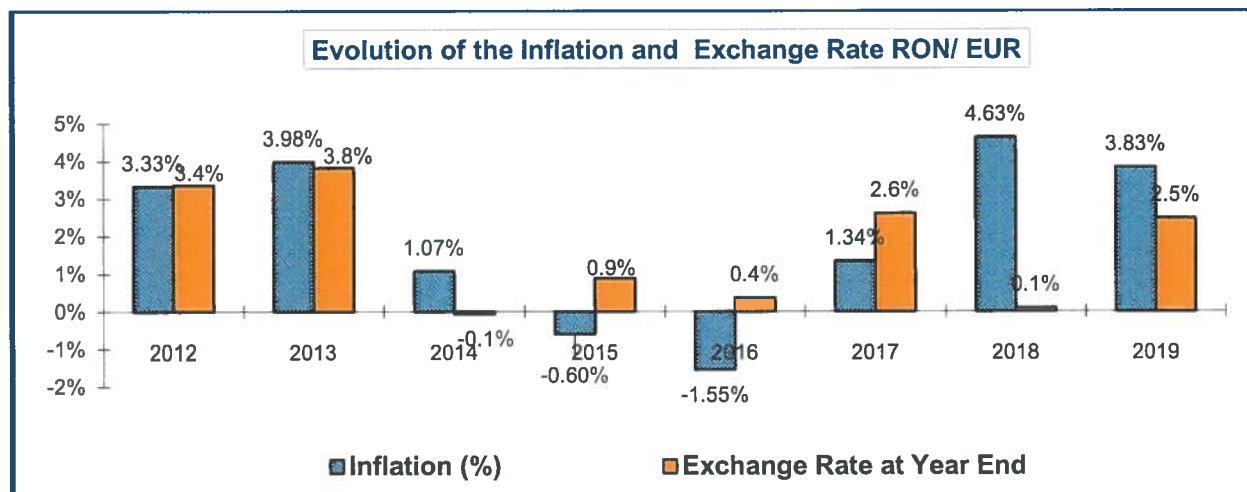
Trade Register
number: J40/363/1991
Fiscal Code 336206

Bank: Citibank Romania
IBAN RO63CITI 0000 0008 2476 6002 for RON
IBAN RO13CITI 0000 0008 2476 6029 for USD
IBAN RO 88CITI 0000 0008 2476 6037 for EUR

2. ECONOMIC & FINANCIAL ENVIRONMENT

Evolution of the macroeconomic indicators in Romania

The inflation rate underwent significant fluctuations, from 3.3% in 2012, to 3.8% in 2019. In the year 2019 the national currency depreciated in relation to EUR by 2.5%, from RON / EUR 4.6639 at 31 December 2018 to RON / EUR 4.7793 at 31 December 2019:



Source: National Institute of Statistics and NBR

Pharmaceutical industry

The Romanian pharmaceutical market, including prescription and over-the-counter medicines, had in 2019 a double-digit growth rate of 14.7% (in value) versus the previous year, thus reaching the level of EUR 4,214 million (Source: IQVIA Report from December 2019).

At the same time, the Romanian generics market grew by 18.6% in value, reaching the level of EUR 780 million.

3. COMPANY'S ACTIVITY IN THE YEAR 2019

The results obtained by Zentiva SA during 2019 are owed both to the Company's industrial performance and to an adequate commercial strategy.

In 2019, the achieved production volume was higher with 3.78 million commercial units than the production realized in 2018, representing a growth of 3.8%.

The Company ended the year 2019 with a net profit of RON 43,750,672.

The most important achievements in 2019 were the following:

- Successfully finalizing the transfer of another 7 products to be locally manufactured;
- Exports represented 58% of the 2019 production plan (61.1 million commercial units). Goods were primarily exported to European market (Germany, France, Czech Republic, etc.). In terms of turnover, exports represented 40% of total (219 million RON out of a turnover of 559 million RON)

3. COMPANY'S ACTIVITY IN THE YEAR 2019 (continued)

- Investments totaling RON 24.9 million (5.3 million EUR) for new manufacturing equipment, upgrading the existing equipment.

3.1. Reporting base

As at the 31 December 2019, Zentiva SA prepared financial statements in accordance with 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 supplements in force.

a. Sales – Volumes and amounts

The net turnover amounts to RON 559,007,373 as of 31 December 2019 (2018: RON 461,405,231).

The average price per unit of goods sold (finished goods and goods for resale) was RON 4.42 in 2019 (RON 4.37 in 2018), the increase being due to product and packing form mix

	2018	2019
Sales of goods (million RON)	425,8	541,2
Sold quantity (million units)	97,3	122,4
Average sales price (RON / sold unit)	4,37	4,42

Source: Zentiva, Financial Statements Report, note 5

Exports represented 40% out of total 2019 turnover (RON 219 million), compared with 59% in 2018 (RON 252 million). The export sales were made through Zentiva k.s. (part of Zentiva Group). They were mainly destined for European Union markets.

The percentage of OTC products within Zentiva SA (over-the-counter medicines) from the total sales represented 5% in 2019 versus 11% in the previous year.

The sales by types of products 2018 – 2019 are presented below:

Product type	2018	2019
Ethical	89%	95%
OTC	11%	5%

3. COMPANY'S ACTIVITY IN THE YEAR 2019 (continued)

b. Operating expenses

	Million RON		Variation	
	2018	2019	%	Mil RON
Operating expenses, out of which:	415,0	514.1	24%	99.1
Raw materials, consumables and goods	227,9	284.4	25%	56.5
Personnel expenses	63,2	82.8	31%	19.6
Depreciation and provisions; adjustments for impairment losses	12,1	19.8	64%	7.7
Other operating expenses	111,7	127.05	14%	15.3
Turnover	461,4	559.01	21%	97.6
Other operating revenues	263,9	1.80	-99%	-262.1

Expenses with raw materials, consumables and goods increased by 25% in 2019 comparing to year 2018 due to turnover increase, currency depreciation and mix of products sold (finished goods from local portfolio and trading goods purchased from other producers).

Zentiva's policy is to permanently look for suppliers of high quality raw materials. The Quality Assurance Department carries out sustained assessments of prospect manufacturers, and also of the existing ones. The envisaged aspects are both the quality documentation supplied by them, which is necessary for authorization purposes and the quality of the supplied products, along with their behavior during the operating process.

Personnel expenses increased by 31% in 2019, respectively by RON 19.6 million; the number of employees counted 751 at the end of 2019 and 578 at the end of 2018. Increased labor costs were influenced by the increase of turnover, by the annual indexation of wages employees according to Company's policy and also by internalization of employees from an external workforce supplier.

Other operating expenses increased by RON 15.5 million comparing to year 2018. The main reasons for this increase are higher services costs invoiced by Zentiva Group following the separation from Sanofi, higher costs for production equipment maintenance and higher costs for R&D.

R&D expenses, represented by activities related to transfer of products, which were incurred in the year 2019 amounted RON 9.29 million (RON 7.72 million in 2018).

Other operating revenues in 2019 of RON 1.8 million are far lower than previous years, as in 2018 there was a transfer of intellectual properties (IP) related to 5 product families of the type "CHC", based on the sales contract signed on the 1 September 2018 between Zentiva SA and Sanofi Group with the sum of RON 249,022,981 (representing the equivalent of the sum of EUR 53,485,466).

3. COMPANY'S ACTIVITY IN THE YEAR 2019 (continued)

The Company's cash at bank at the end of 2019 amounted to RON 388.5 million while as of 31 December 2018 were RON 405.1 million consisting of: deposits- cash pooling – RON 380.0 million (2018: RON 369.8 million); advance for payment of dividends made toward to Central Depository in amount of RON 0.9 million (2018: RON 0.9 million) and cash at banks and cash on hand in amount of RON 7.6 million (2018: RON 35.3 million).

Starting with September 2013, the Company concluded a cash pooling agreement with Sanofi SA France.

On the 21 September 2018, before the signing of the contract between Sanofi and Advent International NV regarding the sale for the European Generics Business of Sanofi, the cashpooling agreement between Zentiva SA and Sanofi SA France was transferred to Zentiv Group a.s. According to the contractual provisions, the interest rate applied is ROBOR + 15bp if the Company borrows ROBOR - 5bp respectively, if it makes deposits.

At the transfer date, the cash pooling account showed a debit position of 154.410.753 RON (the interest for the period 1 January – 21 September 2018 was 2.765.388 RON)

The interest received in 2019 from cash pooling was RON 11,150,271 (2018 interest received was RON 5,964,457). Details are available in note 6.4 from the financial statements.

3.2. Portfolio of products and distribution market

The portfolio of products of Zentiva SA includes 144 products for human use, as solids (tablets, capsules, and pellets) and injectable solutions.

a. Up to 27 September 2018, the distribution activity on local market 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. The firm belongs to Zentiva Group, which has production facilities in the Czech Republic and Romania. The export sales 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.

For the year 2020, investments in tangible assets are envisaged, amounting to EUR 4.4 million related to increase of production capacity, upgrading of production equipment's and premises, quality and environmental compliance.

3.3. Selection policy for suppliers of raw materials

The policy of Zentiva SA involves the permanent search for suppliers of high quality raw materials.

The Quality Assurance Department carries out sustained assessments of prospect manufacturers, and also of the existing ones. The envisaged aspects are both the quality documentation supplied by them, which is necessary for authorization purposes and the quality of the supplied products, along with their behavior during the operating process.

3. COMPANY'S ACTIVITY IN THE YEAR 2019 (continued)

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.

According to the statistical data supplied by IQVIA, Zentiva had in 2019 an average producer price of RON 8.18 (+4.3% increase versus the average of RON 7.84 in 2018), ensuring patient accessibility to cost-effective medication.

As a reference, the average producer price for all medicines in local pharmaceutical market was of RON 28.06 in 2019 (+8.3% increase versus the average of RON 25.9 in 2018).

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

The main importers of pharmaceutical products are: Sanofi, Abbvie, Roche, Novartis, Pfizer, MSD.

3.5. Information about personnel

As of 31 December 2019, the number of employees working at Zentiva SA counted 751 (31 December 2018: 578 employees).

The employees' rights and other labor relationships are regulated by the Collective Labor Agreement. For 48% 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 2017:

- Environmental Permit no. 234/7 May 2012, valid for 10 years;
- Wastewater Collection Agreement no. 1521/31 August 2012, valid for an undetermined period;
- Water management Authorization 83B /15 March 2016, valid up to 31 March 2021.

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

The environmental management system EN ISO 14001:2004 and management system for energy EN ISO 50001: 2011 are correctly maintained, as the surveillance audits of Lloyd's Register Romania proved.

3.7. Research and development activity

In relation to R&D activity, the budget for the year 2020 amounts to RON 6.29 million. The R&D expenses incurred in 2019 amounted to RON 9.29 million, consisting of activities pertaining to the transfer of products.

3.8. Investment activity

In 2019, the Company investment expenses amounted EUR 5.3 million. The objectives of the investment program, which will be continued in 2020, 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 portfolio of products and of new forms of packaging.

In 2019, the financing of the investments programs was made from own sources.

4. COMPANY'S TANGIBLE ASSETS

4.1. The operating activity of Zentiva SA is carried out at the address located in 50, Theodor Pallady Blvd., on the Dudesti industrial platform, in the South-Eastern side of Bucharest Municipality.

4.2. The methods of calculating the depreciation of fixed assets used by the Company are the following:

- the straight-line method for buildings, fixed assets purchased through financial lease and for fixed assets other than those used for the production process
- the accelerate method for fixed assets used for the production process

The operating life and method of depreciation are subject to periodic revision, so as to ensure compliance with the expectations pertaining to the economic benefits of such assets.

Gross Value and depreciation on 2019 comparing to year 2018 is the following.

PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery, Tools & Equipment	Construction in Progress	Total
Gross Value 1st January 2018	42.503.676	47.477.601	164.966.165	14.921.285	269.868.727
Additions	-	-	-	19.356.486	19.356.486
Disposals	-	-	(439.022)	-	(439.022)
Transfers	-	-	8.439.329	(8.439.329)	-
Gross Value 31st December 2018	42.503.676	47.477.601	172.966.472	25.838.442	288.786.191
Depreciation 1st January 2018	-	(12.975)	(133.057.335)	-	(133.069.614)
Change for the year	-	(3.590.332)	(8.330.483)	-	(11.920.815)
Disposals	-	-	439.022	-	439.022
Depreciation 31st December 2018	-	(3.603.307)	(140.948.100)	-	(144.551.408)
Net Book Value 31 decembrie 2018	42.503.676	43.874.294	32.018.372	25.838.442	144.234.783

	Teren	Cladiri	Masini, utilaje si echipamente	Constructii in curs de executie	Total
Gross Value 1st January 2019	42.503.676	47.477.601	172.966.472	25.838.442	288.786.191
Additions	-	-	-	24.939.972	24.939.972
Disposals	-	-	(2.275.966)	-	(2.275.966)
Transfers	-	1.621.449	15.947.642	(17.569.091)	-
Gross Value 31st December 2019	42.503.676	47.477.601	186.638.148	33.209.323	311.450.197
Depreciation 1st January 2019	-	(3.603.307)	(140.948.100)	-	(144.551.408)
Change for the year	-	(3.607.111)	(6.782.158)	(2.035.787)	(12.443.056)
Disposals	-	170	2.251.435	-	2.251.605
Depreciation 31st December 2019	-	(7.210.248)	(145.478.823)	(2.053.787)	(154.742.858)
Net Book Value 31 decembrie 2019	42.503.676	41.888.802	41.159.325	31.155.536	156.707.339

5.1. Board of Directors

As of 31 December 2019, the Board of Directors had the following composition:

Nicholas Robert Haggar *Chairman of the Board – Starting with December 2019*

Born in 1965, Nick Haggar graduated from the Faculty of Industrial and Manufacturing Engineering and holds an MBA from Cranfield Business School.

Nick has been working in the pharmaceutical and healthcare industry for more than 30 years. After starting his career in technical operations at Baxter Healthcare, he held leadership positions in Ranbaxy and GlaxoSmithKline. Later, he was the Region Head responsible for Western Europe, the Middle East and Africa at Sandoz (Novartis), and before Zentiva he worked at InsudPharma where he was CEO during 2016-2019.

He was also President of the organization Medicines for Europe (former EGA) during 2014-2015.

Nick Haggar is also part of the governing bodies of several entities from Zentiva group, including being a member of the Board of Directors of the company Zentiva Group as.

Simona Cocos

Member of the Board – Starting with April 2010

Born in 1967, she graduated from the Faculty of Chemistry in 1992. In 2006 she has obtained a Professional Diploma in Management at Open University (UK) / Codecs Romania and in 2008 an MBA certificate in Business / Economics at Open University (UK).

Starting 1995 she held several positions within Sanofi affiliate, the last ones being: Marketing Manager, respectively Marketing Director.

5. COMPANY'S MANAGEMENT (continued)

Margareta Tanase

Member of the Board – Starting with April 2010

Born in 1960, she graduated University of Chemical Technology – Polytechnic Institute Bucharest in 1989.

Starting 2000 she held several positions within Sicomed / Zentiva, the last ones being: Regulatory Affairs Manager, respectively Regulatory Affairs and Medical Director.

Kenneth Lynard

Member of the Board – Starting with October 2019

Born in 1968, Kenneth holds a MSc in Auditing & Accounting from Copenhagen Business School (Denmark) and an Executive MBA from IMD, Lausanne (Switzerland).

Earlier in his career, Kenneth was the CFO for Europe, the Middle East, Africa and Canada at Medtronic, one of the world's largest medical device companies, and he has also held multiple senior positions in other regional healthcare and financial services companies.

During 2012-2016, Kenneth was the CFO for Commercial Operations of Gilead Sciences, a large California (USA) based biopharmaceutical company, and Group CFO at Affidea during 2017-2019, a privately held advanced diagnostics imaging company.

Kenneth Lynard is also part of the governing bodies of several other entities from Zentiva group, including being a member of the Board of Directors and Chief Financial Officer of the company Zentiva Group as.

Francois Noel MARCHAND:

Independent Member of the Board – Starting February 2017

Born in 1971, Francois holds a Diploma in Management at EDHEC Lille (France) and he is the Human Resources Director for Auchan Romania, a company with a turnover of EUR 1.1 billion, 33 stores and more than 10,000 employees.

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.

5.2. Executive management

Executive Management Members as of December 31, 2019:

Simona Cocos - General Manager

She is in the General Manager position starting October 2009 and she is reporting to the Board of Directors and is responsible with the Company management.

Margareta Tanase - Industrial Affairs Director

She is in the Industrial Affairs Director position starting May 2008 and she is responsible with the management of the Company's Industrial Affairs and its corresponding departments.

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

5. COMPANY'S MANAGEMENT (continued)

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.

6. FINANCIAL POSITION

The comparative figures of the main indicators taken from the balance sheet and from the income statement for the last three years is the following:

BALANCE SHEET (RON)	31 December 2018	31 December 2019
Total tangible and intangible assets	194.271.117	209.976.067
Total inventories	98.982.129	123.841.461
Total receivables	199.832.571	295.617.763
Petty cash and cash at banks	405.115.315	388.473.821
Current liabilities	(255.051.506)	(298.930.274)
Total assets less current liabilities	643.149.627	718.978.838
Total shareholders' equity	630.692.665	701.999.918

Income statement (RON)	1 January - 31 December 2018	1 January - 31 December 2019
Net turnover	461.405.231	559.007.373
Other operating income	263.933.936	1.799.337
Operating expenses - Total	415.059.394	514.101.407
Operating profit / (loss)	310.279.772	46.705.303
Net profit / (loss)	262.620.976	43.750.672

The distribution of the profit for the financial year ended as of 31 December 2019 in the amount of RON 43.750.672 will be decided and approved in April 2020 when the General Meeting of Shareholders will take place.

