

**Annual Report of the Board of Directors
for the financial year 2021**

Reporting date: 31/12/2021

- **ZENTIVA S.A.**
- **Registered office:** Bd. Theodor Pallady nr.50, Bucharest
- **Phone / Fax:** 021.304.72.00, 021.304.75.00 / 021.345.40.04
- **No. and registration date with the Trade Registry Office:** J40/363/1991
- **Tax Identification Number:** RO 336206
- **Class, type, no. and main characteristics of securities:** 697,017,040 dematerialized class I shares;
- **Regulated market wherein trading is performed:** Bucharest Stock Exchange;
- **Market value:** RON 2,44 / share representing the reference price on the last trading day of 2021;

Market capitalization as at the 31 December 2021: RON 1,700,721,578.

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 Decision.

In November 1999, the majority shareholding was taken over by the group of institutional investors consisting of the European Bank for Reconstruction and Development, the Post-Privatization Foundation, GED Eastern Fund, Euro Merchant Balkan Fund, Black Sea Fund and Galenica North East through the Cypriot company Venoma Holdings Limited.

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

On 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 shares of issuer Sicomed SA, subsequently renamed as Zentiva SA, for the amount of RON 1.37/ share, during the period 9 November 2005 - 12 January 2006.

In March 2009, Sanofi - Aventis Europe announced it had become a shareholder of Zentiva N.V., holding approximately 96.8% of shares.

In August 2009, Sanofi-Aventis Europe made a public offer for the purchase of the shares of issuer Zentiva SA, for the amount of RON 0.7/share, during the period 12 August 2009 - 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, acquiring 48,216,352 shares, and reaching a shareholding of 93.2295% of the share capital of the Company.

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

On 30 September 2018, the transfer of shares was finalized between Zentiva N.V. (100% owned and controlled by Sanofi Aventis Europe), as seller, and AI Sirona BidCo s.r.o. (100% owned and controlled by AI Sirona [Luxembourg] Acquisition S. à r.l., a company which is, in its turn, entirely owned by AI Sirona [Luxembourg] Subco S. à r.l. and ultimately controlled by Advent Funds GPE VIII, a fund managed by Advent International Corporation), as buyer, by 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 purchase at a price of RON 3.7472 per share, acquiring 200,333 shares, and reaching a shareholding of 388,931,210 shares representing 93.2776% of the share capital of the Company.

Between 5 July 2019 – 5 August 2019 (subscription period), the Company performed the share capital increase by granting preference rights, by issuing 300,000,000 new shares, with a nominal value of RON 0.1 / share, which were offered for subscription to the shareholders recorded with the Shareholders Register of the Company held by Depozitarul Central SA, as at the registration date 16 May 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 cancelled in accordance with the provisions of the decision of the Extraordinary General Meeting of the Shareholders of the Company dated 30 April 2019.

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Trade Register
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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

1. SHARES AND SHAREHOLDERS (continued)

After the share capital increase, the share capital of the Company is RON 69,701,704 (compared to RON 41,696,115 prior to the increase), being divided into 697,017,040 nominative shares with a value of RON 0.1 each, and is held as follows:

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

The synthetic shareholding structure as of 31 December 2021 remained identical to the one as of 31 December 2020, i.e.:

Shareholding structure	31 December 2021 (%)	31 December 2020 (%)
Zentiva Group a.s.*	95.9486	95.9486
Other minority shareholders	4.0514	4.0514
Total	100	100

Source: Depozitarul Central

* On 31 December 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 31 December 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 since 1998.

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

The Company did not trade its own stocks during 2021.

The market capitalization of the Zentiva SA shares as at the 31 December 2021 amounted to RON 1,700,721,578 (2020: RON 2,021,349,416).

As of 31 December 2021, the price per share was RON 2.44/share (2020: RON 2.9/share).

As of 31 December 2021, the Company has net assets of RON 890,772,593 which represents more than 50% of the share capital of RON 69,701,704 (as of 31 December 2020, the Company had net assets of RON 785,364,075, representing more than 50% of the share capital of RON 69,701,704) 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 2021, the Company did not set a legal reserve. As of 31 December 2021, the level of legal reserves reached the threshold of 20% of the Company's share capital, in accordance with the Companies Law.

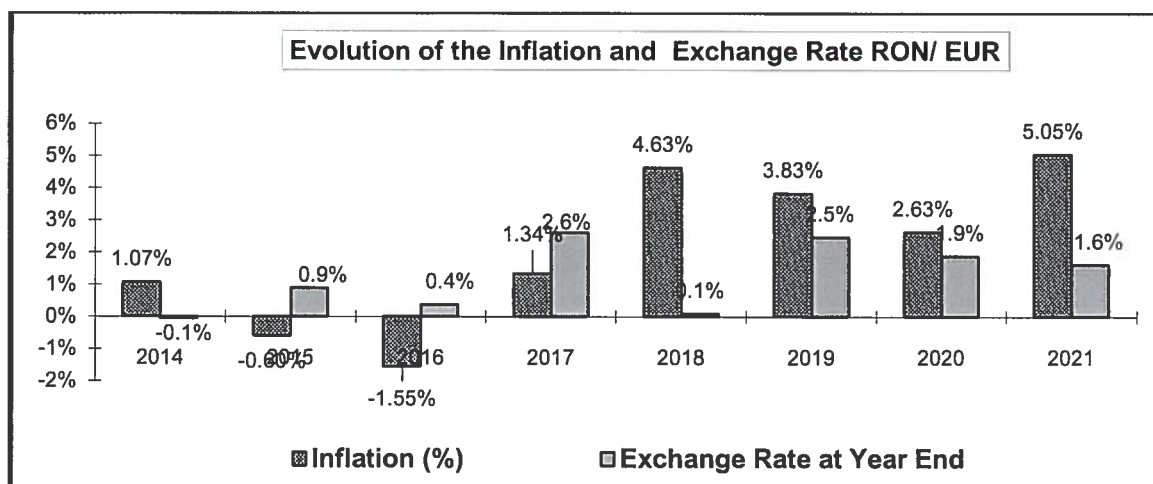
Company mergers and re-organizations

In 2021 the Company did not undergo any mergers or re-organizations.

2. ECONOMIC & FINANCIAL ENVIRONMENT

Evolution of the macroeconomic indicators in Romania

The inflation rate had significant fluctuations, from 1.07% in 2014, to 5.05% in 2021. In 2021, the national currency depreciated against the EUR by 1.6%, from RON / EUR 4.8694 at 31 December 2020 to RON / EUR 4.9481 at 31 December 2021.



