

## ***Annual Report of the Board of Directors for the financial year 2024***

**Reporting date: 31 December 2024**

- **ZENTIVA SA**
- **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 4,52 / share representing the reference price on the last trading day of 2024 (November 20, 2024).

**Market capitalization as at the 31 December 2024: RON 3,150,517,021.**



## Contents

- 1. STOCKS AND SHAREHOLDERS ..... 3
- 2. ECONOMIC & FINANCIAL ENVIRONMENT ..... 5
- 3. COMPANY’S ACTIVITY IN 2024 ..... 6
- 4. COMPANY’S TANGIBLE ASSETS ..... 9
- 5. COMPANY’S MANAGEMENT ..... 11
- 6. FINANCIAL STATEMENT ..... 13
- 7. COMPANY’S EXPOSURE TO RISKS ..... 13
- 8. OBJECTIVES FOR 2025..... 15
- 9. INTERNAL CONTROL ..... 16
- 10. ANNUAL REPORT ON CORPORATE GOVERNANCE ..... 16
- 11. CONTINGENCIES..... 29
- 12. SUSTAINABILITY REPORTING ..... 29
- 13. GOING CONCERN ..... 30
- 14. EVENTS SUBSEQUENT TO THE REPORTING PERIOD..... 30

ANNEX 1. FINANCIAL STATEMENTS AS OF 31.12.2024

ANNEX 2. SUSTAINABILITY REPORT AS OF 31.12.2024



## 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 August 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.



## 1. SHARES AND SHAREHOLDERS (continued)

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.

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.

Between 25 September and 8 October 2024 the majority shareholder (Zentiva Group a.s.) carried out a public purchase offer addressed to all the shareholders.

Within the Public Offer, Zentiva Group a.s. together with the person that acted jointly with, respectively Zentiva S.A., acquired a number of 319,649 shares, representing 0.0459% of Zentiva S.A.'s share capital and 1.1394% of the offer's subject matter.

The Majority Shareholder is acting jointly with Zentiva S.A. which holds a number of 183,891 treasury shares, representing a 0.0264% stake of the Company's share capital.

On 14 November 2024, the Financial Supervisory Authority approved the announcement for initiating the procedure of the minority shareholders withdrawal at the price of RON 4.5134 / share. Following this decision, on 21 November 2024 Zentiva SA was suspended from trading on the Bucharest Stock Exchange. The Company is still considered listed until final decision from Financial Supervisory Authority is obtained.

The new shareholding structure was registered with the Trade Registry on 7 February 2025.

<b>Shareholding structure</b>	<b>7 February 2025 (%)</b>	<b>31 December 2024 (%)</b>	<b>31 December 2023 (%)</b>
Zentiva Group a.s.	99.9736	95.9486	95.9486
Other minority shareholders	0.0264	4.0514	4.0514
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

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 were traded on the capital market up to November 21, 2024, with the remaining 183,891 shares being held by Zentiva SA.

The Company did not trade its own stocks during 2024.

**The market capitalization of the Zentiva SA shares as at the 31 December 2024 amounted to RON 3,150,517,021 (2023: RON 2,035,289,757).**

As of 31 December 2024, the price per share was RON 4.52 / share (2023: RON 2.92 / share).



## 1. SHARES AND SHAREHOLDERS (continued)

As of 31 December 2024, the Company has net assets of RON 1,441,585,389 which represents more than 50% of the share capital of RON 69,701,704 (as of 31 December 2023, the Company had net assets of RON 1,191,262,465, representing more than 50% of the share capital of RON 69,701,704) which is in compliance with the requirements of Romanian Company Law (Law no. 31/1990, as amended and supplemented). As of 31 December 2024, the Company did not set a legal reserve. As of 31 December 2024, the level of legal reserves reached the threshold of 20% of the Company's share capital, in accordance with the Companies Law.