7. COMPANY'S EXPOSURE TO RISKS

Price risk

Ethical products from local portfolio which are sold on local market based on prescriptions and whose price is regulated by the Ministry of Health represent around half of the total value of sales of goods; the price of over-the-counter products is established by supply and demand.

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

The Company did not purchase own stocks.

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise the following types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits and trade 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 31st of December 2019, the Company only has an overdraft of 5.2 million RON

At 31st December 2019 the Company did not have any loans received except for the above mentioned overdraft. It does have a cash pooling contract with the parent company which has a variable interest, as detailed in Note 11.

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's presentation currency).

The Company has transactions in a currency other than its functional currency (RON), primarily in EUR and USD. In 2019, the Company did not use any financial instruments to mitigate this risk

In the context of the growth of the business , the Company plans in 2020 to begin hedging its FX risk through derivative instruments

7. COMPANY'S EXPOSURE TO RISKS (continued)

Capital management

Capital includes equity attributable to the equity holders. The primary objective of the Company'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 for managing capital during the years ended 31 December 2019 and 2018.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is rather not exposed to credit risk from its operating activities, as most of its trade receivables are from related parties; the exposure to credit risk from its financing activities, including deposits with banks is not significant, as such deposits are usually overnight, or under 3 months.

Trade receivables

Customer credit risk is managed by the Company subject to its established policy; however the Company considers that the credit risk on trade receivables is low.

Outstanding customer receivables are monitored and any shipments to major customers are analyzed. Furthermore, a significant part of the third party trade receivables are insured by EULER HERMES.

The requirement for an impairment is analyzed at each reporting date on intervals to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13. The Company evaluates the concentration of 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 Company's treasury department in accordance with the Company's policy, The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2018 is the carrying amounts as illustrated in Note 14 of the statutory financial statements.

Liquidity risk

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

The Company does not have long term financing (neither trade, nor finance liabilities).

All of the company's debt will mature in less than one year, with the exception of deferred tax and provisions

8. OBJECTIVES FOR THE YEAR 2020

For 2020, our objective is to maintain our leadership in the healthcare field, focusing on identifying growth opportunities and on diversifying our business within European quality standards; to ensure an efficient and profitable organization while remaining fully committed to delivering the best possible service to our customers and upholding our commitments towards Romanian patients' needs.

Our key priorities for 2020 are:

- To maintain the profitability of the local producer, considering an increase of costs for utilities, constant increase of costs for materials (raw materials, excipients, and packaging materials), costs related to implementation of Serialization according to European regulations, etc.
- To enhance the production capacity, by implementing the investment plan for 2020;
- To diversify and enhance Zentiva's presence on various markets through exports and transfer of new products that should be produced locally;
- To maintain the sales of products on the local market;
- To strengthen our product portfolio through new launches.

9. INTERNAL CONTROL

The internal control system is implemented by the Group and is designed to provide reasonable assurance regarding the achievement of objectives, in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial and management information / reporting;
- Compliance with applicable laws and regulations.

The objectives of internal control are authorization (all transactions are authorized), recording (all transactions are recorded), access (allow access to assets and data only for authorized purposes), asset accountability (ensure that accounting records describe only real assets), safeguarding of assets and prevention of fraud.

9. INTERNAL CONTROL (continued)

Some elements of the Internal Control system are key to ensure the system is effective and efficient. They include:

Code of Ethics and adherence to laws	The pharmaceutical industry is also subject to regulatory constraints at both national and international levels. The company applies internal policies and standards derived from these external requirements in order to ensure compliance with laws and regulations.
Well defined system of policies and procedures	Well written policies and procedures increase organizational accountability and transparency and become fundamental to quality assurance and quality improvement programs.
Delegations of authority and powers	Operations are correctly managed when powers, delegations and limits are clearly defined, justified, known by all.
Segregation of duties	Segregation of duties helps ensuring that errors, irregularities or acts of fraud are prevented or detected early enough. Segregation of duties means that no single individual should have control over two or more key phases of a transaction or process. Effective segregation is achieved by: <ul style="list-style-type: none"> • Assigning responsibilities in a manner consistent with the organization; • Cross-checking and/or close supervision of sensitive tasks; • Implementing mitigation / compensating controls when conflicts exist.
Fraud prevention and detection	Fraud prevention is one of the priorities of internal control.
Training	All employees must have the relevant competencies to perform their role as well as understand the policies and procedures applicable to their responsibility. Trainings are developed in a way that also promotes the awareness of all employees on internal control.
Annual assessment and periodical monitoring	On an annual basis an assessment of risks and mitigating controls put in place by management is conducted in order to manage risks. Periodical monitoring is another tool used to test the effectiveness of the controls previously identified and assessed and following this action plans to close the eventual deficiencies are implemented.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE

10. ANNUAL REPORT ON CORPORATE GOVERNANCE

The Company Zentiva SA is a one-tier company managed by the General Manager under the supervision of the Board of Directors.

The main aspects concerning corporate governance are included within certain documents / policies issued both at local and at Group level. They ensure the internal framework necessary for defining the corporate governance structures, the activity principles and rules, the responsibilities and competencies of the Board of Directors and of the Company's senior management.

The Company displayed on its website information pertaining to its corporate governance structures, as well as the list of the BoD members, indicating the independent and / or the non-executive members, various reports and documents stipulated in the Governance Code – such as the Corporate Governance Regulation, Shareholder rights and procedural rules related to GAM, the updated Articles of Incorporation.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

General Shareholders Assembly

Main rules and procedures related to the General Shareholders Assembly are mentioned within the document called Shareholders' rights and procedural rules related to General Shareholders Assembly, published on the company website.

The General Shareholders Assembly is the supreme managing body of the Company having a general capacity to decide in respect to its activity and its economic, trade and development policy.

The Shareholders General Assemblies can be Ordinary and Extraordinary. The resolutions of the Shareholders General Assembly are adopted according to the law and the provisions of this Constitutive Act and they are mandatory for all the shareholders.

Convening of the General Assemblies of Shareholders

The General Shareholders Assemblies shall be convened by the Board of Directors, pursuant to the decision thereof and in observance of the law on date which may not, as per the law requirements, be within less than 30 (thirty) days after publishing the convening notice in the Official Gazette of Romania, part IV. Additionally, the Board of Directors has the obligation to convene the General Meeting of Shareholders upon the request of shareholders representing at least 10% of the share capital, upon the request of financial auditors or if, further to the occurrence of loss, the value of the net assets determined as the balance between the total assets and the total liabilities of the Company is less than half of the Company's share capital.

The General Shareholders Assemblies shall be called as provided under and in observance of the publicity conditions provided by NSC regulations and by Law 31/1990.

The General Shareholders Assemblies will be chaired by the Chairman of the Meeting, who will be the Chairman of the Board of Directors or, in his absence, another member in the Board of Directors appointed by the latter. The Chairman of the Meeting will appoint a meeting secretary among the present shareholders and one or more technical secretaries.

The meeting secretary will make up a minutes mentioning the issues debated and the decisions made, a resume of the debates, and following the shareholders' request, their statements made during the meeting. The minutes will be signed by the Chairman of the Meeting and by the meeting secretary.

Rules and procedures related to the participation to the General Shareholders Assemblies

The shareholders registered at the reference date may attend and vote within the general meeting in person or may be represented by persons other than shareholders, save for the directors, based on special power of attorney.

The general or special power of attorney will be drafted in three original copies, one for the Company, the second copy will be handed over to the representative, the third copy remaining with the shareholder. Upon filing in and signing it, the copy of the special power of attorney intended for the Company, accompanied by a copy of the I.D. or of the registration certificate of the represented shareholder, will be submitted, in original, at the Company's seat not later than 48 hours before the meeting, under the sanction of losing the voting right within the meeting. The power of attorney may also be delivered in electronic format, via e-mail at the e-mail address mentioned in the convening, accompanied by a copy of the I.D. or of registration certificate of the represented shareholder, provided that the original is sent to the Company 48 hours before the meeting, the latest.

The powers-of-attorney shall be kept by the Company, which fact will be mentioned in the minutes.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

The access of Individual Shareholders at the General Assembly is made based on the presentation of an ID and in the case of Corporate Shareholders and Representatives Individual Shareholders, the access is made based on special procurement and the ID of the representative.

The shareholders registered at the reference date in the shareholders' register may vote by correspondence before the date of the general meeting, by using the form for vote by correspondence. The form for vote by correspondence together with a copy of the I.D. or registration certificate of the shareholder, will be delivered to the Company, in original, at its seat not later than 48 hours before the meeting, under the sanction of losing the voting right within the meeting.

The special power of attorney form, the form for vote by correspondence, the draft decision, as well as the information materials subject to approval on the Meeting's agenda, may be obtained both at the Company's seat, and from the Company's website, starting 30 days before the meeting.

One or more shareholders, holding individually or jointly at least 5% of the share capital, are entitled to enter new items on the agenda of the general meeting of shareholders, provided that each point is accompanied by a justification or by a draft decision proposed for approval by the general meeting, which will be delivered in written form at the Company's seat not later than 15 days before the meeting.

In case on the meeting agenda is the election of Board members, the applications for the position of members in the Company's Board of Directors may be submitted, according to Article 117¹ of Law no. 31/1990, republished, as subsequently amended and supplemented, at the Company's seat by the date mentioned in the convening, at the latest. A CV will be included for each nominated applicant, CV indicating at least the applicant's name, residence and professional qualification.

The list containing information in relation to the name, residence and professional qualification of the persons nominated for the position of director, may be consulted and supplemented by the shareholders under the aforesaid conditions.

All documents sent to the Company with respect to the general meeting of shareholders will be delivered in a closed envelope, with the following note written thereon: "For the General Meeting of Shareholders", mentioning the date / time and the type (Ordinary or Extraordinary) of the meeting.

The meeting will start at the time mentioned in the convening. The access of the shareholders will be done starting 30 minutes before the meeting start time.

Shareholders questions

The Company's shareholders may address written questions concerning the items on the agenda of the general meeting of shareholders and submit such questions at the Company's seat together with copies of the identification documents allowing for the identification of the shareholder (copy of I.D. in the case of shareholders – individuals and registration certificate accompanied by the official document attesting its capacity as legal representative of the shareholder, in the case of shareholders – legal entities), as well as the bank statement reflecting the capacity of shareholder and the number of shares held, by the date mentioned in the convening, at the latest.

The disclosure of commercially sensitive information that could result in a loss or competitive disadvantage for the Company will be avoided when providing the answers, in order to protect the interests of the Company and its shareholders.

The answers will be available on the Company's website in the FAQ section, in Q&A form. The Company may issue a general reply for questions having the same content.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

The Shareholders General Assemblies main attributions

The Ordinary General Assembly will meet at least once a year, within at most 4 months after the end of the financial year for the following purposes:

- a) Debates, approves or modify the yearly financial statements approved by the Board of Directors, based on the Directors and Auditors reports and establishes the value of the dividends and the deadline for their distribution,
- b) Identification of the shareholders eligible to receive dividends,
- c) Electing and revoking the directors, establishing their remuneration and the minimal value of the amount insured by the professional civil liability insurance, as well as the general limits for the remuneration of directors and managers, subject to the delegation of prerogatives for managing the Company;
- d) Appointment of the financial auditor as well the authorized person to sign on behalf of the Company of the contract with the auditor;
- e) Approval of the directors report of activity;
- f) Approval and amendment of the business plan, the annual budget and the activity schedule of the Company, proposed for approval by the Directors.
- g) Setting up or de-allocation of the Company's subsidiaries, representative offices, agencies, or any other secondary establishments of the Company as well as the incorporation of the Company's branches;
- h) Any other issue pertaining to its decisional competence.

The Extraordinary General Assembly shall be convened whenever necessary to take a decision related to:

- a) The change of the share capital;
- b) The change of the line of business of the company;
- c) The change of the organization form of the company;
- d) The relocation of the registered headquarters of the company;
- e) Merger with other companies or the spin-off of the Company;
- f) The anticipated dissolution of the company;
- g) Issue of bonds;
- h) The undertaking of long or short term loans whose value exceeds half of the accounting value of the company assets as at the date of the execution of the relevant legal document;
- i) Approves all of the legal instruments in connection with acquisitions, sales, exchange or pledging some of the immovable assets of the Company, whose value exceeds 20% of the value of the total immovable assets of the Company, considered individually, for each legal instrument, or cumulatively, during a financial year, minus the value of the receivables at the date of the execution of the relevant legal instrument;
- j) Approves the leases of fixed assets of the Company for a period longer than 1 year, whose value exceeds 20% of the value of the total immovable assets of the Company, considered individually or cumulatively in relation to the same contracting party or to involved persons or to persons coordinating their actions, minus the receivables at the date of the execution of the relevant legal instrument;
- k) Approves the association agreements for a period longer than 1 year, whose value exceeds 20% of the value of the total immovable assets of the Company, considered individually or cumulatively in relation to the same contracting party or to involved persons or to persons coordinating their actions, minus the receivables at the date of the execution of the relevant legal instrument;
- l) Approves any amendment to the Company's Constitutive Deed. In this case, prior to call for the General Extraordinary Meeting of Shareholders to amend the Constitutive Deed, the draft of the proposed amendments to the Constitutive Deed shall be sent to FSA and to securities market where the Company's shares are traded;
- m) Pass any other resolution that needs the approval of the General Extraordinary Meeting of Shareholders in order to be enforced.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

The resolutions of the General Meeting of Shareholders

The resolutions of the General Meeting of Shareholders are usually adopted by open vote.

Upon the proposal of the President of the General Meeting or of a group of attending shareholders (present whether personally or represented) holding at least $\frac{1}{4}$ of the registered share capital, secret voting may be decided upon.

The secret voting is mandatory for the election and revocation of the members of the Board of Directors and of the financial auditor and for taking the decisions related to the activity and liability of the Directors.

The decisions of the Ordinary General Meeting are validly passed under the following conditions:

- at the first convening: the shareholders representing at least $\frac{1}{2}$ of the Company's share capital need to be present and the decisions need to be made based on the favorable vote of the shareholders holding the absolute majority of the share capital present or represented in the meeting;
- upon the second convening: decisions can be made regardless of the share in the capital present/represented in the meeting, based on the favorable vote of the majority of the share capital present or represented in the meeting.

The decisions of the Extraordinary General Meeting of the Shareholders in the Company are validly made under the following conditions:

- at the first convening: shareholders representing at least $\frac{3}{4}$ of the share capital need to be present in the meeting, and decisions need to be made based on the favorable vote of the shareholders holding at least $\frac{1}{2}$ of the share capital, except for the case provided under Article 8.1.5. from the Constitutive Act of the Company;
- at the second convening: shareholders representing at least $\frac{1}{2}$ of the share capital need to be present and decisions need to be made based on the favorable vote of shareholders holding at least $\frac{1}{3}$ of the share capital, which, in the case of the decisions for the amendment of the company's main object of activity, for the decrease or increase of the share capital, for the change of the legal form, for merger, spin-off or dissolution of the Company, cannot be less than two thirds of the voting rights held by the shareholders present or represented in the Meeting.

The resolutions of the General Meetings of Shareholders adopted within the limits of the law and of the Constitutive Act, are mandatory even for the non-attending shareholders or those shareholders voting against them.

Board of Directors

The Board of Directors will hold a meeting at least once in three months or whenever necessary, at the Company headquarters or at another place provided in the convening notice.

The meetings will be held by means of the directors' physical presence at the place of the meeting, or by distance communication means (phone, teleconference, videoconference, telefax).

The Board of Directors will be convened by the Chairman, of his own accord or upon the grounded request of at least two directors or of the General Manager, by any communication means likely to prove the reception of the convening notice by the addressee: phone call followed by the written confirmation of the addressee, certified mail with confirmation of receipt, e-mail.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

If all the members of the Board of Directors are present and agree to hold the meeting of the board and to pass decisions, the convening formalities are no longer needed.

The meetings of the Board of Directors are chaired by the Chairman of the Board and, in his absence, by a member of the Board of Directors appointed by him. The chairman appoints a secretary either among the members of the board or outside the board.

The Board of Directors can deliberate validly in the presence of at least three members and can pass decisions with a majority of at least half plus one of the present members. In case of a tie, the chairman of the Board of Directors will have the casting vote, except if he is also a manager of the Company.

The minutes shall be signed by the Chairman of the meeting, by at least one other director and by the meeting secretary and, upon request, by the other members in the Board of Directors who have participated in the debates.

The attributions of the Board of Directors

The Board of Directors has the following main prerogatives:

- a. Prepare and update the Company's registers according to the law provisions;
- b. Hire and dismiss the Company managers, to establish their rights and obligations;
- c. Appoint the Chairman of the Board;
- d. Contracts the Independent Registry which keeps the record of the Company's shares;
- e. Approve the accounting as costs of the unrecoverable debts amounting to up to 0.5% of the turnover;
- f. Approve the write-off of the fixed assets;
- g. Approve the calculation system of the fixed assets as required by law;
- h. Approve the research and development program and allocates the necessary financial resources;
- i. Approve the annual investment plan of the Company;
- j. Annually, within 4 months from the end of the financial (accounting) year, submits for approval of the Shareholders' General Meeting the Company activity report, the Company annual financial for the previous year in accordance with the regulations of the Ministry of Finance and FSA as well the draft of the Company's activity programme and the budget project for the current year;
- k. Perform the resolutions of the General Meeting of Shareholders Approve the acquisitions, transfers, exchanges or pledges of some assets from the immovable assets of the Company, subject to observance of the exclusive attribution of the General Meeting of Shareholders in this respect;
- l. Other prerogatives established by the law in its competency.

The Directors are compelled to immediately report to BSE / FSA, any legal act entered into by the Company and its Directors, employees, shareholders which controls the Company, or entered by the Company and the involved persons with the aforementioned, whose value represents at least the RON equivalent of EUR 50,000.