Source: National Institute of Statistics and NBR

Pharmaceutical industry

The Romanian pharmaceutical market, including prescription-based and over-the-counter medicines, recorded in 2021 a growth rate of 11.6% (in value) versus the previous year, reaching the level of EUR 4.558 million (according to the sell-in information provided by the market research agency IQVIA in December 2021).

According to IQVIA, the Romanian generic medicines market grew also in 2021 by 16.1% (in value), reaching the level of EUR 867 million, according to IQVIA.

3. COMPANY'S ACTIVITY IN 2021

For 2021, ZENTIVA S.A. reports a turnover of MRON 683.9 being with 22,6% higher than the previous year and a net profit of MRON 105.7, 61,1% higher vs. prior period, mainly due to an improvement in operational efficiency and a decrease in expenses.

In 2021, the achieved production volume was higher by 25.28 million commercial units than the 2020 production, accounting for a growth of 23.6%.

The Company closed the year 2021 with a net profit of RON 105,745,554.

The most important achievements in 2021 were the following:

- Successfully finalization of the transfer to export of 8 more products locally produced;
- Exports accounted for 52% of the achieved 2021 production volume (56.2 million commercial units). Goods were primarily exported to the European market (Germany, France, Czech Republic, Slovakia, etc.).
- Investments totaling RON 22.9 million (EUR 4.6 million) for new production equipment and upgrading the existing one.

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3. COMPANY'S ACTIVITY IN 2021 (continued)

3.1. Reporting base

As at the 31 December 2021, Zentiva SA prepared financial statements in accordance with Order of the Ministry of Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable for companies whose securities are admitted to trading on a regulated market, with all the subsequent amendments and clarifications in force.

a. Sales – Volumes and amounts

The net turnover amounts to RON 683,865,264 as of 31 December 2021 (2020: RON 557,960,940).

The Zentiva's average selling price (finished goods and merchandise) was RON 4.69 in 2021 and RON 4.16 in 2020. The increase in price is explained by a change in the mix of products because the weight of products for hospitals and chronic diseases significantly increased.

	2021	2020
Net revenue from sales of goods (million RON)	667,9	540.4
Sold quantity (million units)	142,4	129.8
Average selling price (RON / sold unit)	4,69	4.16

Source: Zentiva, Annual Financial Report

In 2021, exports accounted for 42.4% of total turnover (RON 290,2 million), compared to 43.2% in 2020 (RON 241,1 million). The export sales were made through Zentiva k.s. (part of Zentiva Group). The medicines were mainly intended for European Union markets.

The percentage of OTC (over the counter) products in Zentiva SA sales was 4.1% in 2021 versus 4.5% in the previous year.

The sales by types of products in 2020 – 2021 are presented below:

Product type	2021	2020
Ethical (Rx)	95,9%	95.5%
OTC	4.1%	4.5%

b. Operating expenses

Description	Million RON		Variation	
	2021	2020	%	Mn RON
Operating expenses, out of which:	602,8	498.4	21%	104,4
Raw materials, materials and merchandise (including consumables)	331,3	284.5	16%	46,8
Personnel benefit expenses	112,4	98.9	14%	13,4
Depreciation, amortization and provisions for tangible and intangible assets ;	25,4	17.3	47%	8,2
Other operating expenses (including marketing expenses and inventory movement)	133,6	97.7	37%	35,9
Turnover	683,9	558.0	23%	125,9
Other operating revenues	35	13.8	>100%	21.2

3. COMPANY'S ACTIVITY IN 2021 (continued)

Expenses for raw materials, materials and merchandise have increased compared with the prior year due to the increase in the quantity of manufactured products and merchandise sold.

Personnel benefit expenses increased by 14% in 2021, i.e., by RON 13.4 million; the number of employees was 830 at the end of 2021 and 770 employees at the end of 2020. The increase in labor costs was influenced by the internalization of employees from an external workforce supplier, but also by the increase in the employee number and by the annual indexation of wages according to Company's policy.

Other operating expenses increased by RON 35.9 million compared to 2020, mainly due to the increase in expenses with external services (including services received from the group).

The expenses with management service from the Group include a large variety of services (see below):

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

Other operating revenues are higher by RON 21.2 million than the previous year thanks to the increase in re invoicing to the Group companies, following the new businesses that joined Zentiva Group. Re invoicing relate to the administrative support services and to the commercial team services.

c. Cash availability

The Company's cash availabilities at the end of 2021 amounted to RON 62.6 million while as of 31 December 2020 were RON 406.7 million consisting mainly of: cash in banks and cash on hand in amount of RON 62.6 million (2020: RON 62.6 million) and in 2020 of deposits - cash pooling account in amount RON 343.3 million.

In 2021, the cash-pooling account was reclassified to Cash Pooling Intercompany Receivable.

Prior to 2020 the Company participated in cash pooling arrangement with Zentiva Group, a.s. The cash pooling arrangement was transferred via a new contract signed between Zentiva Group, a.s., Zentiva S.A. and Al Sirona (Luxembourg) Acquisition S.A.R.L., the ultimate parent entity of Zentiva Group, in 2020. The cash deposits/drawdowns under the cash pooling agreement are subject to interest rates based on 3M ROBOR rate and applicable mark-up based on valid Group transfer pricing policy.

In 2021 the Company provided required cash support to other parties in the cash pooling to manage short term fluctuations on cash balances intra-month and deposits available under the cash pool are held not only to meet short term cash commitments. Cash pool balance presentation has been revised and starting 2021 it has been presented separately as Intercompany Deposits in the accompanying balance sheet.

The total interest collected for cash-pooling transactions during the year is in the amount of RON 6,544,059 (2020: interest collected in the amount of RON 9,352,520).

3. COMPANY'S ACTIVITY IN 2021 (continued)

3.2. Portfolio of products and marketing market

The product portfolio of Zentiva SA includes 120 products for human use, as solids (tablets, capsules, and pellets) and injectable solutions.

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

b. Zentiva is a part of Zentiva Group, which has production facilities in Czech Republic, Romania and India. The export sales on the EU market were ensured by Sanofi Winthrop (part of Sanofi Group) until 30 September 2018 and by Zentiva k.s. (part of Zentiva Group) after 1 October 2018.