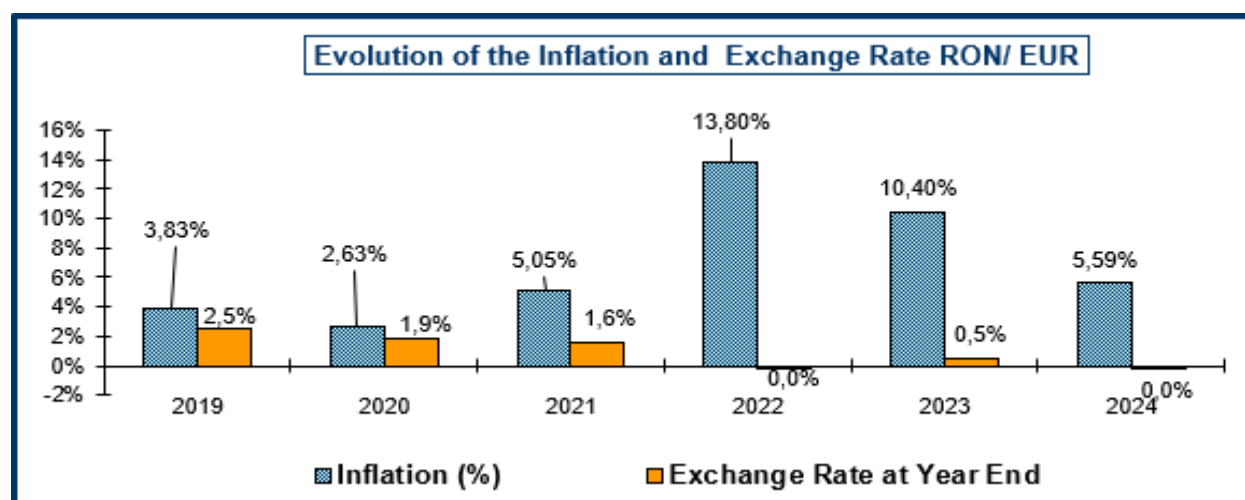
### Company mergers and re-organizations

In 2024 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 3.8% in 2019, to 10.4% in 2023 and 5.6% in 2024. In 2024, the national currency depreciated against the EUR by 0.01%, from RON / EUR 4.9746 at 31 December 2023 to RON / EUR 4.9741 at 31 December 2024.



Source: National Institute of Statistics and NBR

### Pharmaceutical industry

The Romanian pharmaceutical market, including prescription-based and over-the-counter medicines, recorded in 2024 a growth rate of 17.5% (in value) versus the previous year, reaching the level of EUR 7.273 million (according to the sell-in information provided by the market research agency IQVIA in December 2024).

According to IQVIA, the Romanian generic medicines market grew also in 2024 by 15.4% (in value), reaching the level of EUR 1.347 million, according to IQVIA.



### 3. COMPANY'S ACTIVITY IN 2024

For 2024, ZENTIVA SA reports a turnover of MRON 1,114.1 with an increase of 16.8% compared to the previous year, and an operational profit of 250.3 MRON, with an increase of 30.4%, compared to the previous period, mainly due to the increase in sales of goods (17.7%).

In 2024, the achieved production volume was higher by 0.61 million commercial units than the 2023 production, representing an increase of 0.45%.

The Company closed the year 2024 with a net profit of RON 250,510,124.

The most important achievements in 2024 were the following:

- Successful completion of the transfer of 10 more products for export, manufactured locally;
- External sales accounted for 40% of the achieved 2024 production volume (137.26 million manufactured commercial units both for the Romanian market, but also for other European markets - Germany, France, Italy, Czech Republic, Slovakia, etc.);
- Investments in total amount of RON 48.4 million (EUR 9.7 million) in new production equipment & laboratories and modernization of existing ones, equipment to reduce electricity consumption and reduce the carbon footprint.

#### 3.1. Reporting base

The Company's financial statements have been prepared in accordance with the provisions of Order No. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market with all subsequent amendments and clarifications. These provisions are in line with the provisions of the International Financial Reporting Standards endorsed by the European Union, except for the provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency, of IAS 20 Accounting of Government Grants regarding the recognition of revenue from green certificates, with the exception of IFRS 15 - Revenue from Contracts with Customers regarding the revenue from distribution network connection charges and the exception of the presentation in the financial statements of the additional tax related turnover. These exceptions are not applicable and do not affect the Company and the compliance of the financial statements of the Company with IFRS Accounting Standards as adopted by the EU.

##### a. Sales – Volumes and amounts

The net turnover amounts to RON 1,114,065,013 as of 31 December 2024 (2023: RON 953,633,084).