Under the supervision of the Board of Directors, it will be provided all the necessary facilities and information in order to allow the shareholders to exercise the right granted by their shares.

In this respect the Board of Directors has the obligation to:

1. inform the shareholders in connection to the call of the General Meeting of Shareholders, abiding to the provisions of this Constitutive Deed;
2. inform the public about the allocation and payment of the dividends, issuance of new shares, including the distribution, subscription, conversion operation;
3. appoint as payment agent of the Company a financial institution through which the shareholders will be able to exercise their financial rights, except the situation when the Company could provide for this services by itself.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

The members of the Company's Board of Directors have four year mandates, in compliance with the legal regulations in force.

During 2019, the structure of the Company's Board of Directors included 1 independent director out of a total of 5 directors.

On October 1, 2019, the mandate of Mr. Blery Carol Jean Noel as director ceased, following his resignation as Member of the Board of Directors of the Company, and in his place Mr. Kenneth Lynard was provisionally appointed.

Also, on December 6, 2019, the mandate of Mr. Lasserre Xavier Pierre Christian as director ceased, following his resignation as Member and Chairman of the Board of Directors of the Company and in his place Mr. Nicholas Robert Hagggar was provisionally appointed.

The appointed structure of the Board of Directors allows an efficient coordination of the executive management along all the activity paths – general, financial, production management and business coordination.

In 2019, the Board of Directors gathered in 20 meetings, with the participation of 4 or 5 of its members – and passed decisions which allowed it to efficiently fulfil its duties. Thus, on occasion of its meetings, the Board of Directors thoroughly analyzed the financial results obtained during the reporting period and the year-to-date results, as well as the economic performance taking into account the budget and the similar period of the previous year. Depending on the situation, the Board requested detailed explanations from the senior management with regard to the plans for increased production efficiency, investment plans, established provisions, write-off of expired inventories, liquidity management, operating and general profitability. Further to the thorough analysis of the results associated with such period, the Board decided on the approval thereof for publication and submission to BVB.

Concerning the directors' remuneration policy, the remuneration of the members of the Board of Directors for the 2019 financial year was subject to the approval of the ordinary general meeting of shareholders convened for April 30, 2019, and it was fixed at an aggregate maximum level.

The remuneration of the executive directors comprises a fixed monthly component and an annual bonus, while the remuneration of the independent director includes only a fixed monthly component, without other fixed or variable elements or components.

Non-executive directors (except the independent director) have a free mandate.

In 2017 an Audit Committee has been established, in order to support the Board of Directors in overseeing the internal control system, particularly the efficacy of financial reporting.

In 2019 the Audit Committee gathered in 5 meetings, with the participation of all members.

During 2019, the Audit Committee had undergone certain changes. Thus, starting with January 14, 2019, the Audit Committee had the following structure:

- Marchand Francois Noel - Chairman of the Audit Committee (as independent member);
- Lasserre Xavier Pierre Christian – Member of the Audit Committee;
- Blery Carol Jean Noel – Member of the Audit Committee.

Starting with October 15, 2019, considering that Mr. Kenneth Lynard was appointed as a member of the Company's Audit Committee instead of Mr. Blery Carol Jean Noel, the Audit Committee of the Company had the following structure:

- Marchand Francois Noel - Chairman of the Audit Committee (Independent Member);
- Lasserre Xavier Pierre Christian - Member of the Audit Committee;
- Kenneth Lynard - Member of the Audit Committee.

Starting with December 11, 2019, considering that Mr. Nicholas Robert Hagggar was appointed as a member of the Company's Audit Committee instead of Mr. Lasserre Xavier Pierre Christian, the Audit Committee of the Company has the following structure:

- Marchand Francois Noel - Chairman of the Audit Committee (Independent Member);
- Nicholas Robert Haggar - Member of the Audit Committee;
- Kenneth Lynard - Member of the Audit Committee.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

Executive Management – General Manager

The Board of Directors entrusted the management of the Company to one Executive Manager, as such are defined under Article 143 of Law 31/1990, called General Manager of the Company.

The Company will be represented and validly bound in relations with third parties by the General Manager.

The General Manager benefits from a general mandate for representing the Company before third parties.

The General Manager expressly delegated part of her prerogatives to technical managers, empowered to represent the Company based on special mandates in line with the internal policies applicable within the Company.

The General Manager operationally reports to the Board of Directors.

Starting with September 2018, the General Manager concluded a management agreement with the Company for a period of 4 years or until the dismissal from the position of member of the Board of Directors.

Executive Management - Manager of Industrial Operations

The Board of Directors entrusted the management of the industrial activity to a Manager of Industrial Operations, which is a member of the Board of Directors and reports to it.

Starting with September 2018, the Manager of Industrial Operations concluded a management agreement with the Company for a period of 4 years or until the dismissal from the position of member of the Board of Directors.

Shareholders' rights

In a special, easily identifiable and accessible section of its own website, the Company displayed current reports, releases, its financial calendar, as well as its annual, biannual and quarterly reports. Additionally, the Company's relationship with its investors is achieved through a dedicated internal resource to the investor's relation and intended for the briefing of shareholders depending on the questions asked in writing or over the phone.

The Company has permanently undertaken the obligation to comply with the rights of the holders of financial instruments issued by it and to ensure the fair treatment of its shareholders. The Company makes efforts to achieve an active and efficient communication with its shareholders and to facilitate the participation thereof at the General Shareholders' Meetings (GSMs), and the full exercising of their rights. The shareholders' participation at the GSM works is entirely encouraged, the shareholders who are not able to attend being provided with the possibility to exercise their voting right in absentia, based on a special power of attorney. Within GSMs, dialogue is encouraged between the shareholders and the members of the Board of Directors and/or of the management.

Participation thereof at the General Shareholders' Meetings (GSMs), and the full exercising of their rights. The shareholders' participation at the GSM works is entirely encouraged, the shareholders who are not able to attend being provided with the possibility to exercise their voting right in absentia, based on a special power of attorney. Within GSMs, dialogue is encouraged between the shareholders and the members of the Board of Directors and/or of the management.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

The Company applied rules with regard to the internal circuit and to the disclosure to third parties of documents and information regarding the issuer, granting special importance to the information capable of influencing the evolution of the market price of securities issued by it. The Company adopted procedures for the purpose of ensuring procedural correctness (identification criteria of transactions with significant impact, transparency, objectiveness, non-competition criteria etc.).

The Shareholders participates at the Company result based in their equity participation.

Social and Environmental Responsibility

The Company has constant concerns with regard to Social and Environmental Responsibility, including multiple components, among which a major position is occupied by the briefing and education of the public and of patients. The Company participated and got continuously involved in programs and campaigns whose emphasis was placed on the vital importance of being aware of the risk factors and of regularly undergoing medical investigations.

At the same time, the Company granted special importance to other components of the Social and Environmental Responsibility, such as pharmacovigilance, ethical conduct in performing the activity and in the relationships with professionals and organizations from the medical field, social dialogue and social welfare of employees, protection at work, acknowledgment of the diversity of values and opinions, fair professional assessment and career development, concern for industrial risk control, soil and natural resource protection, environmental and biodiversity protection. Additionally, the Company grants special importance to the transparency obligations, being fully committed to comply with applicable legal provisions and disclose the interactions with the healthcare professionals and healthcare organizations.

Corporate Governance Code

The Company first adhered to the Corporate Governance Code issued by the Bucharest Stock Exchange in 2010. In 2019, the Company continued to apply in large proportion the principles of corporate governance provided by the Corporate Governance Code published by the Bucharest Stock Exchange on 22 September 2015, and where the Company deviates from the provisions of the Code, the "apply or explain" principle is applied, as shown below.

The Company has taken and will continue to take the professional, legal and administrative steps necessary for ensuring compliance with the provisions of the Code.

More details about the compliance with the principles and recommendations stipulated under the Corporate Governance Code issued by the Bucharest Stock Exchange are presented in the corporate governance statement, which is a part of this annual report.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

Code provisions	Complies	Does not comply or partially complies	If NO, then EXPLAIN
Section A - Responsibilities			
<p>A1 All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.</p>		X	<p>The main aspects in relation to the Board of Directors functioning /attributions are identified within the Company Constitutive Deed published on the Company website in the dedicated Investor Relations section.</p>
<p>A2 Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.</p>		X	<p>The main aspects in relation to the conflict of interest's situations are identified and solved according to the current applicable local/group procedures (i.e. Conflict of Interest Policy, Code of Ethics). However the management of the conflict of interest process is overseen by the Compliance Officer function.</p>
<p>A3 The Board of Directors or the Supervisory Board should have at least five members.</p>	X		
<p>A4 The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.</p>	X		

<p>A5 A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.</p>	X		
<p>A6 Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.</p>	X		
<p>A7 The company should appoint a Board secretary responsible for supporting the work of the Board.</p>	X		
<p>A8 The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.</p>		X	<p>Most of the members of the Board of Directors are currently occupying various management positions within the group proving solid skills and capabilities in their areas. Their performance is regularly assessed as per the internal rules/policies.</p>
<p>A9 The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.</p>	X		
<p>A10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.</p>	X		
<p>A11 The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.</p>		X	<p>The company is in the standard category.</p>

Section B – Risk Management and Internal Control System			
B1 The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	X		
B2 The audit committee should be chaired by an independent non-executive member.	X		The Audit Committee established in 2017, as well as the one established during 2019 are chaired by the independent non-executive director.
B3 Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		X	The assessment of the internal control system is performed at Zentiva group level, based on the policies implemented at group level.
B4 The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.		X	All areas mentioned in the description of the recommendation are covered by the annual assessment performed by the dedicated country and group level internal control functions.
B5 The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		X	The evaluation of conflicts of interest in transactions between the Company and the related parties is taken into account within the related internal documentation.
B6 The audit committee should evaluate the efficiency of the internal control system and risk management system.		X	The efficiency of the internal control and risk management systems is covered by the dedicated internal control function organized at group level.
B7 The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.		X	Application of statutory and generally accepted standards of internal auditing is monitored by the dedicated internal control function organized at group level.

<p>B8 Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.</p>		X	<p>As a rule, such reports/ analyses performed by the relevant functions are communicated to the Board by the dedicated internal control function.</p>
<p>B9 No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.</p>	X		
<p>B10 The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.</p>		X	<p>The Company applies transfer pricing policies in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and local Romanian legislation. All significant transactions are assessed by internal local and group experts to make sure that they are in line with external transfer pricing guidelines and regulations and internal transfer pricing policies. The advice/support from established external advisors is sought where necessary. The compliance with valid transfer pricing regulations ensures that the prices used in intercompany transactions are based on the arm's length principle. With respect to determining the appropriate arm's length return/margin for products and services, external databases are utilized to determine the return/margin earned by companies with similar functions, risks and assets. Transactions with affiliates are supported by documentation and recorded in the financial records of the Company. The Company prepares, in accordance with CNVM regulation 5/2018, reports regarding the significant transactions concluded during the relevant period. The six monthly report is subject to procedures undertaken by the Company external auditors on which a report is completed and submitted to ASF and is available on the Company website.</p>

<p>B11 The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.</p>	X		<p>The internal audits are carried out by the group level audit function, i.e. the Internal Audit Department.</p>
<p>B12 To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.</p>		X	<p>The relevant functions are not formal integrated/ subordinate in the structure of Board of Directors, being separately organized at group level.</p>
<p>Section C – Fair Rewards and Motivation</p>			
<p>C1 The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.</p> <p>The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration).</p> <p>In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review.</p> <p>Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.</p>		X	<p>The remuneration of the members of the Board of Directors is subject to the approval of the ordinary general meeting of shareholders, being fixed at an aggregate maximum level.</p> <p>The remuneration of the executive directors comprises a fixed monthly component and an annual bonus, while the remuneration of the independent director includes only a fixed monthly component, without other fixed or variable elements or components.</p> <p>The remuneration policy is being prepared and will be published on the Company's website.</p>

Section D – Building value through investors' relations			
D1 The company should have an Investor Relations function – indicating to the general public the person (s) responsible or the organizational unit. In addition to information required by legal provisions, the company should include on its website a section dedicated to Investor Relations, both in Romanian and English, with all relevant information of interest to investors, including:	X		Only part of the relevant information published on the dedicated Investor Relations section is disseminated in English (i.e. the current reports, informative materials/ decisions related to General Assemblies). Dissemination in English of all related Investor Relations information will be considered. There is a designated person for investor relations.
D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures.	X		
D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions.		X	Information about the professional activity of the members of the Board is presented in the annual report and at their nomination.
D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports).	X		
D.1.4. Information related to general meetings of shareholders.	X		

D.1.5. Information on corporate events.	X		
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request.	X		
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	X		
D2 A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.		X	Adoption and dissemination of the principles related to the distribution of dividends or other benefits to the shareholders will be subject of further assessment.
D3 A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.		X	Adoption and dissemination of a policy with respect to forecasts will be subject of further assessment.
D4 The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	X		
D5 The external auditors should attend the shareholders' meetings when their reports are presented there.	X		

D6 The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	X		
D7 Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X		The accesses of consultants, experts, financial analysts or journalists in the Company shareholders' meeting will be allowed only upon prior invitation from the Chairman of the Board.
D8 The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	X		
D9 A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.		X	Organizing of such events will be subject of the applicable local and group principles.
D10 If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	X		

11. COMMITMENTS AND CONTINGENCIES

Legal claims

During 2019, the Company was involved in several disputes, of which the most significant are listed below:

- The Company was involved in several litigations with the National Health Insurance House (“NHIH”) following the challenging of the VAT paid, in relation to the claw-back tax for the period Q1 2012 - Q4 2012 and, as well, in relation to the computation manner for the individual consumption communicated for the determination of the claw-back tax for the period Q1 2013 - Q3 2013, requesting the cancellation of the Notifications received from NHIH for the periods mentioned above. Currently, the Company is involved in only one more pending litigation with the NHIH, while 5 other litigations being finally settled at the date of this Report, as follows:
 - in relation to the clawback tax for the period Q1 2012 - Q4 2012, all 3 case files regarding this period are finally settled, namely: (a) case file no. 5009/2/2013* - action Q1 and Q2 2012; (b) case file no. 4859/2/2013 – action Q3 2012; (c) case file no. 5843/2/2013 – action Q4 2012;
 - in relation to the computation manner for the individual consumption communicated for the determination of the clawback tax for the period Q1 2013 - Q3 2013, requesting the cancellation of the notifications received from the NHIH for the periods mentioned above, there are 3 case files from which only one is still pending (two being finally settled), namely: (a) case file no. 7950/2/2013* – action Q1 2013, finally settled; (b) case file no. 1651/2/2014* – action Q2 2013, pending; (c) case file no. 3718/2/2014 - action Q3 2013, finally settled.

Therefore, the Company has won in court the recovery of the VAT for the clawback tax related to Q1 - Q4 2012 and to Q3 2013 (for Q1 2013 the Company’s legal action was fully dismissed) and is investigating the manners in which it may recover these amounts or offset them against other tax obligations. For all these case files the decisions issued by the court are final.

The only litigation with NHIH that is currently ongoing is the case file no. 1651/2/2014* – action Q2 2013.

- Litigation with the National Agency for Fiscal Administration (“NAFA”) for challenging the clawback tax and the penalties computed for the reviewed period Q4 2009 – Q3 2011. During 2016, following a tax audit related to the clawback tax for the period Q4 2009 - Q3 2011, NAFA issued a decision to impose additional clawback tax and penalties amounting to RON 18,457,107 (the “Initial Decision”). During 2016, as a result of the opposition submitted by the Company, NAFA cancelled the Initial Decision and initiated the procedures for re-audit in 2017 of this fiscal obligation for the period Q4 2009 - Q3 2011. Following this new investigation, NAFA issued a new tax decision and accessory decisions for a total amount of RON 8,355,860 (consisting of RON 3,672,966 principal debt and RON 4,682,894 penalties) (the “Second Decision”). The Company challenged the Second Decision as well. The opposition was rejected by NAFA and the Company filed an administrative claim for the annulment of the Second Decision (i.e. of the last tax decision and the decisions regarding the accessories) and of the decision which rejected the opposition.

On May 28, 2019, following an initial adjournment of the delivery of the decision, the court of first instance partially admitted the legal action submitted by the Company, meaning that the three causes of action regarding the additional clawback contribution and the related penalties were admitted. Specifically, the court admitted the legal action (i) regarding the main debt amounting to RON 3,672,966 and (ii) regarding the penalties requested for the total amount of RON 4,494,934 (the cause of action for penalties amounting to RON 187,960 being rejected).

This court decision is not final and binding, being appealed by both the Company and NAFA. The first hearing for the appeals was established on January 25, 2022.

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- During 2016, KJK Fund II, NN Active Optional Pension Fund, NN Optim Optional Pension Fund and NN Privately Managed Pension Fund, as shareholders of Zentiva SA, filed an application for an expert assessment to be made with regard to certain operations of the Company, pursuant to Article 136 of Company Law no. 31/1991.

The plaintiffs' action was rejected by the Bucharest Tribunal. The plaintiffs filed an appeal, but the appeal was suspended by agreement of the parties in order to amicably settle the dispute. The dispute was no longer pursued and on 9 April 2019 the Bucharest Court of Appeal acknowledged the sanction of obsolence for the appeal. The ruling of the Bucharest Court of Appeal is final and binding, considering that the plaintiffs didn't file a second appeal and the deadline for challenging this last decision has expired.

- At the end of 2018, a legal action was filed against the Company, under the simplified procedure of injunction, by the plaintiff ELI LILLY and COMPANYY, a company based in Indianapolis, Indiana 46285, USA. The Company was informed of the existence of this dispute through the citation of 10 January 2019. Through this legal action, the plaintiff claimed that the Company has infringed on its rights, which are resulting from the national patent no. RO 118374 B1, as extended by the certificate of additional protection no. c2007059, which, according to the plaintiff's arguments, confers upon it an exclusive right to use the chemical compound *atomoxetine* in pharmaceutical products used for the treatment of attention deficit hyperactivity disorder, until 27 May 2019.