3.3. Selection policy for suppliers of raw materials

The policy of Zentiva SA is to permanently search for suppliers that deliver high quality raw materials. The Quality Insurance Department assesses the potential producers and the existing ones on a permanent basis. Their focus is on the quality of documentation provided by them, which is necessary for authorization purposes and the quality of the supplied products, as well as the products behavior during the technological process.

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

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

According to the statistical data supplied by IQVIA, Zentiva had in 2021 an average producer price of RON 9.78* (+11.5% increase versus the average of RON 8.78 in 2020), ensuring patient accessibility to cost-effective medication.

* the average price is computed based on IQVIA consumption data (sales on the Romanian market from pharmacy to the patients)

As a reference, the average producer price for all medicines on local pharmaceutical market was of RON 31.84 in 2021 (+9.8% increase versus the average of RON 29.01 in 2020).

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

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

3.5. Information about personnel

As of 31 December 2021, Zentiva SA had 830 employees (31 December 2020: 770 employees).

The employees' rights and other labor relationships are regulated by the Collective Labor Agreement. For 40% of the employees, such rights are supported 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 2021:

- Environmental Permit no. 234/7 May 2012, revised on 22.06.2021, with the mention that "The authorization maintains its validity for the entire period in which its beneficiary obtains the annual visa";
- Wastewater Collection Agreement no. 1521/31 August 2012, valid for an unlimited period of time;
- Water Management Authorization 517/B/2-Nov-2018, valid until 30-Nov-2021 - under renewal procedure. The documents for reauthorization were submitted on 13.10.2021

COMPANY'S ACTIVITY IN 2021 (continued)

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

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

3.7. Research and development activity

The R&D expenses for 2021 were RON 5.9 million vs. RON 7.9 million in 2020 and consist in activities linked to the transfer of products. For 2022, R&D expenses are forecasted at RON 7.2 million.

3.8. Investment activity

In 2020, the Company investment expenses amounted RON 22.9 million. The objectives of the investment program, which will be continued in 2022 are to maintain the Good Manufacturing Practice Guidelines and update technologies in line with the international quality and environmental standards, and to extend the product portfolio and of new forms of packaging. The investments provided in the 2022 budget is RON 21.5 million.

In 2021, the financing of the investments programs was made exclusively from own sources.

4. COMPANY'S TANGIBLE ASSETS

4.1. The operating activity of Zentiva SA is located at Bd. Theodor Pallady nr.50, on the Duesti industrial platform, in the South-Eastern area of Bucharest Municipality.

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

- the straight-line method for buildings, fixed assets purchased under financial lease and for fixed assets other than those related to the production capacity
- the reducing balancing method for the fixed assets in the form of equipment related to the production capacity

The useful life and depreciation method are subject to periodic review, in order to ensure the expectations relating to the economic benefits of the assets.

At the end of 2020 the land and buildings were revalued which led to an additional reevaluation reserve of RON 21,227,460 and a total increase in assets of RON 27,049,685.

4. COMPANY'S TANGIBLE ASSETS (continued)

Gross value and depreciation amount in 2021 comparing to year 2020 is the following.

PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery, tools & equipment	Construction in progress	Total
Gross value at 1 January 2021	53,102,391	55,426,158	233,195,032	8,070,391	349,793,972
Additions	-	-	-	20,920,339	20,920,339
Disposals	(436)	-	(6,818,983)	-	(6,819,419)
Transfers	-	3,163,070	20,018,275	(23,181,345)	-
Gross value at 31 December 2021	53,101,955	58,589,228	246,394,324	5,809,384	363,894,891
Depreciation and impairment at 1 January 2021	402	-	(156,907,936)	(3,070,867)	(159,978,401)
Depreciation in the year	(14,593)	(2,668,781)	(15,721,465)	-	(18,424,839)
Reversal of impairment	-	-	-	2,460,989	2,460,989
Disposals	-	-	6,818,983	-	9,279,972
Depreciation and impairment at 31 December 2021	(14,191)	(2,668,781)	(165,810,418)	(609,878)	(169,123,268)
Net value at 31 December 2021	53,087,764	55,900,447	80,583,906	5,199,506	194,771,623
	Land	Buildings	Machinery, tools & equipment	Construction in progress	Total
Gross value at 1 January 2020	42,503,676	49,099,050	186,638,148	33,209,323	311,450,197
Additions	-	109,737	-	21,592,080	21,701,817
Impact on revaluation reserve	10,425,682	10,801,777	-	-	21,227,459
Revaluation impact on profit and loss	173,435	5,648,791	-	-	5,822,226
Cancelled depreciation after revaluation	(402)	(10,233,197)	-	-	(10,233,599)
Disposals	-	-	(174,128)	-	(174,128)
Transfers	-	-	46,731,012	(46,731,012)	-
Gross value at 31 December 2020	53,102,391	55,426,158	233,195,032	8,070,391	349,793,972
Depreciation and impairment at 1 January 2020	-	(7,210,248)	(145,478,823)	(2,053,787)	(154,742,858)
Charge for the year	-	(3,022,949)	(11,603,241)	(1,017,080)	(15,643,270)
Cancelled depreciation after revaluation	402	10,233,197	-	-	10,233,599
Disposals	-	-	174,128	-	174,128
Depreciation and impairment at 31 December 2020	402	0	(156,907,936)	(3,070,867)	(159,978,401)
Net value at 31 December 2020	53,102,793	55,426,158	76,287,096	4,999,524	189,815,571

5. COMPANY'S MANAGEMENT

5.1. Board of Directors

As of 31 December 2021, the Board of Directors had the following composition:

Simona Cocos

Member of the Board – Starting April 2010

President of the Board – Starting August 2021

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

Starting 1995 she held several positions at Sanofi Romania, the last ones being: Marketing Manager, and Marketing Director, respectively.

Margareta Tanase

Member of the Board – Starting April 2010

Born in 1960, she graduated the Faculty of Chemistry – Polytechnic Institute Bucharest in 1989.

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

Kenneth Lynard

Member of the Board – Starting 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, Middle East, Africa and Canada at Medtronic, one of the world's largest medical device companies, and he has also held multiple management 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 during 2017-2019, at Affidea a privately held advanced diagnostics imaging company.

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

Kevin Joseph Clifford

Member of the Board – Starting November 2021

Born in 1968, Kevin currently holds the position of Director of Planning, Financial Analysis and Indirect Procurement for Zentiva Group, since July 2020.