The Zentiva's average selling price (finished goods and merchandise) was RON 7.13 in 2024 and RON 5.99 in 2023. The price increase is due to the change in the mix of products and to the price update in line with the increase in raw material costs and manufacturing costs.

	<u>2024</u>	<u>2023</u>
Net revenue from sales of goods (million RON)	1,052.7	894.1
Sold quantity (million units)	147.7	149.2
Average selling price (RON / sold unit)	7.13	5.99

Source: Zentiva, Annual Financial Report

In 2024, external sales accounted for 39.9% of total turnover (RON 444.4 million), compared to 43.7% in 2023 (RON 417.1 million). The external sales were made through Zentiva k.s. (part of Zentiva Group). The medicines were mainly intended for European Union markets.



### 3. COMPANY'S ACTIVITY IN 2024 (continued)

The percentage of OTC (over the counter) products in Zentiva SA sales was 4.2% in 2024 versus 4.7% in the previous year.

The sales by types of products in 2023 – 2024 are presented below:

Product type	2024	2023
Ethical (Rx)	95.8%	95.3%
OTC	4.2%	4.7%

#### b. Operating expenses

Description	Million RON		Variation	
	2024	2023	%	Mn RON
<b>Operating expenses, out of which:</b>	<b>865.5</b>	<b>769.5</b>	<b>12%</b>	<b>96.0</b>
Raw materials, materials and merchandise (including consumables)	462.7	451.6	2%	11.1
Personnel benefit expenses	202.5	162.2	25%	40.3
Depreciation, amortization and provisions for tangible and intangible assets;	31.2	31.7	(1.6)%	(0.5)
Other operating expenses (including marketing expenses and inventory movement)	169.1	124.0	36%	45.1
<b>Turnover</b>	<b>1,114.1</b>	<b>953.6</b>	<b>17%</b>	<b>160.4</b>
<b>Other operating revenues</b>	<b>1.2</b>	<b>0.4</b>	<b>200%</b>	<b>0.8</b>

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

**Personnel benefit expenses** increased by 25% in 2024, i.e., by RON 40.3 million; the number of employees was 1,073 at the end of 2024 and 979 employees at the end of 2023. 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 45.1 million compared to 2023, mainly due to the decrease in changes in inventories, the increase of other expenses (like corporate expenses, travel expenses) and the increase of the marketing and advertising expenses.

**Other operating revenues** increased by RON 0.8 million compared with previous year.

#### c. Cash availability

The Company's cash availabilities at the end of 2024 amounted to RON 33.6 million while as of 31 December 2023 were RON 27.3 million consisting mainly of cash in banks.



### 3. COMPANY'S ACTIVITY IN 2024 (continued)

#### d. Cash Pooling - Intercompany receivable

In 2024 and 2023 the Company participated in a cash pooling agreement with AI Sirona (Luxembourg) Acquisition SARL (the ultimate parent entity of Zentiva Group, a.s.). Through the cash pooling arrangements AI Sirona (Luxembourg) Acquisition SARL manages centrally the surplus cash and the short-term liquidity needs of the subsidiaries. The cash deposits/drawdowns under the cash pooling agreement are subject to interest rates based on 3M ROBOR rate and applicable mark-up based on valid Group transfer pricing policy.

The Company has assessed the purpose of the cash pooling deposits held at AI Sirona (Luxembourg) Acquisition SARL and has concluded that they are held to generate an investment return. In accordance with the provisions of the cash pooling agreement at any time the Company may, by thirty days prior notice to the treasury group entity, request payment of the credit balance maintained and therefore the Company's management have assessed that the presentation as short term is appropriate

The total interest income for cash-pooling transactions during the year is in the amount of RON 40,028,814 (2023: interest income in the amount of RON 37,877,564) and is presented in Note 6.4 Financial income.

#### 3.2. Portfolio of products and marketing market

The product portfolio of Zentiva SA includes 147 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 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 2024 an average producer price of RON 18.40\* (+ 20.7% increase versus the average of RON 15.24 in 2023), 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 45.78 in 2024 (+ 14.0% increase versus the average of RON 40.15 in 2023).