However, on 13 February 2019, the Company has concluded a settlement agreement with ELI LILLY and COMPANYY, having as its object the parties' understanding that ELI LILLY and COMPANYY will file a request for withdrawing the injunction, while the Company undertaking, inter alia, to recognize ELI LILLY and COMPANYY's intellectual property rights resulting from the above-mentioned patent. Also, the Company has undertaken not to manufacture, market, distribute, promote, sell or offer to sell Zentiva products in Romania containing *atomoxetine* until 27 May 2019, when the patent will expire, to withdraw the selling price of these products and not to have another published price in Romania for these products until 27 May 2019. Consequently, on 21 February 2019, the court acknowledged the waiver of the case, requested by the plaintiff ELI LILLY and COMPANYY, following the transaction concluded with the Company.

- In August 2019, the company ALPHA TRANSCORD SRL filed, through its official receiver, a legal action against the Company. The case, respectively the file no. 25005/3/2019 *, has as subject matter the affirmative covenant consisting in ordering the defendants, including the Company, to pay the amount of LEI 2,262,332.27 and is pending before the court in the first phase of the proceedings.

The Claimant alleges that the Company didn't pay certain invoices due for the road transport services provided by the Claimant. Consequently, the Claimant has requested in court an injunction to determine the defendants, including the Company, (i) to pay the amount of LEI 2,262,332.27 representing the value of the due invoices related to the road transport services provided under the agreement between the parties and (ii) to pay the Claimant the relevant trial expenses. The case is ongoing, the next hearing being set on April 28, 2020.

- In 2019, the Company, as plaintiff, filed a legal action against the company Laboratoarele Fares Bio Vital S.R.L. and the State Office for Inventions and Trademarks, as defendants. The Company has requested the cancellation of the trademark "Fares 1929 Distonoplant" on the grounds that this trademark is similar and covers identical or similar goods as the previous trademark "Distonocalm", owned by the Company, which can create confusion for consumers. Also, given the reputation of the previous trademark "Distonocalm", the later registration of the trademark "Fares 1929 Distonoplant" takes unfair advantage for the defendant and causes detriment to said reputation. The case is ongoing, the next hearing being set on April 8, 2020.

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.

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12. NON-FINANCIAL DECLARATION

In accordance with the legal provisions on disclosure of non-financial information, the Company will prepare a separate report that includes the information required to be included in the non-financial statement. This report will be published on the Company's website on 30 June 2019.

13. GOING CONCERN

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

As of 31 December 2019 the net assets of the Company are higher than the net liabilities by RON 509,002,771 (as of 31 December 2018, the net assets are higher than the net liabilities by RON 448,878,510).

At the same date, the Company has a comprehensive income RON 43,750,672 (2018: RON 262,620,976).

The Budget for the year 2020 prepared by the Company's Management and approved by the Board of Administration indicates positive cash flows from the operating activities, an increase in sales and profitability.

The Management consider that the Company will continue the activity in the next predictable period and therefore the going concern principle is applicable on the preparation of these financial statements.

14. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Alvogen Acquisition

On October 25th Zentiva Group, to which Zentiva SA is part of, announced the signing of the agreement to acquire the Central and Eastern European Business of Alvogen, including its operations in Romania. The transaction is subject to approval by the relevant competition authorities.

We cannot estimate the extent in which this matter will impact the Company's activity.

COVID-19

In relation with the COVID-19 pandemic, Zentiva SA has taken the following measures aimed at maintaining the supply of medicines in the market and ensuring the safety of all of its employees:

- All non-essential business travel has been stopped
- Additional cleaning and disinfection is taking place in the entire Zentiva premises
- All employees which have this possibility are required to work from home
- Production of paracetamol has been increased

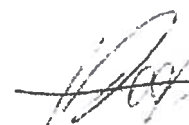
It is impossible to estimate the full impact this situation will have on the Zentiva business. Possible implications which might occur are:

- Delays in securing raw materials and other goods needed in the production process
- Increased price for certain raw materials and other goods needed in the production process
- Delays in securing imported finished goods due to transportation restrictions
- Higher than usual orders and sales for certain pharmaceutical products, especially those linked with the treatment of COVID symptoms, such as paracetamol or metamizole sodic

Simona Cocos
General Manager



Francisc Koos
Chief Financial Officer



To: *Board of Directors of Zentiva S.A.
50 Theodor Pallady Bd., 3rd District, 032266, Bucharest, Romania*

Attn: *Mr. Lasserre Xavier Pierre Christian, Chairman of the Board of Directors of Zentiva SA*

Subject: *Resignation from my position as Member of the Board of Directors of Zentiva S.A.*

September 27th, 2019

I, the undersigned, **Blery Carol Jean Noel**, French citizen, born on December 15th, 1963, in Antony, France, domiciled in 25 bis Avenue des Quatre Chemins, 92330 Sceaux, France, identified with Passport series 12DD10574, issued by Sous-Prefecture de ANTONY, France, on 16.10.2012, valid till 15.10.2022,

hereby resign, effective as of October 1st, 2019, as a Member of the Board of Directors of Zentiva S.A., a joint stock company admitted to trading on the Bucharest Stock Exchange, established and operating in accordance with Romanian laws, having its headquarters at 50 Theodor Pallady Bd., 3rd District, 032266, Bucharest, Romania, sole registration code no. 336206, registered with the Bucharest Trade Registry under no. J40/363/1991 (the "**Company**").

I acknowledge and warrant that as of the date hereof and on the basis of the information in my possession, I have no claim against the Company, or any of its subsidiaries or associated companies or firms arising out of my directorship, its termination or otherwise.

I would appreciate it if you could kindly request that the shareholders of the Company, within the first General Assembly or within the Annual General Assembly related to 2019, grant full discharge to me in connection with the carrying out of my duties as administrator of the Company up to the end of my directorship with the Company.

I hereby authorize the Company to take all legal actions required or necessary to file this resignation with the Bucharest Trade Registry or any other authority where such filing is required.

This resignation shall be effective on **October 1st, 2019**.

Yours faithfully,



Carol Jean Noel Blery

Către: *Consiliul de Administrație al Zentiva S.A.
Bld. Theodor Pallady nr. 50, Sector 3,
032266, București, România* **To:** *Board of Directors of Zentiva S.A.
50 Theodor Pallady Bd., 3rd District,
032266, Bucharest, Romania*

În atenția: *Dnei. Simona Cocoș, Director
General și Membru al Consiliului de
Administrație
Dlui. Marius Neagu, Secretar al
Consiliului de Administrație* **Attn:** *Mrs. Simona Cocos, General Manager
and Member of the Board of Directors

Mr. Marius Neagu, Secretary of the
Board of Directors*

Subiect: *Demisie din poziția mea de
Membru și Președinte al Consiliului
de Administrație al Zentiva S.A.* **Subject:** *Resignation from my position as
Member and Chairman of the Board of
Directors of Zentiva S.A.*

Data: *29 Noiembrie 2019* **Date:** *November 29, 2019*

Subsemnatul, **LASSERRE Xavier Pierre Christian**, cetățean francez, născut pe data de 28 aprilie 1972, în Paris 13E, Franța, domiciliat în Villa Alexandrine nr. 3, 92100 Boulogne-Billancourt, Franța, identificat cu pașaport seria 10AZ74688, emis de Sous-Prefecture de Boulogne-Billancourt, Franța, la data de 02.07.2010, valabil până la data de 01.07.2020,

prin prezenta demisionez, începând cu data de 6 decembrie 2019, din poziția de Membru și Președinte al Consiliului de Administrație al Zentiva S.A., societate pe acțiuni admisă la tranzacționare pe Bursa de Valori București, înființată și funcționând în conformitate cu legile române, având sediul social la Bld. Theodor Pallady nr. 50, Sectorul 3, 032266, București, România, cod unic de înregistrare nr. 336206, înregistrată la Registrul Comerțului București sub nr. J40/363/1991 („Societatea”).

Recunosc și garantez că, de la data menționată anterior și pe baza informațiilor pe care le dețin, nu am nicio pretenție împotriva Societății, a oricărui afiliat al acesteia sau a societăților asociate cu aceasta, care decurge din administrarea mea, din încetarea acesteia sau din orice alt aspect.

I, the undersigned, **LASSERRE Xavier Pierre Christian**, French citizen, born on April 28, 1972, in Paris 13E, France, domiciled in 3 Villa Alexandrine 92100 Boulogne-Billancourt, France, identified with Passport series 10AZ74688, issued by Sous-Prefecture de Boulogne-Billancourt, France, on 02.07.2010, valid till 01.07.2020,

hereby resign, effective as of December 6, 2019, as a Member and Chairman of the Board of Directors of Zentiva S.A., a joint stock company admitted to trading on the Bucharest Stock Exchange, established and operating in accordance with Romanian laws, having its headquarters at 50 Theodor Pallady Bd., 3rd District, 032266, Bucharest, Romania, sole registration code no. 336206, registered with the Bucharest Trade Registry under no. J40/363/1991 (the “Company”).

I acknowledge and warrant that as of the date hereof and on the basis of the information in my possession, I have no claim against the Company, or any of its affiliates or associated companies, arising out of my directorship, its termination or otherwise.

Aș aprecia dacă ați putea solicita ca acționarii Societății, în cadrul primei Adunări Generale sau în cadrul Adunării Generale anuale privind anul 2019, să îmi acorde descărcarea completă de gestiune în legătură cu îndeplinirea sarcinilor mele de administrator al Societății până la sfârșitul conducerii mele din cadrul Societății.

Autorizez Societatea să întreprindă toate acțiunile legale necesare pentru depunerea și înregistrarea acestei demisii la Registrul Comerțului din București sau la orice altă autoritate unde este necesară această înregistrare.

Cu stimă,
Xavier Pierre Christian Lasserre

I would appreciate it if you could kindly request that the shareholders of the Company, within the first General Assembly or within the Annual General Assembly related to 2019, grant full discharge to me in connection with the carrying out of my duties as administrator of the Company up to the end of my directorship with the Company.

I hereby authorize the Company to take all legal actions required or necessary to file and register this resignation with the Bucharest Trade Registry or any other authority where such filing is required.

Yours faithfully,
Xavier Pierre Christian Lasserre





SC ZENTIVA SA
50 Th. Pallady Blvd., 3rd district
Registration number J40/363/1991
CUI 336206
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Updated on April 30th 2019

**ARTICLES OF INCORPORATION
of the Trade Company
ZENTIVA S.A.
("The Company")**

Preamble:

We, the Shareholders of S.C. ZENTIVA S.A., have agreed to conclude these ARTICLES OF INCORPORATION, as a sole written document and as the deed issued for the updating of the ARTICLES OF INCORPORATION of S.C. ZENTIVA S.A., without thus creating a new trade company. As result, we have agreed that the initial ARTICLES OF INCORPORATION of the Company and the addenda concluded and registered to-date with the Trade Register Office near Bucharest Tribunal will be replaced by these ARTICLES OF INCORPORATION, made up of ten chapters and setting forth the following provisions:

Definitions:

The concepts of "involved parties", "persons acting jointly" and "significant shareholder", as well as any other specific concepts used hereunder shall be considered to have the meaning provided by Capital Market Law 297/2004, as further amended ("Law 297/2004"), by the regulations of the National Securities Commission ("NSC"), by Company Law 31/1990, republished, as further amended and completed ("Law 31/1990") and the other applicable legal provisions, except if otherwise provided hereunder.

Any references in the ARTICLES OF INCORPORATION to Capital Market Law 297/2004 and to Company Law 31/1990, republished, shall be replaced by the abbreviations defined in the Preamble.

CHAPTER I

**NAME, LEGAL ORGANIZATION, REGISTERED OFFICE, TERM OF THE
COMPANY**

Art. 1 The name and emblem of the Company

Zentiva S.A.

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032260 Bucharest
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Fiscal Code: 336206

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IBAN RO 08CITI 0000 0008 2476 6037 for ECU



1.1. The name of the Company is “ZENTIVA” S.A (according to the proof of name reservation no. 759216 as of 15.12.2005).

1.2. All documents, invoices, advertisements, publications as well any other documents issued by the Company, shall contain the name of the Company, legal form, headquarters, sole registration code and the fiscal attribute, as well as the share capital, mentioning the actual paid up capital, according to the last approved financial statement.

1.3. The Company has an emblem consisting in the name “ZENTIVA”, as reserved at the Bucharest’s Trade Registry Office under the number 11.043 from 13.01.2006.

Art. 2 The legal form of the Company

The trade company “ZENTIVA” S.A. is a Romanian legal entity, being legally organized as a joint stock company admitted to trading on a regulated market according to the legal effectual provisions. The Company operates in accordance with the Romanian legal provisions regarding the issuers of securities, in accordance with the provisions of the Law 31/1990 and the provisions of these ARTICLES OF INCORPORATION.

Art. 3 The registered headquarters of the Company

3.1. The registered headquarters of the Company are located in Romania, Bucharest, 50 Theodor Pallady Str., 3rd district. The registered headquarters of the Company can be relocated to any address in Romania, based on the decision of the General Meeting of Shareholders, according to the legal provisions.

3.2. The Company, based on the resolutions of the General Meeting of Shareholders can establish branches, representative offices, agencies located in Romania and/or abroad.

Art. 4 The term of the Company

The term of the Company is unlimited, as of the date of the registration thereof with the Bucharest Trade Registry Office.

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number: JA0/383/1091
Fiscal Code: 336206

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IBAN: RO63CIT1 0000 0008 2476 6002 for EC
IBAN: RO13CIT1 0000 0008 2476 6029 for US
IBAN: RO 68CIT1 0000 0008 2476 8037 for IT

CHAPTER II

COMPANY'S OBJECT OF ACTIVITY

Art.5 Company's object of activity is:

5.1.The main field of activity of the Company is:

NACE 211 – Manufacture of basic pharmaceutical products.

5.2.The main activity of the Company is:

NACE 2120- Manufacture of Pharmaceutical Preparations.

5.3. The secondary activities of the Company are:

NACE 1089 – Manufacture of other food products n.e.c.

NACE 0240 - Support services to forestry

NACE 1721 – Manufacture of corrugated paper and paperboard and of containers of paper and paperboard

NACE 1729 - Manufacture of other articles of paper and paperboard

NACE 1812 – Other printing

NACE 1813 - Pre-press and pre-media services

NACE 2059 – Manufacture of other chemical products n.e.c.

NACE 2110 - Manufacture of basic pharmaceutical products

NACE 2319 – Manufacture and processing of other glass, including technical glassware

NACE 2611 - Manufacture of electronic components

NACE 3250 – Manufacture of medical and dental instruments and supplies

NACE 3312 - Repair of machinery

NACE 3319 - Repair of other equipment

NACE 3320 - Installation of industrial machinery and equipment

NACE 3521 - Manufacture of gas

NACE 3522 - Distribution of gaseous fuels through mains

NACE 3523 Trade of gas through mains

NACE 3831 Dismantling of wrecks

NACE 3832 Recovery of sorted materials

ZENTIVA

NACE 4321 Electrical installation
NACE 4322 Plumbing, heat and air-conditioning installation
NACE 4329 Other construction installation
NACE 4511 Sale of cars and light motor vehicles
NACE 4519 Sale of other motor vehicles
NACE 4520 Maintenance and repair of motor vehicles
NACE 4618 Agents specialised in the sale of other particular products
NACE 4619 Agents involved in the sale of a variety of goods
NACE 4636 Wholesale of sugar and chocolate and sugar confectionery
NACE 4638 Wholesale of other food, including fish, crustaceans and

molluscs

NACE 4639 Non-specialised wholesale of food, beverages and tobacco
NACE 4645 Wholesale of perfume and cosmetics
NACE 4646 Wholesale of pharmaceutical goods
NACE 4675 Wholesale of chemical products
NACE 4676 Wholesale of other intermediate products
NACE 4741 Retail sale of computers, peripheral units and software in specialised stores
NACE 4742 Retail sale of telecommunications equipment in specialised stores
NACE 4753 Retail sale of carpets, rugs, wall and floor coverings in specialised stores
NACE 4759 Retail sale of furniture, lighting equipment and other household articles in specialised stores
NACE 4764 Retail sale of sporting equipment in specialised stores
NACE 4765 Retail sale of games and toys in specialised stores
NACE 4771 Retail sale of clothing in specialised stores
NACE 4773 Dispensing chemist in specialised stores
NACE 4774 Retail sale of medical and orthopaedic goods in specialised stores

food in specialised stores

NACE 4777 Retail sale of watches and jewellery in specialised stores
NACE 4778 Other retail sale of new goods in specialised stores
NACE 4779 Retail sale of second-hand goods in stores
NACE 4939 Other passenger land transport n.e.c.
NACE 4941 Freight transport by road
NACE 4942 Removal services
NACE 5210 Warehousing and storage
NACE 5221 Service activities incidental to land transportation

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- NACE 5224 Cargo handling
- NACE 5229 Other transportation support activities
- NACE 5320 Other postal and courier activities
- NACE 5811 Book publishing
- NACE 5812 Publishing of directories and mailing lists
- NACE 5813 Publishing of newspapers
- NACE 5814 Publishing of journals and periodicals
- NACE 5819 Other publishing activities
- NACE 5821 Publishing of computer games
- NACE 5829 Other software publishing
- NACE 5920 Sound recording and music publishing activities
- NACE 6010 Radio broadcasting
- NACE 6020 Television programming and broadcasting activities
- NACE 6190 Other telecommunications activities
- NACE 6201 Computer programming activities
- NACE 6202 Computer consultancy activities
- NACE 6203 Computer facilities management activities
- NACE 6209 Other information technology and computer service activities
- NACE 6311 Data processing, hosting and related activities
- NACE 6312 Web portals
- NACE 6420 Activities of holding companies
- NACE 6820 Renting and operating of own or leased real estate
- NACE 6920 Accounting, bookkeeping and auditing activities; tax consultancy
- NACE 7010 Activities of head offices
- NACE 7021 Public relations and communication activities
- NACE 7022 Business and other management consultancy activities
- NACE 7111 Architectural activities
- NACE 7112 Engineering activities and related technical consultancy
- NACE 7120 Technical testing and analysis
- NACE 7311 Advertising agencies
- NACE 7312 Media representation
- NACE 7320 Market research and public opinion polling
- NACE 7490 Other professional, scientific and technical activities n.e.c.
- NACE 7711 Renting and leasing of cars and light motor vehicles
- NACE 7733 Renting and leasing of office machinery and equipment (including computers)
- NACE 7820 Temporary employment agency activities
- NACE 7830 Other human resources provision
- NACE 8020 Security systems service activities
- NACE 8110 Combined facilities support activities



- NACE 8211 Combined office administrative service activities
NACE 8219 Photocopying, document preparation and other specialised office support activities
NACE 8220 Activities of call centres
NACE 8230 Organisation of conventions and trade shows
NACE 8291 Activities of collection agencies and credit bureaus
NACE 8299 Other business support service activities n.e.c.
NACE 8560 Educational support activities
NACE 9101 Library and archives activities
NACE 9511 Repair of computers and peripheral equipment

CHAPTER III

REGISTERED SHARE CAPITAL, SHARES

Art. 6 The registered share capital

6.1. The registered capital of the Trade Company ZENTIVA S.A. is of RON 41,696,115 and it is composed of in kind and cash contributions.