In his career, Kevin has also held, among others: (i) the position of Deputy Group CFO in Affidea (February 2018 - April 2020, in Budapest, Hungary); (ii) the position of Chief Financial Officer of Central Europe / FP&A COE at Gilead Sciences (March 2013 - June 2015); and (iii) other management positions in other companies in various industries, such as healthcare, FMCG or retail.

5. COMPANY'S MANAGEMENT (continued)

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

The Board of Director members are appointed by the Ordinary General Shareholders Meeting based on shareholders' votes and in compliance with the statutory requirements relating to quorum and majority. Therefore, the Company is not aware of any agreements, specific understandings or family relationships that may be incidental to the members of the Board of Directors.

5.2. Executive management

Executive management members as of 31 December 2021:

Simona Cocos - General Manager

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

Margareta Tanase - Industrial Affairs Director

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

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

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

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

6. FINANCIAL STATEMENT

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

BALANCE SHEET (RON)	31 December 2021	31 December 2020
Total tangible and intangible assets	243,866,284	238,463,179
Total inventories	124,563,136	137,798,353
Total trade receivables and related receivables	104,874,434	250,288,953
Petty cash and bank accounts	62,597,628	406,713,534
Deposit to the group treasury	513,704,034	-
Current liabilities	(141,572,127)	(223,361,795)
Total assets minus current liabilities	908,033,388	809,902,223
Total shareholders' equity	890,772,593	785,364,075

Income statement (RON)	1 January - 31 December 2021	1 January - 31 December 2020
Net turnover	683,865,264	557,960,940
Other operating income	35,008,058	13,783,653
Operating expenses - Total	602,826,742	498,399,316
Operating profit / (loss)	116,046,580	73,345,277
Net profit / (loss)	105,745,554	65,635,440

The appropriation of the profit for the financial year ended 31 December 2021 in the amount of RON 105,745,554 will be decided and approved in April 2022, when the General Meeting of Shareholders will take place.

7. COMPANY'S EXPOSURE TO RISKS

Price risk

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

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

The Company did not purchase own shares.

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

7. COMPANY'S EXPOSURE TO RISKS (continued)

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, The Company's exposure to the risk of changes in market interest rates is not significant, since as of 31 December 2021, the Company has no loans.

At 31 December 2020 the Company had no loans received. It does have a cash pooling agreement with the parent company at a floating interest rate (as detailed in Note 15, it has a debit balance as of 31 December 2021 and 2020).

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

Foreign currency risk

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

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

The exposure to the foreign exchange risk (due mainly to the EUR and USD currencies) is not material, and the company does uses no hedging instruments.

Capital management

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes of managing capital during the financial years ended 31 December 2021 and 2020.

Credit risk

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

7. COMPANY'S EXPOSURE TO RISKS (continued)

Trade receivables

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

Outstanding customer receivables are monitored at the end of each reporting period and any shipment to major customers is analyzed. Furthermore, a significant part of non-affiliated party trade receivables are insured by Coface and Credendo.

The impairment indicators are analyzed at each reporting date.

The Company credit risk mainly relates to the receivables from related parties, for which the impairment probability is considered low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13 and Note 14.

The Company assesses the concentration of the risk with respect to trade receivables as low.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the treasury department of the Company. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2021 is the carrying amounts as illustrated in Note 14.

Liquidity risk

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

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

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

8. OBJECTIVES FOR 2022

For 2022, our objective is to maintain our leadership in the healthcare field, focusing on identifying growth opportunities and on diversifying our business according to European quality standards; to secure an efficient and profitable organization. Also, we reaffirm our commitment to our customers and partners for delivering the same best possible services to our meeting the Romanian patients' needs to the same extent of involvement as before.

Our key priorities for 2022 are:

- To maintain the profitability of the local producer, in the context of an increase in costs for utilities, increase in costs for materials (raw materials, excipients, and packaging materials);
- To enhance the production capacity, by implementing the investment plan for 2022;
- To diversify and enhance Zentiva's presence on various markets through exports and transfer of new products that should be produced locally;
- To increase the volume sales of products on the local market;
- To strengthen our product portfolio through new launches.

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;
- Fairness and reliability of financial statements and financial reporting;
- Compliance with applicable laws and regulations.

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

Some elements of the Internal Control system that are key to ensuring the system is effective and efficient include:

Code of Ethics and adherence to local and international relevant laws	The pharmaceutical industry is also subject to strict regulations at both national and international levels. The Company applies internal policies and standards derived from legal requirements.
Well defined system of policies and procedures	Work requirements and clear definition of roles and responsibilities, and their communication to all stakeholders are critical. Well written procedures increase accountability and transparency and are fundamental to quality assurance and quality improvement programs implementation.
Delegations of authority and legal representation	Operations are correctly managed when legal representation, delegation and approval limits are clearly defined and 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 has control over two or more key phases of a process. Effective segregation is achieved by: <ul style="list-style-type: none"> • Assigning responsibilities in a manner consistent with the organizational structure; • Cross-checking and supervision of high-risk transactions; • Implementing compensating controls when conflicts exist.
Fraud prevention and detection	Fraud prevention is one of the top 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 promotes the awareness of all employees on internal control.
Periodical assessment and monitoring	On an annual basis an assessment of specific risks, activities and 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 potential deficiencies are addressed.

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 in certain documents / policies issued both at local and at Group levels. 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 executive management.

The Company publishes 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 GSM, Articles of Incorporation.

General Shareholders Meeting

Main rules and procedures related to the General Shareholders Meeting are mentioned in the document Shareholders' Rights and Procedural Rules Related to General Shareholders Meeting, published on the company website.

The General Shareholders Meeting is the supreme managing body of the Company having the overall ability to make decisions in respect to its activity and its economic, trade and development policy.

The Shareholders General Meeting can be ordinary and extraordinary. The resolutions of the Shareholders General Meeting are adopted according to the legal provisions and the provisions of the Articles of Incorporation and are mandatory for all the shareholders, under the conditions provided by the legislation in force.

Convening and organization of the Shareholders General Meetings

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

The General Shareholders Meeting is convened as provided under and in observance of the publicity conditions provided by capital market regulations and by Law 31/1990.