### 3. COMPANY'S ACTIVITY IN 2024 (continued)

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

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

#### 3.5. Information about personnel

In 2024, Zentiva SA had an average no of employees of 1,052 employees (2023: 956 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 2024:

- Environmental Permit no. 234/7 May 2012, revised on 22 June 2021, with the mention that "The authorization maintains its validity for the entire period in which its beneficiary obtains the annual visa";
- Wastewater Collection Agreement no. 1521/31 August 2012, valid for an unlimited period of time;
- Water Management Authorization no. 205 - B from 5 Mai 2022, valid until 30 April 2026.

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. Investment activity

In 2024, the Company investment expenses amounted RON 48.4 million. The objectives of the investment program, which will be continued in 2025 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 2025 budget is RON 67 million (EUR 13.5 million).

In 2024, 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, 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.





## 5. COMPANY'S MANAGEMENT

### 5.1. Board of Directors

As at 31 December 2024, 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.

ESG Competencies: Social, Governance, Environmental

**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.

ESG Competencies: Social, Governance, Environmental

**Hacho Agop Hatchikian**

**Member of the Board – Starting June 2024**

Born in Bulgaria – Sofia, in 1979, he held several positions within Alvogen Group and within Zentiva Group (General Manager of Alvogen Pharma Trading Europe EOOD, Executive Vice President for Alvogen CEE, member of the Board of Directors Zentiva SA, Head of Commercial CEE Zentiva), being responsible for the development and implementation of the Group's commercial strategies in Central and Eastern Europe.

ESG Competencies: Social, Governance

**Alin Briciu**

**Member of the Board – Starting February 2023**

Born in 1982, Alin was appointed Head of Finance, Central Eastern Europe (CEE) within Zentiva, as of February 1<sup>st</sup> 2023, position from which he ensures strong regional financial management (planning, reporting and analytics), full compliance with all group financial and accounting policies across CEE and leads, develops and implements improvements and change management strategies and initiatives across CEE markets.

He started professional activity in the pharmaceutical field in 2007 and he joined Labormed Pharma SA 16 years ago, holding over time multiple managerial positions at the group level.

ESG Competencies: Social, Governance



## 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.

ESG Competencies: Social, Governance

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 at 31 December 2024:***

**Simona Cocos** - General Manager, Member and President of the Board

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

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:

<b>Statement of Financial Position (RON)</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Total non-current assets</b>	<b>301,792,002</b>	<b>281,772,621</b>
<b>Total inventories</b>	<b>192,971,202</b>	<b>191,883,609</b>
<b>Total trade receivables and related receivables</b>	<b>559,664,093</b>	<b>414,723,733</b>
Cash and cash equivalents	33,625,156	27,302,728
Cash pooling intercompany receivable	645,672,067	583,820,497
Current liabilities	(262,403,204)	(280,350,759)
<b>Total assets minus current liabilities</b>	<b>1,471,321,316</b>	<b>1,219,152,428</b>
<b>Total shareholders' equity</b>	<b>1,441,585,389</b>	<b>1,191,262,465</b>

<b>Statement of Comprehensive Income (RON)</b>	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
Revenue	1,114,065,013	953,633,084
Other operating income	1,238,955	395,084
Operating expenses – Total	865,481,534	769,513,235
Operating profit / (loss)	249,822,434	184,514,933
Net profit / (loss)	250,510,124	192,615,832

The profit distribution for the financial year ended 31 December 2024 will be decided and approved in April 2025, 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.

On 31 December 2024, the Company has no loans received and has a cash pooling agreement with the parent company, at a variable interest rate (as detailed in Note 14, 15 and it has a debit balance as at 31 December 2024 and 2023).

### **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 receivables or payables are expressed in a currency different from the functional currency of the Company).

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

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

### **Credit risk**

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

### **Trade receivables**

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

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

The impairment indicators are analyzed at each reporting date.

The Company credit risk mainly relates to the receivables from related parties, for which the impairment probability is considered low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13, 14 and Note 15.

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



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

### Financial instruments and cash deposits

The credit risk from the balances with banks and financial institutions is managed by the treasury department of the Company, in accordance with the Company's policies. The maximum exposure of the Company to the credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 14 and 15.

### Liquidity risk

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

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

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

### 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 2024 and 2023.

## 8. OBJECTIVES FOR 2025

For 2025, 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 2025 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 2025;
- To diversify and enhance Zentiva's presence on various markets and transfer of new products that should be produced locally;
- To increase the volume sales of products on the local market;
- To strengthen our product portfolio through new launches.