6.2. The Share capital is divided into 416,961,150 nominal shares of RON 0.1 each.

6.3. According to the registrations in the shareholders' registry kept by Depozitarul Central S.A. (of which an excerpt related to Company's shareholding as at June 4th 2010 is attached hereto), the share capital of the Company on June 4th 2010 is fully subscribed and paid up as follows:

- The shareholder Venoma Holdings Ltd, headquartered in Cyprus, Nicosia, 30 Karpenisi St., holds 212,570,480 shares totaling RON 21,570,480, representing 50.9809% of Company's share capital;
- The shareholder Zentiva NV, headquartered in the Netherlands, 123 Fred. Roekestraat St., 1076 EE Amsterdam, holds 99,771,169 shares totaling RON 9,977,116.9, representing 23.9282% of Company's share capital;
- The shareholder Sanofi Aventis Europe, headquartered in France, 174 AVENUE FRANCE, 75013, PARIS, holds 27,870,503 shares totaling RON 6,106,415 representing 6.6842% of Company's share capital;
- Individuals holding 36,546,780 shares, totaling RON 3,654,678, representing 8.7650% of Company's share capital;
- other legal entities, holding 40,202,218 shares, totaling RON 4,020,221.8, representing 9.6417% of Company's share capital."

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Art. 7 The shares

The shares issued by the Company are nominal, indivisible, equal in value, dematerialised, freely negotiable and fully subscribed and paid up and shall be numbered by the Independent Registry company contracted by the Company for the purpose to maintain the shares evidence in the Shareholder's Registry.

Art. 8 The increase and the decrease of share capital

8.1 The increase of the share capital

8.1.1. Company's share capital can be increased based on the decision of the General Extraordinary Meeting of Shareholders, in accordance with the legal provisions in force and of the present ARTICLES OF INCORPORATION.

8.1.2 The Company can increase its share capital, under the provisions of these ARTICLES OF INCORPORATION and of the legal provisions in force, by issuing new shares or increasing the nominal value (par value) of the existing shares in exchange of new contributions in cash or in kind or by incorporating the reserves (except for the legal reserves), as well as the benefits or issue premiums. The increase of the Share Capital can also be carried out by any other methods allowed by the law.

8.1.3 Company's share capital can include only the competitive assets necessary for the performance of Company's object of activity. If the share capital increase is done by contributions in kind, the General Extraordinary Meeting of Shareholders shall appoint one or several independent experts to assess these contributions, in accordance with the legal provisions.

The number of shares to be allocated following the contribution in kind to the share capital will be determined as a ratio between the value of the contribution in kind, according to the above mentioned expertise report and the highest of the market value for one share, the value per share computed based on the accounting net assets or the nominal value (par value) of a share, according to the law.

8.1.4. The shareholders benefit from the right of first refusal for the subscription of the new shares issued for the increase of the share capital, within the limits of their contribution to Company's share capital.

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8.1.5 The General Extraordinary Meeting of the Shareholders can bar the pre-emption right of the shareholders to the subscription of the new shares, if the following conditions are cumulatively met:

- in the presence of at least $\frac{3}{4}$ of the holders of the share capital;
- by the vote of the shareholders owning at least 75% of the rights to vote within the meeting.

Art 8.2 The decrease of the share capital

8.2.1 The General Extraordinary Meeting of the Shareholders shall decide on the decrease of the share capital of the Company. The share capital can be decreased due to well-grounded reasons and only up to the minimum limit stipulated by the law.

8.2.2. The decrease of the Share capital can be performed only after the elapse of two months as of the date when the resolution of the General Extraordinary Meeting is published in the Official Gazette of Romania.

Art. 9 The rights and obligations deriving from shares

9.1. Each subscribed and paid up share grants to its holder a voting right during the General Meeting of the Shareholders, the right to elect and to be elected in the management bodies of the Company, the right to participate to the distribution of the Company's profits, according to the provisions of these ARTICLES OF INCORPORATION and the legal provisions, as well as any other rights forthcoming from the ownership over the shares within the limits set forth by these ARTICLES OF INCORPORATION and as provided by the law.

9.2 The rights, benefits and obligations that result from any or all shares owned by a shareholder, shall be transferred in the same time with the transfer of the ownership right over the shares, according to the law.

9.3 Each shareholder undertakes to observe the provisions of these ARTICLES OF INCORPORATION.

9.4. Company's obligations are secured by the assets thereof and Company's shareholders will be held liable for the performance of Company's obligations only within the limits of the share capital subscribed.

9.5. The Company's patrimony may not be encumbered by debts or other personal liabilities of the shareholders.



9.6 A creditor of a shareholder can formulate claims over that part of Company's profit distributed as dividends by the General Meeting of Shareholders or over the shareholder quota from the Company's assets following the liquidation procedure performed in accordance with the provisions of these ARTICLES OF INCORPORATION and the legal effectual provisions.

9.7 The shareholders must exercise their rights deriving from the shares in good faith and by observing the rights and legitimate interest of the other shareholders and the priority interest of the Company, otherwise being held liable for the inflicted damages.

9.8 The abusive use of the capacity of shareholder, following performance of unfair or fraudulent deeds (determined in accordance with the applicable law), which results in the restriction of the rights granted by the shares or damages inflicted to other shareholders is prohibited by the law and triggers the personal liability of the shareholders in accordance with the law.

Art. 10 Transfer of shares

10.1. Company's shares are indivisible.

10.2. When a nominal share falls into the indivisible ownership of several persons, the Independent Register Company in charge for the evidence of Company's shares is not obliged to register the ownership transfer until those persons appoint a sole representative for the purpose of exercising the right deriving from such nominal share.

As long as a share is indivisibly owned by several persons, those persons are jointly liable for the payment of such a share.

10.3. The partial or total assignment of the shares between shareholders or third parties shall be performed accordance with the Law no. 297/2004.

10.4. Company's shares may be traded according to the law, only on a regulated market designated by the General Meeting of Shareholders.

CHAPTER IV

GENERAL MEETING OF SHAREHOLDERS

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Art 11. The General Meeting of Shareholders

11.1. The General Meeting of Shareholders is the supreme managing body of the Company having a general capacity to decide in respect to its activity and its economic, trade and development policy.

11.2 The General Meeting of Shareholders can be Ordinary and Extraordinary. The resolutions of the General Meeting of Shareholders are adopted according to the law and the provisions of these ARTICLES OF INCORPORATION and are mandatory for all shareholders.

11.3. **The General Ordinary Meeting** will meet at least once a year, within at most 4 months after the end of the financial year for the following purposes:

- a) Debate, approve or modify the yearly financial statements approved by the Board of Directors, based on Directors' and Auditors' reports and establishes the value of the dividends and the deadline for their distribution,
- b) Identification of the shareholders eligible to receive dividends,
- c) Electing and revoking the directors, establishing their remuneration and the minimum value of the amount insured by the professional civil liability insurance, as well as the general limits for the remuneration of directors and managers, subject to the delegation of prerogatives for managing the Company;
- d) Appointment of the financial auditor as well of the authorised person to sign the services contract concluded with the auditor on behalf of the Company;
- e) Approval of directors' management report;
- f) Approval and amendment of the business plan, of the annual budget and the activity schedule of the Company, proposed for approval by the Directors ,
- g) Incorporation or dissolution of one or several of Company's subsidiaries, representative offices, agencies, or any other secondary establishments of the Company as well as the incorporation of Company's branches;
- h) Any other issue pertaining to its decisional competence.

11.4. **The General Extraordinary Meeting** shall be convened whenever necessary to make a decision related to:

- a. The change of Company's share capital
- b. The change of Company's object of activity
- c. The change of Company's organization form
- d. The relocation of Company's registered headquarters
- e. Merger with other companies or the division of the Company
- f. The anticipated dissolution of the company
- g. Issue of bonds



h. The undertaking of long or short term loans whose value exceeds half of the accounting value of Company's assets as at the date of the execution of the relevant legal document;

i. The approval of all legal instruments in connection with the acquisition, alienation, exchange or pledge of some of the immovable assets of the Company, whose value exceeds 20% of the value of the total immovable assets of the Company, considered individually, for each legal instrument, or cumulatively, during a financial year, minus the value of the receivables at the date of the execution of the relevant legal instrument;

j. The approval of legal deeds concerning the rental of fixed assets of the Company for a period longer than 1 year, whose individual value exceeds 20% of the value of the total immovable assets of the Company, considered individually or cumulatively in relation to the same contracting party or to involved persons or to persons coordinating their actions, minus the receivables at the date of the execution of the relevant legal instrument.

k. The approval of the association agreements concluded by the Company if they are concluded for a period longer than 1 year, whose value exceeds 20% of the value of the total immovable assets of the Company, considered individually or cumulatively in relation to the same contracting party or to involved persons or to persons coordinating their actions, minus the receivables at the date of the execution of the relevant legal instrument.

l. The approval of any amendment to Company's ARTICLES OF INCORPORATION. In this case, prior to convening the General Extraordinary Meeting of Shareholders for the amendment of the ARTICLES OF INCORPORATION, the draft of the proposed amendments shall be sent to NSC and to securities market where the Company's shares are traded.

m. Pass any other resolution that needs the approval of the General Extraordinary Meeting of Shareholders in order to be enforced.

Art 12. Convening of the General Assemblies

12.1. The General Meeting of Shareholders shall be convened by the Board of Directors, pursuant to the decision thereof and in observance of the law.

12.2. The Ordinary General Meeting is held at least once a year, according to the provisions stipulated at art. 11.3, as well as whenever is necessary to approve a resolution of its own competence, according to the legal provisions in force and of these ARTICLES OF INCORPORATION.

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12.3. The Board of Directors has the obligation to convene the General Extraordinary Meeting of Shareholders upon the request of shareholders representing at least 10% of the share capital, upon the request of financial auditors or if, further to the occurrence of loss, the value of the net assets determined as the balance between the total assets and the total liabilities of the Company is less than half of Company's share capital.

12.4. The General Meeting of Shareholders shall be called as provided under and in observance of the publicity conditions provided by NSC regulations and by Law 31/1990.

Art 13. The organization of the General Meeting

13.1. Shareholders can attend and vote during the General Meeting in person or through a representative appointed based on a power-of-attorney granted for the purpose of that General Meeting as a written document given under private signature. The shareholders who do not hold the capacity of exercise as well as legal entities can be represented by their legal representatives who, in their turn, can grant a power-of-attorney to other persons for that general meeting. The company will make available to the shareholders the standard form of the power-of-attorney at least 5 days before the first convening of the General Meeting and the shareholders will submit the original powers-of-attorney at least 48 hours before the Meeting, under the sanction of losing the right to vote within that Meeting. The powers-of-attorneys shall be kept by the Company, which will be mentioned in the minutes.

13.2. The General Meeting of Shareholders will be chaired by the Chairman of the Meeting, who will be the Chairman of the Board of Directors or, in his absence, another member of the Board of Directors appointed by the latter. The Chairman of the Meeting will appoint a meeting secretary among the present shareholders and one or more technical secretaries.

13.3. The meeting secretary will draft a minute mentioning the issues debated and the decisions made, which minute will be signed by the Chairman of the Meeting and by the Secretary and will be kept in a special register the pages of which are marked by serial numbers, kept by the Board of Directors.

Art 14. The exercise of the voting right during the General Meeting of Shareholders

14.1. The resolutions of the General Meeting of Shareholders are usually adopted by open vote.

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14.2. Upon the proposal of the President of the General Meeting or of a group of attending shareholders (present whether personally or by representatives) holding at least $\frac{1}{4}$ of the registered share capital, secret voting may be decided upon.

14.3. The secret voting is mandatory for the election and revocation of the members of the Board of Directors and of the financial auditor and for making the decisions related to the activity and liability of the Directors.

14.4. The decisions of the Ordinary General Meeting are validly passed under the following conditions:

- at the first convening: the shareholders representing at least $\frac{1}{2}$ of Company's share capital need to be present and the decisions need to be made based on the favourable vote of the shareholders holding the absolute majority of the share capital present or represented within the meeting;
- upon the second convening: decisions can be made regardless of the share capital present/represented within the meeting, based on the favourable vote of the majority of the share capital present or represented within the meeting.

14.5. The decisions of the Extraordinary General Meeting of the Shareholders of the Company are validly made under the following conditions:

- at the first convening: shareholders representing at least $\frac{3}{4}$ of the share capital need to be present at the meeting, and decisions need to be made based on the favourable vote of the shareholders holding at least $\frac{1}{2}$ of the share capital, except for the case provided under Article 8.1.5. above;
- at the second convening: shareholders representing at least $\frac{1}{2}$ of the share capital need to be present and decisions need to be made based on the favourable vote of shareholders holding at least $\frac{1}{3}$ of the share capital, which, in the case of the decisions for the amendment of company's main object of activity, for the decrease or increase of the share capital, for the change of the legal form, for merger, spin-off or dissolution of the Company, cannot be less than two thirds of the voting rights held by the shareholders present or represented within the Meeting.

14.6. The resolutions of the General Meetings of Shareholders adopted within the limits of the law and of the ARTICLES OF INCORPORATION, are mandatory even for the non-attending shareholders or those shareholders voting against them.

CHAPTER V

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THE BOARD OF DIRECTORS

Art 15. Organization of the Board of Directors

15.1. The company is managed by the Board of Directors consisting of 5 (five) directors, Romanian or/and foreign citizens, elected by the General Meeting of Shareholders. The members of the Board of Directors may also hold the position of Company shareholders.

15.2. Directors are elected for a 4 years' mandate and can be re-elected for new 4 years' mandates. The duration of directors' mandate can be changed by the decision of the General Meeting of Shareholders.

15.3. In case of vacancy of mandate of one or several directors, the Board of Directors will proceed to appointing provisional directors, until the Ordinary General Meeting of Shareholders which will appoint a final director for a duration equal to the period of time remaining until the expiry of the vacant mandate.

15.4. The members of the Board of Directors can be elected by cumulative vote procedure. Upon the request of a significant shareholder of the Company, the election of the Directors through the said procedure will become mandatory.

15.5. The Board of Directors is managed by a Chairman, a Romanian or foreign citizen, elected by the directors based on the majority vote of the directors.

15.6. The obligations and liabilities of the Directors are regulated by the rules applicable to mandates and, in addition, by the special rules applicable to the liabilities of the joint stock companies' Directors.

15.7. Directors will conclude a professional liability insurance policy for an insured amount whose minimum value whereof will be approved by the General Meeting

Art.16 Board of Directors' Meetings

16.1. The Board of Directors will hold an Ordinary meeting at least once every three months and an Extraordinary meeting whenever necessary, at the Company headquarters or at another place provided in the notice to attend.



The meetings will be held if the director is physically present at the place of the meeting, except if the notice to attend expressly provides that the meeting is to be held by distance communication means (phone, teleconference, videoconference, telefax).

16.2. The Board of Directors will be convened by the Chairman, unsolicited or upon the grounded request of at least two directors or of the General Manager, by any communication means likely to prove the reception of the notice to attend by the addressee: phone call followed by the written confirmation of the addressee, fax with confirmation of receipt, certified mail with confirmation of receipt, e-mail.

The notice to attend will indicate: the date, time and place of the meeting of the Board of Directors, the method of holding the meeting (physical presence or by distance communication means), as well as the agenda thereof.

If at least two of the directors oppose to holding the meeting of the Board of Directors by distance communication means, the meeting will be held by means of the physical participation of the directors. The opposition will be submitted within at most 2 business days as of the convening.

If the notice to attend to the meeting of the Board of Directors is sent, in accordance to this paragraph, less than 5 business days before the date established for holding the meeting, the documentation related to the issues registered on the agenda of board's meeting will be attached to the notice to attend, in full or excerpts thereof; in the other cases, the documents and information related to the issues on the agenda of the meeting shall be made available to the directors at least 5 business days before the date established for the meeting of the board.

If all the members of the Board of Directors are present and agree to hold the meeting of the board and to make decisions, the convening formalities are no longer needed.

16.3. The meetings of the Board of Directors are chaired by the Chairman of the Board and, in his absence, by a member of the Board of Directors appointed by him. The chairman appoints a secretary either from among the members of the board or from outside the board.

16.4 The Board of Directors can validly deliberate in the presence of at least three members and can make decisions with a majority of at least half plus one of the present members. In case of a tie, the chairman of the Board of Directors will have the casting vote, except if he is also a manager of the Company.