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

The meeting secretary will make up the Minutes detailing the issues discussed and the resolutions adopted, a summary of discussions, and upon shareholders' request, the documentation of 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 attendance to the General Shareholders Meeting

The shareholders registered at the reference date may attend and vote in the Shareholders General Meeting in person or may be represented by persons other than shareholders, save for the administrators, directors or officers of the company (as provided by applicable law), based on special power-of-attorney.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

The special power-of-attorney will be drafted in three original copies, one for the Company, the second copy will be delivered to the representative, the third copy remaining with the shareholder. After being filled-in and signed, the copy of the special power-of-attorney intended for the Company, together with a copy of the I.D. or of the incorporation certificate of the represented shareholder, will be submitted, in original, at the Company's seat not later than 48 hours before the Meeting, subject to losing the exercising of the voting right in 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 notice, together with a copy of the I.D. or of incorporation certificate of the represented shareholder, provided that the original is sent to the Company 48 hours before the meeting, at the latest.

The powers-of-attorney shall be kept by the Company, this fact being mentioned in the Minutes.

The access of individual shareholders at the General Assembly is made based on the presentation of an ID proof for shareholders who are individuals and, for legal entity shareholders and represented shareholders who are individuals, based on a special power-of-attorney granted to the representing individual, as well as the ID of the representative.

The shareholders recorded at the reference date in the Shareholders' Register may vote by mail before the date of the General Meeting, by using the form for voting by mail. The voting form, together with a copy of the I.D. or incorporation certificate of the shareholder, will be delivered to the Company, in original, at its seat not later than 48 hours before the Meeting, subject to losing the right to have the vote taken into consideration.

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

One or more shareholders, holding individually or jointly at least 5% of the share capital, are entitled to include new items on the agenda of the Shareholders General Meeting, provided that each item is accompanied by a justification or by a draft resolution submitted for approval to the General Meeting, which will be delivered in written form at the Company's seat not later than 15 days after publication of the meeting convening notice.

If the Meeting agenda includes 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, as republished and subsequently amended and supplemented, at the Company's seat at the date mentioned in the convening notice, at the latest. A CV will be included for each nominated applicant, indicating at least the applicant's name, residence and professional qualification.

The list containing information related 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 Shareholders General Meeting will be delivered in a closed envelope, with the following note written thereon: "For the Shareholders General Meeting", mentioning the date / time and the type (Ordinary or Extraordinary) of the meeting.

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

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

Shareholders questions

The Company's shareholders may address written questions concerning the items on the agenda of the Shareholders General Meeting 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 an I.D. for shareholders who are individuals and incorporation certificate accompanied by the official document attesting its capacity as a legal representative of the shareholder, for shareholders who are legal entities), at the date mentioned in the convening notice, 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 a Q&A form. The Company may issue a general reply for questions having the same content.

Shareholders General Meetings main responsibilities

The Ordinary General Meeting is convened at least once a year, within at most 4 months after the end of the financial year for the following purposes:

- a) Discussing, approving or modifying the annual financial statements approved by the Board of Directors, based on the Directors report and auditor's report and determines the value of the dividends and the deadline for their distribution,
- b) Identifying the shareholders eligible to receive dividends,
- c) Electing and revoking the directors, establishing their remuneration and the minimal value of the amount insured under 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) Appointing the financial auditor as well the authorized person to sign on behalf of the Company of the service contract with the auditor;
- e) Approving the directors management report;
- f) Approving and amending the business plan, the annual revenue and expense budget and the activity schedule of the Company, proposed for approval by the Directors;
- g) Setting up or closing one or more of the Company's subsidiaries, representative offices, agencies, working points or any other secondary offices of the Company as well as the setting-up or closing Company branches;
- h) Approving any other issue pertaining to its decisional competence.

The Extraordinary General Meeting is convened whenever necessary to take a decision related to:

- a) A change in the Company share capital;
- b) A change in the line of business of the Company;
- c) The change of the organization form of the Company;
- d) The relocation of the registered office of the Company;
- e) Merger with other companies or the spin-off of the Company;
- f) The anticipated dissolution of the company;
- g) The issue of bonds;
- h) The contracting of long or short term loans whose value exceeds half of the carrying amount of the company assets as at the date of the execution of the relevant legal document;
- i) Approval of all of the legal instruments in connection with acquisitions, disposal, exchange or pledging as collateral some of the non-current assets of the Company, whose value exceeds 20% of the value of the total non-current assets of the Company, considered either 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;

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

- j) Approval of the legal instruments for the lease of tangible assets of the Company executed for a period longer than 1 year, whose value exceeds 20% of the value of the total non-current assets of the Company, considered individually or cumulatively in relation to the same co-contracting party or involved persons or to persons coordinating their actions, minus the receivables at the date of the execution of the relevant legal instrument;
- k) Approval of the association agreements to be signed by the Company if they are for a period longer than 1 year, whose value exceeds 20% of the value of the total non-current assets of the Company, considered individually or cumulatively in relation to the same co-contracting party or involved persons or to persons coordinating their actions, minus the receivables at the date of the execution of the relevant legal instrument;
- l) Approval of any amendment to the Company's Articles of Incorporation. In this case, prior to convening the Extraordinary Shareholders General Meeting to amend the Articles of Incorporation, the draft amendments will be sent to FSA and to the regulated market where the Company's shares are traded;
- m) Passing of any other resolution that needs the approval of the Extraordinary General Shareholders Meeting.

The resolutions of the Shareholders General Meeting

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

Upon proposal of the Chairman of the General Meeting or of a group of attending shareholders (either personally or being represented) holding at least $\frac{1}{4}$ of the 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 passing the resolutions related to the Directors' management and liability.

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

- upon the first convening: the shareholders accounting for at least $\frac{1}{2}$ of the Company's share capital need to be present and the resolutions need to be passed 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: resolutions can be passed 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 resolutions of the Extraordinary Shareholders General Meeting are validly passed under the following conditions:

- upon the first convening: shareholders accounting for at least $\frac{3}{4}$ of the share capital need to be present in the meeting, and resolutions need to be passed based on the favorable vote of the shareholders holding at least $\frac{1}{2}$ of the share capital, except for the case provided in Article 8.1.5. of the Company Articles of Incorporation;
- upon the second convening: shareholders representing at least $\frac{1}{2}$ of the share capital need to be present and decisions need to be passed based on the favorable vote of shareholders holding at least $\frac{1}{3}$ of the share capital, which, in the case of the resolutions amending the company's main line of business, decreasing or increasing the share capital, changing 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 Shareholders General Meetings passed under the law and of the Articles of Incorporation, are binding even for the non-attending shareholders or those shareholders having voted against them.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

Board of Directors

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

The meetings will be held with the directors' physical attendance at the place of the meeting, or by remote communication means (phone, phone call, video call, 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 receipt 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.