## 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:

<b>Code of Ethics and adherence to local and international relevant laws</b>	<b>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.</b>
<b>Well defined system of policies and procedures</b>	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.
<b>Delegations of authority and legal representation</b>	Operations are correctly managed when legal representation, delegation and approval limits are clearly defined and known by all.
<b>Segregation of duties</b>	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"> <li>• Assigning responsibilities in a manner consistent with the organizational structure;</li> <li>• Cross-checking and supervision of high-risk transactions;</li> <li>• Implementing compensating controls when conflicts exist.</li> </ul>
<b>Fraud prevention and detection</b>	Fraud prevention is one of the top priorities of internal control.
<b>Training</b>	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.
<b>Periodical assessment and monitoring</b>	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.



## 10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

### **General Shareholders Meeting**

Main rules and procedures related to the General Shareholders Meeting are mentioned in the document “Corporate Governance Regulation – Zentiva SA”, 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 is 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, except for the directors, managers or officers of the company (as provided by applicable law), based on special power-of-attorney.

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.



## 10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

The access of individual shareholders at the General Assembly is made based on the presentation of an ID 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 117<sup>1</sup> 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.

### **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.



## 10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

### 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) 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;
- 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.



## 10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

### 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.

### 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.



## 10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

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. Setting up or closing one or more of the Company's subsidiaries, representative offices, agencies, working units or any other secondary offices of the Company as well as the setting-up or closing Company branches;
- m. 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.

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.



## 10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

In 2024, 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, 2027, 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 2024, the Board of Directors held 15 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 2024 was subject to the approval of the Ordinary Shareholders General Meeting convened on 29 April 2024, being determined at an aggregate maximum level. In 2024, the remuneration for the Board of Directors was: RON 2,508,693.

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. By exception, the non-executive members of the Board of Directors or the other managers appointed from among the employees of the Company or among the employees of the affiliated companies in Romania may have the same rights and obligations provided for the executive members of the Board of Directors, based on remunerated mandate agreements concluded with the Company.

On 10 December 2021, the Company's Board of Directors decided to set up a Remuneration Committee.

The Role of the Remuneration Committee is an administrative role, managing executive compensations, having the attributions provided by the "Remuneration Policy of the Company's managers".

The Remuneration Committee was set up having 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 2023, there was an amendment regarding the Remuneration Committee structure. In this sense, starting with March 22, 2023, the Remuneration Committee has the following structure:

- Marchand Francois Noel - Chairman of the Remuneration Committee (independent member);
- Kenneth Lynard - Member of the Remuneration Committee; and;
- Alin Briciu - Member of the Remuneration Committee.

On June 6, 2024, the Board of Directors acknowledges the fact that the position of the member of the Remuneration Committee held by Kenneth Lynard remains vacant and appoints Hacho Agop Hatchikian as temporary member of the Remuneration Committee until the appointment of a permanent member by the General Meeting of Shareholders.



## 10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

In 2017 an Audit Committee was set-up.

The role of the Audit Committee is to support the Board of Directors in overseeing the internal control system, particularly the efficacy of financial reporting. It has a Supervisory role, ensuring the accuracy of financial and sustainability reporting, internal controls, and risk oversight. The Audit Committee is validating the Sustainability Report before its publication. This process ensures recognition of the progress made during the year in achieving sustainability objectives and approves the planned actions and resource allocation for the next financial year.

During 2023, the structure of the Audit Committee has changed two times. Thus, starting with December 19, 2023 the Audit Committee had the following structure:

- Marchand Francois Noel - Chairman of the Audit Committee (independent member);
- Kenneth Lynard - Member of the Audit Committee;
- Alin Briciu - Member of the Audit Committee; and;
- Andreea-Elena Manta – Temporary member of the Audit Committee.

On June 6, 2024, the Board of Directors acknowledges the fact that the position of the member of the Audit Committee held by Kenneth Lynard remains vacant and appoints Hacho Agop Hatchikian as temporary member of the Audit Committee until the appointment of a permanent member by the General Meeting of Shareholders.

### **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, valid until the membership of the Board of Directors ceases.

### **Executive Management - Industrial Operations Manager**

The Board of Directors entrusted the management of the industrial activity to an Industrial Operations Manager. Starting with March 24, 2023, the Industrial Operations Manager role within Company was held by Mr. Zsolt Baranyai.