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16.5. At the meetings of the Board of Directors, its members can only be represented by another member of the Board of Directors, based on a power-of-attorney given as a written document under private signature. A member of the Board of Directors can only represent another member of the Board of Directors.

16.6. The members of the Board participating to the meeting by any means of communication allowing their identification: phone, teleconference, videoconference, telefax, are also considered as present at Board's meeting.

16.7. The debates of the Board of Directors are registered in the special register of minutes of the meetings of the Board of Directors, drafted in accordance with the legal provisions. The minutes shall be signed by the Chairman of the meeting, by at least one other director and by the meeting secretary and, upon request, by the other members of the Board of Directors who have participated to the debates.

16.8. The Board of Directors can delegate to one or more of its members some of its prerogatives granting them a special power of attorney for one or more specific operations. The Board of Directors will delegate the management of the Company, in accordance with the applicable legal provisions, to one or more managers appointed from among the members of the Board or outside it, who will hold the capacity of managers commissioned for management as provided under Article 143 of Law 31/1990, hereinafter referred to as Executive Managers. One of them will be appointed General Manager. If the managers are appointed from among the directors, they will be executive directors, while the other members of the Board will be non-executive directors. The number of non-executive directors will always exceed the number of executive directors in the Board.

16.9. The Company will be represented and validly bound in relations with third parties by the Board of Directors, through the Chairman thereof. The power of representation will be delegated by the Board of Directors, by observing the legal provisions.

16.10. The Board of Directors has the obligation to make available to the shareholders and to the financial auditor, upon their request, Company's registers drafted according to the law and to issue, upon their request and at their expense, excerpts from such registers.

16.11. The Chairman and the members of the Board of Directors shall be jointly or severally liable, as the case may be, towards the company, for the damages resulting as a consequence of committing offences or of deviating from the legal provisions and/or from the provisions of these ARTICLES OF INCORPORATION,, as well as

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for the errors in the management of the Company. In such situations, the Directors could be dismissed by the resolution of the General Meeting of Shareholders.

16.12. The Company's trade union representatives can be invited to the meetings of the Board of Directors, where issues of professional, social or cultural interest for the employees are debated.

Art.17 Tasks of the Board of Directors

17.1 The Board of Directors has the following main tasks:

- a. Prepares and updates Company's registers according to the legal provisions;
- b. Hires and dismisses Company managers, establishing their rights and obligations;
- c. Appoints the Chairman of the Board;
- d. Contracts the Independent Registry which keeps the record of Company's shares;
- e. Approves the accounting as costs of the unrecoverable debts amounting to up to 0.5% of the turnover;
- f. Approves the write-off of the fixed assets;
- g. Approves the calculation system of fixed assets' depreciaton as required by the law,
- h. Approves the research and development program and allocates the necessary financial resources;
- i. Approves the annual investment plan of the Company;
- j. Annually, within 4 months as of the end of the financial (accounting) year, submits for approval of the General Meeting of Shareholders Company's activity report, Company's annual financial statement drafted for the previous year in accordance with the specific regulations of the Ministry of Finance and NSC as well the draft of Company's activity programme and the budget project for the current year;
- k. Approves the conclusion of association agreements by the Company, by observing the exclusive competencies of the General Meeting of Shareholders in this respect.
- l. Other tasks established by the law in its competency.

17.2 The Directors are obliged to immediately report to NSC any legal document entered into by the Company and its Directors, employees, shareholders which control the Company, or entered by the Company and the persons related to the aforementioned, whose value represents at least the RON equivalent of 50,000 Euro.

The reports drafted according to this paragraph should mention any other information deemed necessary to identify the legal effects of such acts in respect to the financial situation of the Company.

17.3. Under the supervision of the Board of Directors, the Company will ensure all the necessary facilities and information in order to allow the shareholders to exercise the right granted by the shares held.

In this respect the Board of Directors has the obligation, according to the law, to:

- inform the shareholders on the call of the General Meeting of Shareholders, by observing the provisions of these ARTICLES OF INCORPORATION;
- inform the public on the distribution and payment of dividends, on the issuance of new shares, including on the distribution, subscription, conversion waiving operation;
- appoint a financial institution as payment agent of the Company, through which the shareholders may exercise their financial rights, except for the situation when the Company could provide these services by itself.

17.4. The Company, through its General Manager, will ensure that the reports provided under the law are drafted and sent to NSC and to the regulated market on which Company's shares are traded.

CHAPTER VI

EXECUTIVE MANAGERS. TECHNICAL MANAGERS. MANAGEMENT COMPANY

Art.18 Executive Managers. Technical Managers. Management Company

18.1. The Board of Directors entrusts the management of the Company to one or several Executive Managers, according to Article 143 of Law 31/1990, among which one is appointed General Manager of the Company. The Executive Managers are granted the possibility to expressly mandate a part of such prerogatives to technical managers empowered as per the policies applicable at Company level. The performance of Company's operations can also be entrusted to a management company, upon the proposal of the General Manager, subject to the approval of the Board of Directors.

18.2. The General Manager and the other Executive Managers benefit from a general mandate for representing the Company in front of third parties observing the "Levels of Authority" internal procedure.



The Executive Managers can, in their turn, expressly delegate such prerogatives, within the limit of the next two levels of authority, observing the "Levels of Authority" internal procedure.

Company's technical managers will not be considered managers in the sense of Article 143 of Law 31/1990, but are only in charge with the performance of the activities. The technical managers are appointed based on the decision of the General Manager.

18.3. By concluding the Consultancy and Management Service Agreement with the Management Company, the latter and its representative or, as the case may be, the representatives appointed by the Management Company will acquire the capacity of manager within the Company. The relations between the Company and the management company and the representative thereof will be governed by the provisions of the consultancy and management service agreement and by the legal provisions.

CHAPTER VII

MANAGEMENT OF THE COMPANY

Art. 19 Financial auditor

19.1. The annual financial statements of the Company shall be audited by an external auditor, appointed by the General Meeting of Shareholders, according to the regulations regarding the financial audit.

19.2. The rights and obligations of the auditor shall be established by a services contract concluded between the Company and the auditor.

CHAPTER VIII

ACTIVITY OF THE COMPANY

Art.20 The economic-financial year

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The economic-financial year starts on January 1st and ends on December 31st of each year. The first financial year starts at the date the Company is registered and ends on the 31st of December of the same year.

Art.21 Financial records

The Company shall keep its accounting records in RON, shall annually draw up the financial statements according to the Romanian legislation in force.

Art.22 Calculation and distribution of profit

22.1. The profit or the loss of the Company shall be determined based on the annual financial statements drafted in accordance with the legal provisions and approved by the General Meeting of Shareholders. The Company shall annually allocate at least 5% of its profits for the reserve fund, up to a level equal with minimum 20% of the share capital. The General Meeting of Shareholders may decide to establish other reserve funds.

22.2. Out of the profit, the Company can establish funds allocated to modernization, research and development of new products, investments, repairs, and other destinations established by the General Meeting of Shareholders.

22.3. The distribution of the net profit shall be made in accordance with the legal regulations, subject to the approval of the General Meeting of Shareholders.

22.4. The shareholders entitled to collect dividends and other rights, subject to the resolutions of the General Meeting of Shareholders shall be identified by the General Meeting of Shareholders according to the legal provisions in force. This date should be at least 10 working days further to the date of the General Meeting of Shareholders.

Once the dividends are settled, the General Meeting of Shareholders will settle the date for their payment to the shareholders, which can not be more than 6 months since the date of the General Meeting of Shareholders.

Chapter IX

CHANGE OF THE LEGAL FORM, DISSOLUTION, LIQUIDATION, DISPUTES

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Art.23 Change of the legal form

The legal form of the Company may be changed subject to the decision of the General Meeting of Shareholders.

Art. 24 The dissolution of the Company

24.1. The Company will be dissolved in the following cases:

- a) The Incapacity to fulfil the main object of activity of the Company
- b) The cancellation (annulment) of the Company
- c) The bankruptcy and insolvency of the Company
- d) The decrease of the number of shareholders below the legal minimum number, if the remaining shareholders do not decide on the change of Company's legal form;
- e) As a consequence of a final, irrevocable and enforceable court decision;
- f) In any other circumstances according to the Law or the resolution of the General Meeting of Shareholders.

Art.25 The liquidation of the Company

25.1 As a result of the dissolution, the Company will enter into the liquidation procedure.

25.2 One or more liquidators will perform the liquidation of the Company. At the date the liquidators are appointed, Directors' mandates cease thus no longer being entitled to act in the name of the Company.

25.3 The General Meeting of Shareholders appoints the Liquidators. The Court may appoint the liquidators if the shareholders do not agree upon their appointment.

25.4 Liquidators' activity is supervised by financial auditors.

25.5 Liquidators undertake all Directors' responsibilities. As soon as they are appointed, the liquidators along-side with the Directors, have to draw up an inventory, evaluate the assets of the Company, to draw up a balance sheet reflecting the exact status of Company's rights and obligations and sign all documents mentioned above.



25.6 The liquidators have the obligation to receive and to keep all records and assets of the Company, entrusted to them by the Directors and to keep a record containing all the liquidation operations in chronological order.

25.7 In order to fulfil the mandate entrusted by the General Meeting of Shareholders, the liquidators will take all the necessary steps in order to keep the pending activities of the Company in progress, will cash in all of Company's receivables, and shall pay Company's debts and will undertake any operations needed to liquidate the Company.

25.8 Liquidators can represent the Company in front of the Court and may conclude transactions with the creditors.

25.9 The amounts of money obtained from liquidation shall be used with priority to pay privileged creditors and consequently the other creditors. The liquidators shall draw up the liquidation balance sheet and shall forward proposals for the distribution of the financial results (profits and losses) between the shareholders proportionally to their contribution to the Share capital.

25.10 After the liquidation process is concluded, the liquidators shall take all the measures in order to cancel the Company from the Trade Registry.

Art.26 Disputes

26.1. The Disputes generated by the contractual relationships of the Company with third parties, legal or natural persons, shall be settled, as the case may be, by the Arbitration Courts or the Courts mentioned in the contracts the dispute is related to or by competent Romanian Courts.

26.2. Solving of the labour conflicts between the Company and its employees, related to the conclusion, performance, amendment, suspension and termination of the individual employment agreements or, if the case may be, related to the collective labour agreements will be settled by the competent jurisdiction according to the Labour Code provisions.

Chapter X

FINAL PROVISIONS

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Art. 27 The provisions of these ARTICLES OF INCORPORATION shall be supplemented by the provisions of: the Romanian Commercial Code, the Law 31/1990, the Law 297/2004 regarding capital markets, and the regulations issued by NSC as well as by any other current legal applicable provisions.

These up-dated ARTICLES OF INCORPORATION was drawn up in 4 counterparts, today, April 30th 2019.

SC ZENTIVA SA

by Roxana Diaconu

Attorney-in-fact

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Updated on 8 August 2019

**ARTICLES OF INCORPORATION
of the Trade Company
ZENTIVA S.A.
("The Company")**

Preamble:

We, the Shareholders of S.C. ZENTIVA S.A., have agreed to conclude these ARTICLES OF INCORPORATION, as a sole written document and as the deed issued for the updating of the ARTICLES OF INCORPORATION of S.C. ZENTIVA S.A., without thus creating a new trade company. As result, we have agreed that the initial ARTICLES OF INCORPORATION of the Company and the addenda concluded and registered to-date with the Trade Register Office near Bucharest Tribunal will be replaced by these ARTICLES OF INCORPORATION, made up of ten chapters and setting forth the following provisions:

Definitions:

The concepts of "involved parties", "persons acting jointly" and "significant shareholder", as well as any other specific concepts used hereunder shall be considered to have the meaning provided by Capital Market Law 297/2004, as further amended ("Law 297/2004"), by the regulations of the National Securities Commission ("NSC"), by Company Law 31/1990, republished, as further amended and completed ("Law 31/1990") and the other applicable legal provisions, except if otherwise provided hereunder.

Any references in the ARTICLES OF INCORPORATION to Capital Market Law 297/2004 and to Company Law 31/1990, republished, shall be replaced by the abbreviations defined in the Preamble.

CHAPTER I

**NAME, LEGAL ORGANIZATION, REGISTERED OFFICE, TERM OF THE
COMPANY**

Art. 1 The name and emblem of the Company

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1.1. The name of the Company is “ZENTIVA” S.A (according to the proof of name reservation no. 759216 as of 15.12.2005).

1.2. All documents, invoices, advertisements, publications as well any other documents issued by the Company, shall contain the name of the Company, legal form, headquarters, sole registration code and the fiscal attribute, as well as the share capital, mentioning the actual paid up capital, according to the last approved financial statement.

1.3. The Company has an emblem consisting in the name “ZENTIVA”, as reserved at the Bucharest’s Trade Registry Office under the number 11.043 from 13.01.2006.

Art. 2 The legal form of the Company

The trade company “ZENTIVA” S.A. is a Romanian legal entity, being legally organized as a joint stock company admitted to trading on a regulated market according to the legal effectual provisions. The Company operates in accordance with the Romanian legal provisions regarding the issuers of securities, in accordance with the provisions of the Law 31/1990 and the provisions of these ARTICLES OF INCORPORATION.

Art. 3 The registered headquarters of the Company

3.1. The registered headquarters of the Company are located in Romania, Bucharest, 50 Theodor Pallady Str., 3rd district. The registered headquarters of the Company can be relocated to any address in Romania, based on the decision of the General Meeting of Shareholders, according to the legal provisions.

3.2. The Company, based on the resolutions of the General Meeting of Shareholders can establish branches, representative offices, agencies located in Romania and/or abroad.

Art. 4 The term of the Company

The term of the Company is unlimited, as of the date of the registration thereof with the Bucharest Trade Registry Office.

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CHAPTER II

COMPANY'S OBJECT OF ACTIVITY

Art.5 Company's object of activity is:

5.1. The main field of activity of the Company is:

NACE 211 – Manufacture of basic pharmaceutical products.

5.2. The main activity of the Company is:

NACE 2120- Manufacture of Pharmaceutical Preparations.

5.3. The secondary activities of the Company are:

NACE 1089 – Manufacture of other food products n.e.c.

NACE 0240 - Support services to forestry

NACE 1721 – Manufacture of corrugated paper and paperboard and of containers of paper and paperboard

NACE 1729 - Manufacture of other articles of paper and paperboard

NACE 1812 – Other printing

NACE 1813 - Pre-press and pre-media services

NACE 2059 – Manufacture of other chemical products n.e.c.

NACE 2110 - Manufacture of basic pharmaceutical products

NACE 2319 – Manufacture and processing of other glass, including technical glassware

NACE 2611 - Manufacture of electronic components

NACE 3250 – Manufacture of medical and dental instruments and supplies

NACE 3312 - Repair of machinery

NACE 3319 - Repair of other equipment

NACE 3320 - Installation of industrial machinery and equipment

NACE 3521 - Manufacture of gas

NACE 3522 - Distribution of gaseous fuels through mains

NACE 3523 Trade of gas through mains

NACE 3831 Dismantling of wrecks

NACE 3832 Recovery of sorted materials

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NACE 4321 Electrical installation

NACE 4322 Plumbing, heat and air-conditioning installation

NACE 4329 Other construction installation

NACE 4511 Sale of cars and light motor vehicles

NACE 4519 Sale of other motor vehicles

NACE 4520 Maintenance and repair of motor vehicles

NACE 4618 Agents specialised in the sale of other particular products

NACE 4619 Agents involved in the sale of a variety of goods

NACE 4636 Wholesale of sugar and chocolate and sugar confectionery

NACE 4638 Wholesale of other food, including fish, crustaceans and

molluscs

NACE 4639 Non-specialised wholesale of food, beverages and tobacco

NACE 4645 Wholesale of perfume and cosmetics

NACE 4646 Wholesale of pharmaceutical goods

NACE 4675 Wholesale of chemical products

NACE 4676 Wholesale of other intermediate products

NACE 4741 Retail sale of computers, peripheral units and software in specialised stores

NACE 4742 Retail sale of telecommunications equipment in specialised stores

NACE 4753 Retail sale of carpets, rugs, wall and floor coverings in specialised stores

NACE 4759 Retail sale of furniture, lighting equipment and other household articles in specialised stores

NACE 4764 Retail sale of sporting equipment in specialised stores

NACE 4765 Retail sale of games and toys in specialised stores

NACE 4771 Retail sale of clothing in specialised stores

NACE 4773 Dispensing chemist in specialised stores

NACE 4774 Retail sale of medical and orthopaedic goods in specialised stores

NACE 4776 Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores

NACE 4777 Retail sale of watches and jewellery in specialised stores

NACE 4778 Other retail sale of new goods in specialised stores

NACE 4779 Retail sale of second-hand goods in stores

NACE 4939 Other passenger land transport n.e.c.