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/her absence, by a member of the Board of Directors appointed by him/her. The Chairman appoints a secretary either selected among the members of the Board or outside the Board.

The Board of Directors can validly deliberate 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 will 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 attended the discussions.

The responsibilities of the Board of Directors

The Board of Directors has the following main responsibilities:

- a. Prepare and update the Company's registers according to the law provisions;
- b. Hire and dismiss the Company managers, establish their rights and obligations;
- c. Appoint the Chairman of the Board;
- d. Contract 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 method of the fixed assets depreciation 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 after the end of the financial year, submits for approval of the Shareholders' General Meeting the Company activity report, the Company annual financial statement for the previous year prepared in accordance with the specific requirements of the Ministry of Finance and FSA as well the draft of the Company's activity program and draft budget for the current year;
- k. Approve the signing of association agreements, in observance of the exclusive competences of the Shareholders General Meeting;
- l. Other responsibilities established by the law as its competency.

The Company publicly announces, in accordance with the law, by drafting and publishing a report, the significant transactions with affiliated parties, after their approval and no later than at the time of their conclusion. "Significant transaction" means any transfer of resources, services or obligations whether or not it involves the payment of a price, the individual or aggregate value of which represents more than 5% of the Company's net assets, according to the latest separate financial statements published by the Company.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

Under the supervision of the Board of Directors, the Company will provide 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 legal obligation to:

1. Inform the shareholders on the convening of the Shareholders General Meeting , in accordance with the applicable procedures;
2. Inform the public about the allocation and payment of the dividends, issuance of new shares, including the distribution, subscription, conversion cancellation operations;
3. Appoint as payment agent for the Company a financial institution through which the shareholders to be able to exercise their financial rights, except when the Company could provide for this services on its own.

In 2021, the structure of the Company's Board of Directors included 1 independent director out of a total of 5 directors.

The mandates of the current members of the Company's Board of Directors expire on March 21, 2023, these being granted in compliance with the legal regulations in force.

The appointed structure of the Board of Directors allows an efficient coordination of the executive management on all lines of activity – general, financial, production management and commercial activity coordination.

In 2021, the Board of Directors held 12 meetings, to which all 5 members attended – and passed decisions which allowed it to efficiently and effectively fulfil its duties. Thus, in its meetings, the Board of Directors thoroughly analyzed the financial results obtained during the reporting period and cumulatively since the beginning of the year, as well as the economic performance against the budget and the similar period of the previous year. On a case-by-case basis, the Board requested detailed explanations from the executive management with regard to the plans for increasing production efficiency, investment plans, provisions set, write-off of expired inventories, liquidity management, operating and general profitability of the activity. Further to the thorough analysis of the results for the period, the Board decided on the approval thereof for publication and submission with BVB.

Concerning the directors' remuneration policy, the remuneration of the members of the Board of Directors for the financial year 2021 was subject to the approval of the Ordinary Shareholders General Meeting convened on 28 April 2021, being determined at an aggregate maximum level. The remuneration for the Board of Directors was: RON 2,237,104 in 2021 .

The remuneration of the executive directors comprises a fixed monthly component and an annual bonus (called performance 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.

On December 10, 2021, the Company's Board of Directors decided to set up a Remuneration Committee, having the attributions provided by the "Remuneration Policy of the Company's managers". The Remuneration Committee has the following members:

- Marchand Francois Noel - Chairman of the Remuneration Committee (independent member);
- Kenneth Lynard - Member of the Remuneration Committee; and
- Kevin Joseph Clifford - Member of the Remuneration Committee.

In 2017 an Audit Committee was set-up, in order to support the Board of Directors in overseeing the internal control system, particularly the efficacy of financial reporting.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

During 2021, the structure of the Audit Committee has changed. Thus, starting with December 10, 2021 the Audit Committee had the following structure:

- Marchand Francois Noel - Chairman of the Audit Committee (independent member);
- Kenneth Lynard - Member of the Audit Committee; and
- Kevin Joseph Clifford - Member of the Audit Committee

Executive Management – General Manager

The Board of Directors entrusted the management of the Company to one Executive Manager, who has the capacity to delegate management duties as defined under Article 143 of Law 31/1990, referred to as General Manager of the Company.

The Company is represented and validly bound in relations with third parties by the General Manager. The General Manager has a general mandate for representing the Company before third parties.

The General Manager sub-delegated part of his/her responsibilities to technical managers, authorized to represent the Company based on special mandates in line with the policies applicable within the Company.

The General Manager reports to the Board of Directors.

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

Executive Management - Industrial Operations Manager

The Board of Directors entrusted the management of the industrial activity to an Industrial Operations Manager, who is a member of the Board of Directors and reports to it. Starting September 2018, the Industrial Operations Manager concluded a management agreement with the Company for a period of 4 years or until being revoked from the position of member of the Board of Directors.

Rights of holders of financial instruments

In a special, easily identifiable and accessible section of its website, the Company provides current reports, releases, its financial calendar, annual, biannual and quarterly reports. Additionally, the Company assigns internal resources for its relationship with shareholders and for briefing the shareholders 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 every effort to achieve an active and efficient communication with its shareholders and to facilitate their participation at the Shareholders General Meetings (SGMs), and the full exercising of their rights. The shareholders' participation at the GSM 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. In GSMs, dialogue is encouraged between the shareholders and the members of the Board of Directors and/or of the management.

The Company applies rules with regard to the internal circuit and to the disclosure to third parties of documents and information regarding the issuer, allowing special importance to the information likely to influence the evolution of the market price of securities issued by it. The Company has adopted procedures for the purpose of identifying and appropriately settling potential conflicts of interest and ensuring procedural correctness (identification criteria for transactions with significant impact, transparency, objectiveness, non-competition criteria etc.).

The Shareholders have a share in at the Company result based in their equity participation (respectively only up to the limit of the subscribed share capital).

10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

Social and Environmental Responsibility

The Company has constant concerns with regard to Social and Environmental Responsibility, including multiple components, where an important part is represented by the information and education of the public and of patients. The Company has participated and gotten continuously involved in programs and campaigns focused on the importance of being aware of the risk factors and of regularly undergoing medical investigations.