### **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.



## 10. ANNUAL REPORT ON CORPORATE GOVERNANCE (continued)

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 General Shareholders Meetings (GSMs), 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).

### **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 2024, 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.

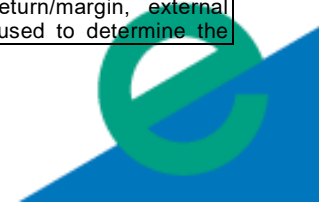
The Company has taken and will continue to take the professional, legal and administrative steps necessary for ensuring compliance with the provisions of the Code of Corporate Governance issued by the Bucharest Stock Exchange.

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.

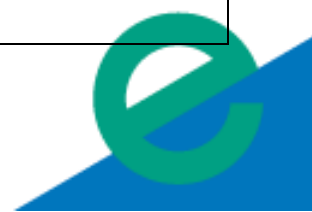


Code provisions	Complies	Does not comply or partially complies	Comments
<b>Section A - Responsibilities</b>			
<b>A1</b> All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among 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.
<b>A2</b> 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.
<b>A3</b> The Board of Directors or the Supervisory Board should have at least five members.	X		
<b>A4</b> 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		
<b>A5</b> 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		
<b>A6</b> 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		
<b>A7</b> The company should appoint a Board secretary responsible for supporting the work of the Board.	X		
<b>A8</b> 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.
<b>A9</b> 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		
<b>A10</b> The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	X		
<b>A11</b> 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.

Code provisions	Complies	Does not comply or partially complies	Comments
<b>Section B – Risk Management and Internal Control System</b>			
<p><b>B1</b> 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.</p>	X		
<p><b>B2</b> The audit committee should be chaired by an independent non-executive member.</p>	X		The Audit Committee, regardless of its structure, is chaired by the independent non-executive director.
<p><b>B3</b> Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.</p>		X	The assessment of the internal control system is performed at Zentiva group level, based on the policies implemented at group level.
<p><b>B4</b> 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.</p>		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.
<p><b>B5</b> The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.</p>		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.
<p><b>B6</b> The audit committee should evaluate the efficiency of the internal control system and risk management system.</p>		X	The efficiency of the internal control and risk management systems is covered by the dedicated internal control function organized at group level.
<p><b>B7</b> 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.</p>		X	Application of statutory and generally accepted standards of internal auditing is monitored by the dedicated internal control function organized at group level.
<p><b>B8</b> Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.</p>		X	As a rule, the specific reports/ analyses performed by the relevant functions are communicated to the Board by the dedicated internal control function.
<p><b>B9</b> No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.</p>	X		
<p><b>B10</b> The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.</p>		X	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



Code provisions	Complies	Does not comply or partially complies	Comments
			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, 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.
<b>B11</b> 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.
<b>B12</b> To ensure the fulfilment 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.
<b>Section C – Fair Rewards and Motivation</b>			
<b>C1</b> 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.	X		The remuneration policy has been finalized, approved by the ordinary general meeting of shareholders and published on the Company's website.  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.  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.
<b>Section D – Building value through investors' relations</b>			
<b>D1</b> The company should have an Investor Relations function – indicating to the general public the person (s) responsible or the organizational unit. In addition to information required by legal provisions, the company should include on its website a section dedicated to Investor Relations, both in Romanian and English, with all relevant information of interest to investors, including:	X		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.
<b>D.1.1.</b> Principal corporate regulations: the articles of association, general shareholders' meeting procedures.	X		
<b>D.1.2.</b> Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions.		X	Information about the professional activity of the members of the Board is presented in the annual report and upon their nomination.
<b>D.1.3.</b> Current reports and periodic reports (quarterly, semi-annual and annual reports).	X		



Code provisions	Complies	Does not comply or partially complies	Comments
<b>D.1.4.</b> Information related to general meetings of shareholders.	X		
<b>D.1.5.</b> Information on corporate events.	X		
<b>D.1.6.</b> The name and contact data of a person who should be able to provide knowledgeable information on request.	X		
<b>D.1.7.</b> Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	X		
<b>D2</b> A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.		X	Adoption and dissemination of 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.
<b>D3</b> 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.
<b>D4</b> 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		
<b>D5</b> The external auditors should attend the shareholders' meetings when their reports are presented there.	X		
<b>D6</b> 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		
<b>D7</b> 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.
<b>D8</b> 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		
<b>D9</b> 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.
<b>D10</b> 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. CONTINGENCIES