NACE 4941 Freight transport by road

NACE 4942 Removal services

NACE 5210 Warehousing and storage

NACE 5221 Service activities incidental to land transportation

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NACE	5224	Cargo	handling
NACE	<u>5229 Other transportation support activities</u>		
NACE	<u>5320 Other postal and courier activities</u>		
NACE	<u>5811 Book publishing</u>		
NACE	<u>5812 Publishing of directories and mailing lists</u>		
NACE	<u>5813 Publishing of newspapers</u>		
NACE	<u>5814 Publishing of journals and periodicals</u>		
NACE	<u>5819 Other publishing activities</u>		
NACE	<u>5821 Publishing of computer games</u>		
NACE	<u>5829 Other software publishing</u>		
NACE	<u>5920 Sound recording and music publishing activities</u>		
NACE	<u>6010 Radio broadcasting</u>		
NACE	<u>6020 Television programming and broadcasting activities</u>		
NACE	<u>6190 Other telecommunications activities</u>		
NACE	<u>6201 Computer programming activities</u>		
NACE	<u>6202 Computer consultancy activities</u>		
NACE	<u>6203 Computer facilities management activities</u>		
NACE	<u>6209 Other information technology and computer service activities</u>		
NACE	<u>6311 Data processing, hosting and related activities</u>		
NACE	<u>6312 Web portals</u>		
NACE	<u>6420 Activities of holding companies</u>		
NACE	<u>6820 Renting and operating of own or leased real estate</u>		
NACE	<u>6920 Accounting, bookkeeping and auditing activities; tax consultancy</u>		
NACE	<u>7010 Activities of head offices</u>		
NACE	<u>7021 Public relations and communication activities</u>		
NACE	<u>7022 Business and other management consultancy activities</u>		
NACE	<u>7111 Architectural activities</u>		
NACE	<u>7112 Engineering activities and related technical consultancy</u>		
NACE	<u>7120 Technical testing and analysis</u>		
NACE	<u>7311 Advertising agencies</u>		
NACE	<u>7312 Media representation</u>		
NACE	<u>7320 Market research and public opinion polling</u>		
NACE	<u>7490 Other professional, scientific and technical activities n.e.c.</u>		
NACE	<u>7711 Renting and leasing of cars and light motor vehicles</u>		
NACE	<u>7733 Renting and leasing of office machinery and equipment (including computers)</u>		
NACE	7820	Temporary	employment agency activities
NACE	<u>7830 Other human resources provision</u>		
NACE	<u>8020 Security systems service activities</u>		
NACE	<u>8110 Combined facilities support activities</u>		



- NACE 8211 Combined office administrative service activities
NACE 8219 Photocopying, document preparation and other specialised office support activities
NACE 8220 Activities of call centres
NACE 8230 Organisation of conventions and trade shows
NACE 8291 Activities of collection agencies and credit bureaus
NACE 8299 Other business support service activities n.e.c.
NACE 8560 Educational support activities
NACE 9101 Library and archives activities
NACE 9511 Repair of computers and peripheral equipment

CHAPTER III

REGISTERED SHARE CAPITAL, SHARES

Art. 6 The registered share capital

- 6.1. The registered capital of the company ZENTIVA S.A. is of RON 69,701,704 and it consists of in kind and cash contributions.
- 6.2. The Company's share capital is divided into 697,017,040 nominal shares of RON 0.1 each.
- 6.3. The new structure of the fully subscribed and paid up share capital of the Company is the following:
- the shareholder Zentiva Group a.s., headquartered in Czech Republic, Prague 10, Dolní Měcholupy, U Kabelovny 130, postal code 10237, holds 668,778,101 shares totalling RON 66,877,810.1 representing 95.9486% of Company's share capital;
 - other natural and legal persons holding 28,238,939 shares, totalling RON 2,823,893.9, representing 4.0514% of Company's share capital.

Art. 7 The shares

The shares issued by the Company are nominal, indivisible, equal in value, dematerialised, freely negotiable and fully subscribed and paid up and shall be numbered by the Independent Registry company contracted by the Company for the purpose to maintain the shares evidence in the Shareholder's Registry.

Art. 8 The increase and the decrease of share capital

8.1 The increase of the share capital

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8.1.1. Company's share capital can be increased based on the decision of the General Extraordinary Meeting of Shareholders, in accordance with the legal provisions in force and of the present ARTICLES OF INCORPORATION.

8.1.2 The Company can increase its share capital, under the provisions of these ARTICLES OF INCORPORATION and of the legal provisions in force, by issuing new shares or increasing the nominal value (par value) of the existing shares in exchange of new contributions in cash or in kind or by incorporating the reserves (except for the legal reserves), as well as the benefits or issue premiums. The increase of the Share Capital can also be carried out by any other methods allowed by the law.

8.1.3 Company's share capital can include only the competitive assets necessary for the performance of Company's object of activity. If the share capital increase is done by contributions in kind, the General Extraordinary Meeting of Shareholders shall appoint one or several independent experts to assess these contributions, in accordance with the legal provisions.

The number of shares to be allocated following the contribution in kind to the share capital will be determined as a ratio between the value of the contribution in kind, according to the above mentioned expertise report and the highest of the market value for one share, the value per share computed based on the accounting net assets or the nominal value (par value) of a share, according to the law.

8.1.4. The shareholders benefit from the right of first refusal for the subscription of the new shares issued for the increase of the share capital, within the limits of their contribution to Company's share capital.

8.1.5 The General Extraordinary Meeting of the Shareholders can bar the pre-emption right of the shareholders to the subscription of the new shares, if the following conditions are cumulatively met:

- in the presence of at least $\frac{3}{4}$ of the holders of the share capital;
- by the vote of the shareholders owning at least 75% of the rights to vote within the meeting.

Art 8.2 The decrease of the share capital

8.2.1 The General Extraordinary Meeting of the Shareholders shall decide on the decrease of the share capital of the Company. The share capital can be decreased due to well-grounded reasons and only up to the minimum limit stipulated by the law.

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8.2.2. The decrease of the Share capital can be performed only after the elapse of two months as of the date when the resolution of the General Extraordinary Meeting is published in the Official Gazette of Romania.

Art. 9 The rights and obligations deriving from shares

9.1. Each subscribed and paid up share grants to its holder a voting right during the General Meeting of the Shareholders, the right to elect and to be elected in the management bodies of the Company, the right to participate to the distribution of the Company's profits, according to the provisions of these ARTICLES OF INCORPORATION and the legal provisions, as well as any other rights forthcoming from the ownership over the shares within the limits set forth by these ARTICLES OF INCORPORATION and as provided by the law.

9.2 The rights, benefits and obligations that result from any or all shares owned by a shareholder, shall be transferred in the same time with the transfer of the ownership right over the shares, according to the law.

9.3 Each shareholder undertakes to observe the provisions of these ARTICLES OF INCORPORATION.

9.4. Company's obligations are secured by the assets thereof and Company's shareholders will be held liable for the performance of Company's obligations only within the limits of the share capital subscribed.

9.5. The Company's patrimony may not be encumbered by debts or other personal liabilities of the shareholders.

9.6 A creditor of a shareholder can formulate claims over that part of Company's profit distributed as dividends by the General Meeting of Shareholders or over the shareholder quota from the Company's assets following the liquidation procedure performed in accordance with the provisions of these ARTICLES OF INCORPORATION and the legal effectual provisions.

9.7 The shareholders must exercise their rights deriving from the shares in good faith and by observing the rights and legitimate interest of the other shareholders and the priority interest of the Company, otherwise being held liable for the inflicted damages.

ZENTIVA

9.8 The abusive use of the capacity of shareholder, following performance of unfair or fraudulent deeds (determined in accordance with the applicable law), which results in the restriction of the rights granted by the shares or damages inflicted to other shareholders is prohibited by the law and triggers the personal liability of the shareholders in accordance with the law.

Art. 10 Transfer of shares

10.1. Company's shares are indivisible.

10.2. When a nominal share falls into the indivisible ownership of several persons, the Independent Register Company in charge for the evidence of Company's shares is not obliged to register the ownership transfer until those persons appoint a sole representative for the purpose of exercising the right deriving from such nominal share.

As long as a share is indivisibly owned by several persons, those persons are jointly liable for the payment of such a share.

10.3. The partial or total assignment of the shares between shareholders or third parties shall be performed accordance with the Law no. 297/2004.

10.4. Company's shares may be traded according to the law, only on a regulated market designated by the General Meeting of Shareholders.

CHAPTER IV

GENERAL MEETING OF SHAREHOLDERS

Art 11. The General Meeting of Shareholders

11.1. The General Meeting of Shareholders is the supreme managing body of the Company having a general capacity to decide in respect to its activity and its economic, trade and development policy.

11.2 The General Meeting of Shareholders can be Ordinary and Extraordinary. The resolutions of the General Meeting of Shareholders are adopted according to the law and the provisions of these ARTICLES OF INCORPORATION and are mandatory for all shareholders.

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11.3. **The General Ordinary Meeting** will meet at least once a year, within at most 4 months after the end of the financial year for the following purposes:

- a) Debate, approve or modify the yearly financial statements approved by the Board of Directors, based on Directors' and Auditors' reports and establishes the value of the dividends and the deadline for their distribution,
- b) Identification of the shareholders eligible to receive dividends,
- c) Electing and revoking the directors, establishing their remuneration and the minimum value of the amount insured by the professional civil liability insurance, as well as the general limits for the remuneration of directors and managers, subject to the delegation of prerogatives for managing the Company;
- d) Appointment of the financial auditor as well of the authorised person to sign the services contract concluded with the auditor on behalf of the Company;
- e) Approval of directors' management report;
- f) Approval and amendment of the business plan, of the annual budget and the activity schedule of the Company, proposed for approval by the Directors ,
- g) Incorporation or dissolution of one or several of Company's subsidiaries, representative offices, agencies, or any other secondary establishments of the Company as well as the incorporation of Company's branches;
- h) Any other issue pertaining to its decisional competence.

11.4. **The General Extraordinary Meeting** shall be convened whenever necessary to make a decision related to:

- a. The change of Company's share capital
- b. The change of Company's object of activity
- c. The change of Company's organization form
- d. The relocation of Company's registered headquarters
- e. Merger with other companies or the division of the Company
- f. The anticipated dissolution of the company
- g. Issue of bonds
- h. The undertaking of long or short term loans whose value exceeds half of the accounting value of Company's assets as at the date of the execution of the relevant legal document;
- i. The approval of all legal instruments in connection with the acquisition, alienation, exchange or pledge of some of the immovable assets of the Company, whose value exceeds 20% of the value of the total immovable assets of the Company, considered individually, for each legal instrument, or cumulatively, during a financial year, minus the value of the receivables at the date of the execution of the relevant legal instrument;
- j. The approval of legal deeds concerning the rental of fixed assets of the Company for a period longer than 1 year, whose individual value exceeds 20% of the value of the total immovable assets of the Company, considered individually or



cumulatively in relation to the same contracting party or to involved persons or to persons coordinating their actions, minus the receivables at the date of the execution of the relevant legal instrument.

k. The approval of the association agreements concluded by the Company if they are concluded for a period longer than 1 year, whose value exceeds 20% of the value of the total immovable assets of the Company, considered individually or cumulatively in relation to the same contracting party or to involved persons or to persons coordinating their actions, minus the receivables at the date of the execution of the relevant legal instrument.

l. The approval of any amendment to Company's ARTICLES OF INCORPORATION. In this case, prior to convening the General Extraordinary Meeting of Shareholders for the amendment of the ARTICLES OF INCORPORATION, the draft of the proposed amendments shall be sent to NSC and to securities market where the Company's shares are traded.

m. Pass any other resolution that needs the approval of the General Extraordinary Meeting of Shareholders in order to be enforced.

Art 12. Convening of the General Assemblies

12.1. The General Meeting of Shareholders shall be convened by the Board of Directors, pursuant to the decision thereof and in observance of the law.

12.2. The Ordinary General Meeting is held at least once a year, according to the provisions stipulated at art. 11.3, as well as whenever is necessary to approve a resolution of its own competence, according to the legal provisions in force and of these ARTICLES OF INCORPORATION.

12.3. The Board of Directors has the obligation to convene the General Extraordinary Meeting of Shareholders upon the request of shareholders representing at least 10% of the share capital, upon the request of financial auditors or if, further to the occurrence of loss, the value of the net assets determined as the balance between the total assets and the total liabilities of the Company is less than half of Company's share capital.

12.4. The General Meeting of Shareholders shall be called as provided under and in observance of the publicity conditions provided by NSC regulations and by Law 31/1990.

Art 13. The organization of the General Meeting

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13.1. Shareholders can attend and vote during the General Meeting in person or through a representative appointed based on a power-of-attorney granted for the purpose of that General Meeting as a written document given under private signature. The shareholders who do not hold the capacity of exercise as well as legal entities can be represented by their legal representatives who, in their turn, can grant a power-of-attorney to other persons for that general meeting. The company will make available to the shareholders the standard form of the power-of-attorney at least 5 days before the first convening of the General Meeting and the shareholders will submit the original powers-of-attorney at least 48 hours before the Meeting, under the sanction of losing the right to vote within that Meeting. The powers-of-attorneys shall be kept by the Company, which will be mentioned in the minutes.

13.2. The General Meeting of Shareholders will be chaired by the Chairman of the Meeting, who will be the Chairman of the Board of Directors or, in his absence, another member of the Board of Directors appointed by the latter. The Chairman of the Meeting will appoint a meeting secretary among the present shareholders and one or more technical secretaries.

13.3. The meeting secretary will draft a minute mentioning the issues debated and the decisions made, which minute will be signed by the Chairman of the Meeting and by the Secretary and will be kept in a special register the pages of which are marked by serial numbers, kept by the Board of Directors.

Art 14. The exercise of the voting right during the General Meeting of Shareholders

14.1. The resolutions of the General Meeting of Shareholders are usually adopted by open vote.

14.2. Upon the proposal of the President of the General Meeting or of a group of attending shareholders (present whether personally or by representatives) holding at least $\frac{1}{4}$ of the registered share capital, secret voting may be decided upon.

14.3. The secret voting is mandatory for the election and revocation of the members of the Board of Directors and of the financial auditor and for making the decisions related to the activity and liability of the Directors.

14.4. The decisions of the Ordinary General Meeting are validly passed under the following conditions:

- at the first convening: the shareholders representing at least $\frac{1}{2}$ of Company's share capital need to be present and the decisions need to be

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- made based on the favourable vote of the shareholders holding the absolute majority of the share capital present or represented within the meeting;
- upon the second convening: decisions can be made regardless of the share capital present/represented within the meeting, based on the favourable vote of the majority of the share capital present or represented within the meeting.

14.5. The decisions of the Extraordinary General Meeting of the Shareholders of the Company are validly made under the following conditions:

- at the first convening: shareholders representing at least $\frac{3}{4}$ of the share capital need to be present at the meeting, and decisions need to be made based on the favourable vote of the shareholders holding at least $\frac{1}{2}$ of the share capital, except for the case provided under Article 8.1.5. above;
- at the second convening: shareholders representing at least $\frac{1}{2}$ of the share capital need to be present and decisions need to be made based on the favourable vote of shareholders holding at least $\frac{1}{3}$ of the share capital, which, in the case of the decisions for the amendment of company's main object of activity, for the decrease or increase of the share capital, for the change of the legal form, for merger, spin-off or dissolution of the Company, cannot be less than two thirds of the voting rights held by the shareholders present or represented within the Meeting.

14.6. The resolutions of the General Meetings of Shareholders adopted within the limits of the law and of the ARTICLES OF INCORPORATION, are mandatory even for the non-attending shareholders or those shareholders voting against them.

CHAPTER V

THE BOARD OF DIRECTORS

Art 15. Organization of the Board of Directors

15.1. The company is managed by the Board of Directors consisting of 5 (five) directors, Romanian or/and foreign citizens, elected by the General Meeting of Shareholders. The members of the Board of Directors may also hold the position of Company shareholders.

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15.2. Directors are elected for a 4 years' mandate and can be re-elected for new 4 years' mandates. The duration of directors' mandate can be changed by the decision of the General Meeting of Shareholders.

15.3. In case of vacancy of mandate of one or several directors, the Board of Directors will proceed to appointing provisional directors, until the Ordinary General Meeting of Shareholders which will appoint a final director for a duration equal to the period of time remaining until the expiry of the vacant mandate.

15.4. The members of the Board of Directors can be elected by cumulative vote procedure. Upon the request of a significant shareholder of the Company, the election of the Directors through the said procedure will become mandatory.

15.5. The Board of Directors is managed by a Chairman, a Romanian or foreign citizen, elected by the directors based on the majority vote of the directors.

15.6. The obligations and liabilities of the Directors are regulated by the rules applicable to mandates and, in addition, by the special rules applicable to the liabilities of the joint stock companies' Directors.

15.7. Directors will conclude a professional liability insurance policy for an insured amount whose minimum value whereof will be approved by the General Meeting

Art.16 Board of Directors' Meetings

16.1. The Board of Directors will hold an Ordinary meeting at least once every three months and an Extraordinary meeting whenever necessary, at the Company headquarters or at another place provided in the notice to attend.

The meetings will be held if the director is physically present at the place of the meeting, except if the notice to attend expressly provides that the meeting is to be held by distance communication means (phone, teleconference, videoconference, telefax).

16.2. The Board of Directors will be convened by the Chairman, unsolicited or upon the grounded request of at least two directors or of the General Manager, by any communication means likely to prove the reception of the notice to attend by the addressee: phone call followed by the written confirmation of the addressee, fax with confirmation of receipt, certified mail with confirmation of receipt, e-mail.

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The notice to attend will indicate: the date, time and place of the meeting of the Board of Directors, the method of holding the meeting (physical presence or by distance communication means), as well as the agenda thereof.

If at least two of the directors oppose to holding the meeting of the Board of Directors by distance communication means, the meeting will be held by means of the physical participation of the directors. The opposition will be submitted within at most 2 business days as of the convening.

If the notice to attend to the meeting of the Board of Directors is sent, in accordance to this paragraph, less than 5 business days before the date established for holding the meeting, the documentation related to the issues registered on the agenda of board's meeting will be attached to the notice to attend, in full or excerpts thereof; in the other cases, the documents and information related to the issues on the agenda of the meeting shall be made available to the directors at least 5 business days before the date established for the meeting of the board.

If all the members of the Board of Directors are present and agree to hold the meeting of the board and to make decisions, the convening formalities are no longer needed.

16.3. The meetings of the Board of Directors are chaired by the Chairman of the Board and, in his absence, by a member of the Board of Directors appointed by him. The chairman appoints a secretary either from among the members of the board or from outside the board.

16.4 The Board of Directors can validly deliberate in the presence of at least three members and can make decisions with a majority of at least half plus one of the present members. In case of a tie, the chairman of the Board of Directors will have the casting vote, except if he is also a manager of the Company.