At the same time, the Company allowed 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, sustainability and reduction / elimination of carbon emissions through green energy consumption.

Additionally, the Company allows special importance to the transparency obligations, being fully committed to complying with applicable legal provisions and transparently disclosing the interactions with the healthcare professionals and healthcare organizations.

Code of Corporate Governance

The Company first adhered to the Code of Corporate Governance issued by the Bucharest Stock Exchange in 2010. In 2021, the Company continued to apply to a large extent the corporate governance principles 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 of Corporate Governance issued by the Bucharest Stock Exchange

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

Code provisions	Complies	Does not comply or partially complies	Comments
Section A - Responsibilities			
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.		X	The main aspects related to the Board of Directors functioning /responsibilities are identified in the Company Articles of Incorporation published on the Company website in the dedicated Investor Relations section.
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-quotate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.		X	The main aspects related to the conflict of interest' situations are identified and settled according to the current applicable local/group procedures (i.e. Conflict of Interest Policy, Code of Ethics). Moreover, the management of the conflict of interest process is performed by the Company's Compliance Officer function.
A3 The Board of Directors or the Supervisory Board should have at least five members.	X		

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Fiscal Code 336206

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IBAN RO13CITI 0000 0008 2476 6029 for USD
IBAN RO 88CITI 0000 0008 2476 6037 for EUR

Code provisions	Complies	Does not comply or partially complies	Comments
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 and according to the other criteria in the Corporate Governance Code of the Bucharest Stock Exchange.	X		
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.	X		
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.	X		
A7 The company should appoint a Board secretary responsible for supporting the work of the Board.	X		
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.		X	Most of the members of the Board of Directors currently hold various management positions within the group proving solid skills and capabilities in their areas of competence. Their performance is regularly assessed as per the internal rules/policies.
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.	X		
A10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	X		
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.		X	The company is in the Standard category.
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, regardless of its structure, is chaired by the independent non-executive director.

Code provisions	Complies	Does not comply or partially complies	Comments
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 in 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.
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.		X	As a rule, the specific reports/analyses performed by the relevant functions are communicated to the Board by the dedicated internal control function.
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.	X		
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.		X	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 transfer pricing regulations in force 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, external databases are used to determine the return/margin earned by companies with similar functions, risks and assets. Significant transactions with affiliates are supported by documentation and recorded in the financial records of the Company. The Company cannot make any comment about the auditor's procedures. The Company prepares, in accordance with Law no. 24/2017 and Regulation no. 5/2018,

Code provisions	Complies	Does not comply or partially complies	Comments
			reports regarding the significant transactions concluded during the relevant period. The report is subject to procedures undertaken by the Company external auditors on which a report is prepared and submitted with FSA and is available on the Company website.
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.	X		The internal audits are carried out by an independent third-party entity.
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.		X	The relevant functions are not formally integrated in/ subordinate to the structure of Board of Directors, being separately organized at group level.

Code provisions	Complies	Does not comply or partially complies	If NO, then EXPLAIN
Section C – Fair Rewards and Motivation			
<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. 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). 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. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.</p>	X		<p>The remuneration policy has been finalized, approved by the ordinary general meeting of shareholders and published on the Company's website.</p> <p>The remuneration of the members of the Board of Directors is subject to the approval of the Ordinary Shareholders General Meeting, being determined 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>
Section D – Building value through investors' relations			
<p>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:</p>	X		<p>The relevant information published on the dedicated Investor Relations section is disseminated also in English (i.e., the current reports, informative materials, resolutions of General Meetings). There is a designated person for investor relations.</p>
<p>D.1.1.Principal corporate regulations: the articles of association, general shareholders' meeting procedures.</p>	X		
<p>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.</p>		X	<p>Information about the professional activity of the members of the Board is presented in the annual report and upon their nomination.</p>
<p>D.1.3.Current reports and periodic reports (quarterly, semi-annual and annual reports).</p>	X		
<p>D.1.4.Information related to general meetings of shareholders.</p>	X		
<p>D.1.5.Information on corporate events.</p>	X		
<p>D.1.6.The name and contact data of a person who should be able to provide knowledgeable information on request.</p>	X		
<p>D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.</p>	X		
<p>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.</p>		X	<p>Adoption and dissemination of a policy for the annual distribution of dividends or of other benefits to the shareholders will be subject of assessment by the competent corporate bodies of the Company.</p>

Code provisions	Complies	Does not comply or partially complies	If NO, then EXPLAIN
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 for the forecasts will be subject of assessment for the competent corporate bodies of the Company.
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 General 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 assessed under the applicable internal 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 2021, the Company was involved in several disputes, of which the most significant are listed below:

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

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

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

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

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

Thus, on February 21, 2022, the High Court of Cassation and Justice allowed the appeal of the Company, annulling the decision regarding the accessories payment in amount of RON 187,960, which was the object of the head of the claim dismissed by the court of first instance. At the same time, the High Court also dismissed the appeals filed by ANAF. The decision of the High Court is final.

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

11. COMMITMENTS AND CONTINGENCIES (continued)

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

On 9 November 2021 the court allowed the action in part and ordered the Defendant to pay the Claimant the amount of EUR 21,928.70 (excluding VAT), representing the value of the unpaid invoices. Also, the court ordered ALPHA TRANSCORD SRL to pay the amount of RON 72,655 as court costs to the Defendant.

The court's solution is not final, it can be appealed within 30 days from the communication.

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.

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 2022.

13. GOING CONCERN

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

As of 31 December 2021 the current assets of the Company exceed current liabilities by RON 664,167,105 (as of 31 December 2020, the current assets exceeded current liabilities by RON 571,439,045).

At the same date, the Company recorded a net profit for the year of RON 105,745,554 (2020: RON 65,635,440).

The Budget for 2022 prepared by the Company's management and approved by the Board of Directors indicates positive cash flows from the operating activities.

Mn RON	B2022
Revenues	718,4
Expenses	633,1
Operating income	85,3

Management considers that the Company will be able continue the activity in the foreseeable future and therefore the going concern principle is reasonably applicable for the preparation of these financial statements.