### Legal claims

As at December 31, 2024, the Company is involved in several disputes, of which the most significant are listed below:

- In December 2020, the Company filed a summons against the National Health Insurance House ("CNAS") requesting the VAT paid, related to the clawback tax for Q1 2020. In this litigation, respectively within case file no. 7592/2/2020, the trial was suspended as a consequence of the fact that the Romanian Constitutional Court was requested to solve the exception of unconstitutionality of the phrase "*starting with the first quarter of 2020*" within paragraph 1 of art. 37 of GEO no. 77/2011. As at December 31, 2024, the file registered with the Romanian Constitutional Court under no. 665D/2022 is still in the preliminary report phase.
- On April 25, 2024, the Company received a statement of claim from the Bucharest Tribunal, 3<sup>rd</sup> Civil Section, together with Zentiva k.s., a company which is part of the same group as the Company, as defendants, in a lawsuit against Bayer HealthCare LLC, Bayer AG and Bayer SRL, as claimants. The case is the subject of file no. 5615/3/2024, has as its object the obligation of the defendants, jointly and severally, to pay the provisionally established amount of 100,000 Euros and is pending before the court in the first phase of the proceedings.

In the above-mentioned file, the claimants allege that the defendants infringed on the rights resulting from the European invention patent EP 2305255, which, according to the claimants' statements, would have given them an exclusive right to use the chemical substance sorafenib tosylate until the date of December 3, 2022. Thus, the claimants request the court to determine the defendants (i) to pay, jointly and severally, to the claimants the provisionally established amount of 100,000 Euros, as compensation for acts of infringement of the European invention patent EP 2305255, committed in Romania, and (ii) to pay, jointly and severally, the relevant trial expenses. Also, the claimants request the court to order the suspension of the trial of this litigation until the final resolution of file no. 16122/3/2021, pending before the Bucharest Tribunal, 3<sup>rd</sup> Civil Section. The object of file no. 16122/3/2021 is represented by the annulment of the European invention patent EP 2305255, being introduced by Zentiva k.s. against Bayer HealthCare LLC and the State Invention and Trademark Office.

At the first hearing, on November 6, 2024, it was suspended the judgement of the request until the final settlement of file no. 16122/3/2021.

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

## 12. SUSTAINABILITY REPORTING

The Corporate Sustainability Reporting Directive (CSRD), transposed into Romanian law through OMF 85/2024, mandates that listed companies with more than 500 employees report in accordance with the European Sustainability Reporting Standards (ESRS) starting from January 1, 2024.

As a result, Zentiva prepared a Sustainability Report for 2024 under CSRD and in full compliance with ESRS requirements. This report is presented in Annex 2.



### 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 analysed the forecasts of the future cash inflows.

As of 31 December 2024 the current assets of the Company exceed current liabilities by RON 1,169,529,314 (as of 31 December 2023, the current assets exceeded current liabilities by RON 937,379,807).

At the same date, the Company recorded a net profit for the year of RON 250,510,124 (2023: RON 192,615,832).

The Budget for 2025 prepared by the Company's management and approved by the Board of Directors indicates positive cash flows from the operating activities.

<b>Mn RON</b>	<b>B2025</b>
Revenues	1,218.9
Expenses	<u>1,004.1</u>
<b>Operating income</b>	<b><u>214.8</u></b>

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

In February 19,2025, through the resolution of the ordinary meeting of shareholders of Zentiva SA, the mandate of non-executive director of Mrs. Margareta Tanase is revoked and is appointed as non-executive director, member of the Board of Directors of the company, Mr. Mihail-Codrin Botoran, for a period of 4 years.

At the same time, the same resolution confirms the appointment of Mr. Hacho Agop Hatchikian as non-executive director, member of the Board of Directors of the company and also confirms his appointment as a member of the audit committee and of the remuneration committee of the company, from the date of his appointment by the Decision of the Board of Directors of Zentiva SA from 06.06.2024, for a period of 4 years.