16.5. At the meetings of the Board of Directors, its members can only be represented by another member of the Board of Directors, based on a power-of-attorney given as a written document under private signature. A member of the Board of Directors can only represent another member of the Board of Directors.

16.6. The members of the Board participating to the meeting by any means of communication allowing their identification: phone, teleconference, videoconference, telefax, are also considered as present at Board's meeting.

16.7. The debates of the Board of Directors are registered in the special register of minutes of the meetings of the Board of Directors, drafted in accordance with the

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legal provisions. The minutes shall be signed by the Chairman of the meeting, by at least one other director and by the meeting secretary and, upon request, by the other members of the Board of Directors who have participated to the debates.

16.8. The Board of Directors can delegate to one or more of its members some of its prerogatives granting them a special power of attorney for one or more specific operations. The Board of Directors will delegate the management of the Company, in accordance with the applicable legal provisions, to one or more managers appointed from among the members of the Board or outside it, who will hold the capacity of managers commissioned for management as provided under Article 143 of Law 31/1990, hereinafter referred to as Executive Managers. One of them will be appointed General Manager. If the managers are appointed from among the directors, they will be executive directors, while the other members of the Board will be non-executive directors. The number of non-executive directors will always exceed the number of executive directors in the Board.

16.9. The Company will be represented and validly bound in relations with third parties by the Board of Directors, through the Chairman thereof. The power of representation will be delegated by the Board of Directors, by observing the legal provisions.

16.10. The Board of Directors has the obligation to make available to the shareholders and to the financial auditor, upon their request, Company's registers drafted according to the law and to issue, upon their request and at their expense, excerpts from such registers.

16.11. The Chairman and the members of the Board of Directors shall be jointly or severally liable, as the case may be, towards the company, for the damages resulting as a consequence of committing offences or of deviating from the legal provisions and/or from the provisions of these ARTICLES OF INCORPORATION,, as well as for the errors in the management of the Company. In such situations, the Directors could be dismissed by the resolution of the General Meeting of Shareholders.

16.12. The Company's trade union representatives can be invited to the meetings of the Board of Directors, where issues of professional, social or cultural interest for the employees are debated.

Art.17 Tasks of the Board of Directors

17.1 The Board of Directors has the following main tasks:

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- a. Prepares and updates Company's registers according to the legal provisions;
- b. Hires and dismisses Company managers, establishing their rights and obligations;
- c. Appoints the Chairman of the Board;
- d. Contracts the Independent Registry which keeps the record of Company's shares;
- e. Approves the accounting as costs of the unrecoverable debts amounting to up to 0.5% of the turnover;
- f. Approves the write-off of the fixed assets;
- g. Approves the calculation system of fixed assets' depreciaton as required by the law,
- h. Approves the research and development program and allocates the necessary financial resources;
- i. Approves the annual investment plan of the Company;
- j. Annually, within 4 months as of the end of the financial (accounting) year, submits for approval of the General Meeting of Shareholders Company's activity report, Company's annual financial statement drafted for the previous year in accordance with the specific regulations of the Ministry of Finance and NSC as well the draft of Company's activity programme and the budget project for the current year;
- k. Approves the conclusion of association agreements by the Company, by observing the exclusive competencies of the General Meeting of Shareholders in this respect.
- l. Other tasks established by the law in its competency.

17.2 The Directors are obliged to immediately report to NSC any legal document entered into by the Company and its Directors, employees, shareholders which control the Company, or entered by the Company and the persons related to the aforementioned, whose value represents at least the RON equivalent of 50,000 Euro.

The reports drafted according to this paragraph should mention any other information deemed necessary to identify the legal effects of such acts in respect to the financial situation of the Company.

17.3. Under the supervision of the Board of Directors, the Company will ensure all the necessary facilities and information in order to allow the shareholders to exercise the right granted by the shares held.

In this respect the Board of Directors has the obligation, according to the law, to:

- inform the shareholders on the call of the General Meeting of Shareholders, by observing the provisions of these ARTICLES OF INCORPORATION;
- inform the public on the distribution and payment of dividends, on the issuance of new shares, including on the distribution, subscription, conversion waiving operation;
- appoint a financial institution as payment agent of the Company, through which the shareholders may exercise their financial rights, except for the situation when the Company could provide these services by itself.

17.4. The Company, through its General Manager, will ensure that the reports provided under the law are drafted and sent to NSC and to the regulated market on which Company's shares are traded.

CHAPTER VI

EXECUTIVE MANAGERS. TECHNICAL MANAGERS. MANAGEMENT COMPANY

Art.18 Executive Managers. Technical Managers. Management Company

18.1. The Board of Directors entrusts the management of the Company to one or several Executive Managers, according to Article 143 of Law 31/1990, among which one is appointed General Manager of the Company. The Executive Managers are granted the possibility to expressly mandate a part of such prerogatives to technical managers empowered as per the policies applicable at Company level. The performance of Company's operations can also be entrusted to a management company, upon the proposal of the General Manager, subject to the approval of the Board of Directors.

18.2. The General Manager and the other Executive Managers benefit from a general mandate for representing the Company in front of third parties observing the "Levels of Authority" internal procedure.

The Executive Managers can, in their turn, expressly delegate such prerogatives, within the limit of the next two levels of authority, observing the "Levels of Authority" internal procedure.

Company's technical managers will not be considered managers in the sense of Article 143 of Law 31/1990, but are only in charge with the performance of the activities. The technical managers are appointed based on the decision of the General Manager.



18.3. By concluding the Consultancy and Management Service Agreement with the Management Company, the latter and its representative or, as the case may be, the representatives appointed by the Management Company will acquire the capacity of manager within the Company. The relations between the Company and the management company and the representative thereof will be governed by the provisions of the consultancy and management service agreement and by the legal provisions.

CHAPTER VII

MANAGEMENT OF THE COMPANY

Art. 19 Financial auditor

19.1. The annual financial statements of the Company shall be audited by an external auditor, appointed by the General Meeting of Shareholders, according to the regulations regarding the financial audit.

19.2. The rights and obligations of the auditor shall be established by a services contract concluded between the Company and the auditor.

CHAPTER VIII

ACTIVITY OF THE COMPANY

Art.20 The economic-financial year

The economic-financial year starts on January 1st and ends on December 31st of each year. The first financial year starts at the date the Company is registered and ends on the 31st of December of the same year.

Art.21 Financial records

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The Company shall keep its accounting records in RON, shall annually draw up the financial statements according to the Romanian legislation in force.

Art.22 Calculation and distribution of profit

22.1. The profit or the loss of the Company shall be determined based on the annual financial statements drafted in accordance with the legal provisions and approved by the General Meeting of Shareholders. The Company shall annually allocate at least 5% of its profits for the reserve fund, up to a level equal with minimum 20% of the share capital. The General Meeting of Shareholders may decide to establish other reserve funds.

22.2. Out of the profit, the Company can establish funds allocated to modernization, research and development of new products, investments, repairs, and other destinations established by the General Meeting of Shareholders.

22.3. The distribution of the net profit shall be made in accordance with the legal regulations, subject to the approval of the General Meeting of Shareholders.

22.4. The shareholders entitled to collect dividends and other rights, subject to the resolutions of the General Meeting of Shareholders shall be identified by the General Meeting of Shareholders according to the legal provisions in force. This date should be at least 10 working days further to the date of the General Meeting of Shareholders.

Once the dividends are settled, the General Meeting of Shareholders will settle the date for their payment to the shareholders, which can not be more than 6 months since the date of the General Meeting of Shareholders.

Chapter IX

CHANGE OF THE LEGAL FORM, DISSOLUTION, LIQUIDATION, DISPUTES

Art.23 Change of the legal form

The legal form of the Company may be changed subject to the decision of the General Meeting of Shareholders.

Art. 24 The dissolution of the Company

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24.1. The Company will be dissolved in the following cases:

- a) The Incapacity to fulfil the main object of activity of the Company
- b) The cancellation (annulment) of the Company
- c) The bankruptcy and insolvency of the Company
- d) The decrease of the number of shareholders below the legal minimum number, if the remaining shareholders do not decide on the change of Company's legal form;
- e) As a consequence of a final, irrevocable and enforceable court decision;
- f) In any other circumstances according to the Law or the resolution of the General Meeting of Shareholders.

Art.25 The liquidation of the Company

25.1 As a result of the dissolution, the Company will enter into the liquidation procedure.

25.2 One or more liquidators will perform the liquidation of the Company. At the date the liquidators are appointed, Directors' mandates cease thus no longer being entitled to act in the name of the Company.

25.3 The General Meeting of Shareholders appoints the Liquidators. The Court may appoint the liquidators if the shareholders do not agree upon their appointment.

25.4 Liquidators' activity is supervised by financial auditors.

25.5 Liquidators undertake all Directors' responsibilities. As soon as they are appointed, the liquidators along-side with the Directors, have to draw up an inventory, evaluate the assets of the Company, to draw up a balance sheet reflecting the exact status of Company's rights and obligations and sign all documents mentioned above.

25.6 The liquidators have the obligation to receive and to keep all records and assets of the Company, entrusted to them by the Directors and to keep a record containing all the liquidation operations in chronological order.

25.7 In order to fulfil the mandate entrusted by the General Meeting of Shareholders, the liquidators will take all the necessary steps in order to keep the pending activities of the Company in progress, will cash in all of Company's receivables, and shall pay



Company's debts and will undertake any operations needed to liquidate the Company.

25.8 Liquidators can represent the Company in front of the Court and may conclude transactions with the creditors.

25.9 The amounts of money obtained from liquidation shall be used with priority to pay privileged creditors and consequently the other creditors. The liquidators shall draw up the liquidation balance sheet and shall forward proposals for the distribution of the financial results (profits and losses) between the shareholders proportionally to their contribution to the Share capital.

25.10 After the liquidation process is concluded, the liquidators shall take all the measures in order to cancel the Company from the Trade Registry.

Art.26 Disputes

26.1. The Disputes generated by the contractual relationships of the Company with third parties, legal or natural persons, shall be settled, as the case may be, by the Arbitration Courts or the Courts mentioned in the contracts the dispute is related to or by competent Romanian Courts.

26.2. Solving of the labour conflicts between the Company and its employees, related to the conclusion, performance, amendment, suspension and termination of the individual employment agreements or, if the case may be, related to the collective labour agreements will be settled by the competent jurisdiction according to the Labour Code provisions.

Chapter X

FINAL PROVISIONS

Art. 27 The provisions of these ARTICLES OF INCORPORATION shall be supplemented by the provisions of: the Romanian Commercial Code, the Law 31/1990, the Law 297/2004 regarding capital markets, and the regulations issued by NSC as well as by any other current legal applicable provisions.

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These up-dated ARTICLES OF INCORPORATION was drawn up in 4 counterparts,
today, 8 August 2019.

SC ZENTIVA SA

by Roxana Diaconu

Attorney-in-fact

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18.3. By concluding the Consultancy and Management Service Agreement with the Management Company, the latter and its representative or, as the case may be, the representatives appointed by the Management Company will acquire the capacity of manager within the Company. The relations between the Company and the management company and the representative thereof will be governed by the provisions of the consultancy and management service agreement and by the legal provisions.

CHAPTER VII

MANAGEMENT OF THE COMPANY

Art. 19 Financial auditor

19.1. The annual financial statements of the Company shall be audited by an external auditor, appointed by the General Meeting of Shareholders, according to the regulations regarding the financial audit.

19.2. The rights and obligations of the auditor shall be established by a services contract concluded between the Company and the auditor.

CHAPTER VIII

ACTIVITY OF THE COMPANY

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The Company shall keep its accounting records in RON, shall annually draw up the financial statements according to the Romanian legislation in force.

Art.22 Calculation and distribution of profit

22.1. The profit or the loss of the Company shall be determined based on the annual financial statements drafted in accordance with the legal provisions and approved by the General Meeting of Shareholders. The Company shall annually allocate at least 5% of its profits for the reserve fund, up to a level equal with minimum 20% of the share capital. The General Meeting of Shareholders may decide to establish other reserve funds.

22.2. Out of the profit, the Company can establish funds allocated to modernization, research and development of new products, investments, repairs, and other destinations established by the General Meeting of Shareholders.

22.3. The distribution of the net profit shall be made in accordance with the legal regulations, subject to the approval of the General Meeting of Shareholders.

22.4. The shareholders entitled to collect dividends and other rights, subject to the resolutions of the General Meeting of Shareholders shall be identified by the General Meeting of Shareholders according to the legal provisions in force. This date should be at least 10 working days further to the date of the General Meeting of Shareholders.

Once the dividends are settled, the General Meeting of Shareholders will settle the date for their payment to the shareholders, which can not be more than 6 months since the date of the General Meeting of Shareholders.

Chapter IX

CHANGE OF THE LEGAL FORM, DISSOLUTION, LIQUIDATION, DISPUTES

Art.23 Change of the legal form

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24.1. The Company will be dissolved in the following cases:

- a) The Incapacity to fulfil the main object of activity of the Company
- b) The cancellation (annulment) of the Company
- c) The bankruptcy and insolvency of the Company
- d) The decrease of the number of shareholders below the legal minimum number, if the remaining shareholders do not decide on the change of Company's legal form;
- e) As a consequence of a final, irrevocable and enforceable court decision;
- f) In any other circumstances according to the Law or the resolution of the General Meeting of Shareholders.

Art.25 The liquidation of the Company

25.1 As a result of the dissolution, the Company will enter into the liquidation procedure.

25.2 One or more liquidators will perform the liquidation of the Company. At the date the liquidators are appointed, Directors' mandates cease thus no longer being entitled to act in the name of the Company.

25.3 The General Meeting of Shareholders appoints the Liquidators. The Court may appoint the liquidators if the shareholders do not agree upon their appointment.

25.4 Liquidators' activity is supervised by financial auditors.

25.5 Liquidators undertake all Directors' responsibilities. As soon as they are appointed, the liquidators along-side with the Directors, have to draw up an inventory, evaluate the assets of the Company, to draw up a balance sheet reflecting the exact status of Company's rights and obligations and sign all documents mentioned above.

25.6 The liquidators have the obligation to receive and to keep all records and assets of the Company, entrusted to them by the Directors and to keep a record containing all the liquidation operations in chronological order.

25.7 In order to fulfil the mandate entrusted by the General Meeting of Shareholders, the liquidators will take all the necessary steps in order to keep the pending activities of the Company in progress, will cash in all of Company's receivables, and shall pay

Company's debts and will undertake any operations needed to liquidate the Company.

25.8 Liquidators can represent the Company in front of the Court and may conclude transactions with the creditors.

25.9 The amounts of money obtained from liquidation shall be used with priority to pay privileged creditors and consequently the other creditors. The liquidators shall draw up the liquidation balance sheet and shall forward proposals for the distribution of the financial results (profits and losses) between the shareholders proportionally to their contribution to the Share capital.

25.10 After the liquidation process is concluded, the liquidators shall take all the measures in order to cancel the Company from the Trade Registry.

Art.26 Disputes

26.1. The Disputes generated by the contractual relationships of the Company with third parties, legal or natural persons, shall be settled, as the case may be, by the Arbitration Courts or the Courts mentioned in the contracts the dispute is related to or by competent Romanian Courts.

26.2. Solving of the labour conflicts between the Company and its employees, related to the conclusion, performance, amendment, suspension and termination of the individual employment agreements or, if the case may be, related to the collective labour agreements will be settled by the competent jurisdiction according to the Labour Code provisions.

Chapter X

FINAL PROVISIONS

Art. 27 The provisions of these ARTICLES OF INCORPORATION shall be supplemented by the provisions of: the Romanian Commercial Code, the Law 31/1990, the Law 297/2004 regarding capital markets, and the regulations issued by NSC as well as by any other current legal applicable provisions.

ZENTIVA

These up-dated ARTICLES OF INCORPORATION was drawn up in 4 counterparts,
today, 8 August 2019.

SC ZENTIVA SA

by Roxana Diaconu

Attorney-in-fact



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Trade Register
number: J40/363/1991
Fiscal Code: 338208

Bank: Citibank Romania
IBAN RO83CIT1 0000 0008 2476 6002 for RON
IBAN RO13CIT1 0000 0008 2476 6029 for USD
IBAN RO 88CIT1 0000 0008 2476 6037 for EUR

LIST of Company's Affiliates (entities within Zentiva group)

As of December 31, 2019

Company Name	
LU	Al Sirona (Luxembourg) Acquisition S.à r.l.
CZ	Zentiva Group, a.s. Zentiva, k.s.
D	Zentiva Pharma GmbH Winthrop Arzneimittel GmbH
AT	Zentiva GmbH
CH	Hevepharm AG
UK	Zentiva Pharma UK Limited Creo Pharma Holdings Limited Creo Pharma Limited
F	Zentiva France
IT	Zentiva Italia S.r.l.
PL	Zentiva Polska sp. z. o. o.
PT	Zentiva Portugal, Lda
SK	Zentiva, a.s. Zentiva International a.s.
RO	Solacium Pharma S.r.l. Be Well Pharma S.r.l.
HU	Zentiva HU Kft.
IN	ZENTIVA PRIVATE LIMITED
BG	Zentiva Bulgaria EOOD

LIST of entities that control the Company

Company Name
Zentiva Group, a.s.
AI Sirona (Luxembourg) Acquisition S.à r.l.
AI Sirona(Luxembourg) Subco S.à.r.l.
AI Sirona (Luxembourg) Parent S.à.r.l.
AI Sirona & Cy S.C.A.
AI Sirona Midco &CyS.C.A.
AI Sirona (Luxembourg) S.à.r.l.
AI Global Investments &Cy S.C.A.
AI Sirona(Luxembourg) Holdings S.à r.l.
AI Sirona (Cayman) Limited
AdventFunds GPEVIII

The Company has no subsidiaries or entities under its controls.