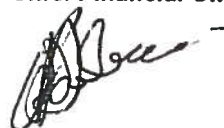
14. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

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

Simona Cocos
General Manager



Daniel Nitulescu
Chief Financial Officer



Zentiva S.A.
50 Theodor Pallady Blvd.,
032268 Bucharest
Romania

Tel.: +40 21 30 47 200
Fax: +40 21 34 54 004
zentiva@zentiva.ro
www.zentiva.ro

Trade Register
number: JA0/363/1991
Fiscal Code 336206

Bank: Citibank Romania
IBAN RO63CIT1 0000 0008 2478 6002 for RON
IBAN RO13CIT1 0000 0008 2476 6029 for USD
IBAN RO 88CIT1 0000 0008 2476 6037 for EUR

ZENTIVA

STATEMENT

The undersigned hereby declare that, to the best of their knowledge, the financial statement for 2021 has been prepared in accordance with applicable accounting standards and provides an accurate and compliant representation of Zentiva S.A.'s assets, liabilities, financial position, profit and loss statement.

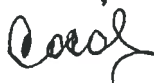
The report of the Board of Directors presents in an accurate and complete manner information about Zentiva S.A.'s activity and includes a fair assessment of its development and performances, as well as a description of the main risks and uncertainties specific to its activities.

The undersigned assume responsibility for the preparation of the financial statements for the year 2021 and confirm that:

- a) the accounting methods used in preparing the annual financial statements are in accordance with the applicable accounting standards;
- b) the annual financial statements provide an accurate representation of the company's financial position, performance and all other information related to its activity;
- c) the legal entity carries out its activity in conditions of continuity.

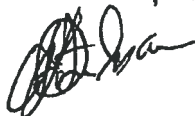
General Manager

SIMONA COCOȘ



CFO

DANIEL NIȚULESCU



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
Dnei. Ioana Alexandra Bolohan,
Secretar al Consiliului de
Administrație* **Attn:** *Mrs. Simona Cocos, General Manager
and Member of the Board of Directors
Mrs. Ioana Alexandra Bolohan, Secretary
of the Board of Directors*

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

Data: *17 august 2021* **Date:** *August 17, 2021*

Subsemnatul, **Nicholas Robert Haggar**, cetățean britanic, născut pe data de 25 aprilie 1965, în Norwich, Anglia, având domiciliul în HP84TJ Chalfont St. Giles, Buckinghamshire, Short Hills, Doggetts Wood Lane, Regatul Unit, identificat cu pașaport nr. 539501556, emis de HMPO, la data de 26.10.2016, valabil până la data de 26.07.2027,

I, the undersigned, **Nicholas Robert Haggar**, British citizen, born on April 25, 1965, in Norwich, England, having the domicile in HP84TJ Chalfont St. Giles, Buckinghamshire, Short Hills, Doggetts Wood Lane, United Kingdom, identified with Passport no. 539501556, issued by HMPO, on October 26th, 2016, valid until July 26th, 2027,

prin prezenta demisionez, începând cu data de **19 august 2021**, din pozițiile 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”).

hereby resign, effective as of **August 19, 2021**, 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”).

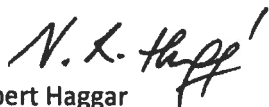
Recunosc și garantez că, de la data menționată anterior și pe baza informațiilor pe care le dețin, nu am nicio pretenție împotriva Societății, a oricărui afiliat al acesteia sau a societăților asociate cu aceasta, care decurge din administrarea mea, din încetarea acesteia sau din orice alt aspect.

I 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 2021, 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.

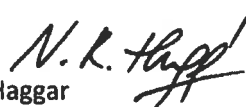
Cu stimă,
Nicholas Robert Haggar



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 2021, 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,
Nicholas Robert Haggar



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

As of December 31, 2021

Company Name	
AL	Zentiva Pharma Albania sh.p.k Zentiva GmbH (<i>in liquidation</i>)
AT	HERBST Trading GmbH
BA	Zentiva Pharma d.o.o.
BG	Zentiva Bulgaria EOOD (<i>in liquidation</i>) Zentiva Pharma Bulgaria EOOD Avogen Pharma Trading Europe EOOD
CY	ALVOGEN CYPRUS LIMITED RUTENGO INVESTMENTS LIMITED
CZ	Zentiva Group, a.s. Zentiva, k.s. Theramex Czech Republic s.r.o.
D	Zentiva Pharma GmbH Winthrop Arzneimittel GmbH
DK	Zentiva Denmark Aps
ES	Zentiva Spain, S.L.U.
F	Zentiva France
HR	Zentiva d.o.o.
HU	Zentiva HU Kft. Rutengo Hungary Investments Kft.
CH	Helvepharm AG

IN	Zentiva Private Limited
IT	Zentiva Italia S.r.l.
LT	UAB Alvogen Baltics
LU	Al Sirona (Luxembourg) Acquisition S.à r.l.
	Al Excalibur (Luxembourg) S.à r.l.
	Alvogen IPco S.à r.l. (<i>in liquidation</i>)
M	Alvogen Balkans Luxembourg S.à r.l.
	Alvogen Malta Operations ROW Holdings Ltd.
	Alvogen Malta Operations (ROW) Ltd.
MK	Zentiva Pharma Macedonia DOOEL Skopje
NL	EuroGenerics Holding B.V. (currently, Zentiva Netherlands B.V.)
PL	Zentiva Polska Sp.z.o.o.
	Alvogen Pharma Sp.z.o.o.
	Alvogen Poland Sp.z.o.o. (<i>in liquidation</i>)
PT	Zentiva Portugal, Lda
RO	SOLACIUM PHARMA S.R.L.
	BE WELL PHARMA S.R.L.
	LaborMed-Pharma SA
	LaborMed Pharma Trading SRL
RS	Zentiva Pharma d.o.o
RU	Zentiva Pharma LLC
	Bittner Pharma LLC
SK	Zentiva, a.s.
	Zentiva International a.s.
UA	Zentiva Ukraine LLC
UK	Zentiva Pharma UK Limited
	Creo Pharma Holdings Limited
	Creo Pharma Limited
XK	ALVOGEN PHARMA KOSOVO SH.P.K.

LIST of legal 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 & Cy S.C.A.
AI Sirona (Luxembourg) S.à.r.l.
AI Global Investments II & Cy S.C.A.
AI Sirona (Luxembourg) Holdings II S.à r.l.
AI Sirona (Luxembourg) Top Holding II S.à.r.l.
AI Sirona (Cayman) Limited
Advent Funds GPE VIII

The Company has no subsidiaries or entities under its controls.