**Simona Cocos**  
*General Manager*

**Daniel Nitulescu**  
*Chief Financial Officer*



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

As of December 31, 2024

Company name	
AL	Zentiva Pharma Albania sh.p.k
AT	HERBST Trading GmbH
BA	Zentiva Pharma d.o.o.
BG	Zentiva Pharma Bulgaria EOOD
	Alvogen Pharma Trading Europe EOOD
	Zentiva Pivot EOOD
CY	ALVOGEN CYPRUS LIMITED
	RUTENGO INVESTMENTS LIMITED
CZ	Zentiva Group, a.s.
	Zentiva, k.s.
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	Rutengo Hungary Kft.
	Zentiva Pharma Kft
CH	Helvepharm AG
IN	Zentiva Private Limited
IT	Zentiva Italia S.r.l.
LU	AI Sirona (Luxembourg) Acquisition S.à r.l.

	Al Excalibur (Luxembourg) S.à r.l.
	Alvogen IPco S.à r.l. ( <i>in liquidation</i> )
	Alvogen Balkans Luxembourg S.à r.l.
M	Alvogen Malta Operations ROW Holdings Ltd.
	Alvogen Malta Operations (ROW) Ltd.
MK	Zentiva Pharma Macedonia DOOEL Skopje
NL	Zentiva Netherlands B.V.
PL	Zentiva Polska Sp.z.o.o.
PT	Zentiva Portugal, Lda
RO	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.
SE	Zentiva Sweden AB
UA	Zentiva Ukraine LLC
UK	Zentiva Pharma UK Limited
	Creo Pharma Holdings Limited ( <i>in liquidation</i> )
	Creo Pharma Limited ( <i>in liquidation</i> )

## 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.

# Zentiva SA

Financial statements

FOR THE YEAR ENDED  
31 December 2024

Prepared in accordance with Order of the Minister of Public Finance no. 2844/2016  
approving the accounting regulations compliant with the International Financial  
Reporting Standards, with subsequent amendments

**Translation of the Company's financial statements and management report  
issued in the Romanian language.**

**ZENTIVA SA**  
**FINANCIAL STATEMENTS**  
Prepared in accordance with  
Minister of Public Finance Order 2844/2016  
for the year ended 31 December 2024

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**TABLE OF CONTENTS**

STATEMENT OF COMPREHENSIVE INCOME.....	3
STATEMENT OF FINANCIAL POSITION .....	4
STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY .....	5
STATEMENT OF CHANGES IN SHAREHOLDRES EQUITY .....	6
STATEMENT OF CASH FLOWS .....	7
1. INFORMATION ABOUT THE COMPANY .....	8
2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS .....	9
3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS.....	23
4. STANDARDS, AMENDMENTS AND NEW INTERPRETATIONS OF STANDARDS .....	25
5. SALES OF GOODS AND RENDERING OF SERVICES AND RAW MATERIAL AND CONSUMABLES EXPENSES .....	27
6. OTHER INCOME / OTHER EXPENSES AND ADJUSTMENTS.....	29
7. CURRENT TAX AND DEFERRED TAX .....	31
8. EARNINGS PER SHARE.....	33
9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS .....	33
10. INTANGIBLE ASSETS.....	37
11. GOODWILL AND CUSTOMER RELATIONSHIPS .....	38
12. INVENTORIES.....	39
13. TRADE RECEIVABLES AND OTHER RECEIVABLES; ADVANCES AND PREPAYMENTS .....	39
14. CASH AND CASH EQUIVALENTS .....	41
15. CASH POOLING INTERCOMPANY RECEIVABLE.....	41
16. ISSUED CAPITAL AND RESERVES .....	42
17. DIVIDENDS DISTRIBUTED AND PAID.....	44
18. PROVISIONS.....	44
19. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS .....	45
20. TRADE PAYABLES AND OTHER PAYABLES .....	47
21. RELATED PARTY DISCLOSURES.....	47
22. CONTINGENCIES .....	50
23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	52
24. STATUTORY AUDITOR EXPENSES.....	55
25. EVENTS OCCURRING AFTER THE REPORTING PERIOD .....	55

**ZENTIVA SA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**for the financial year ended on 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Notes</b>	<b>2024</b>	<b>2023</b>
		<b>RON</b>	<b>RON</b>
Revenue from sales of goods	5.1	1,052,661,208	894,066,595
Revenue from rendering of services	5.1	61,403,805	59,566,489
<b>Revenue</b>	<b>5.1</b>	<b><u>1,114,065,013</u></b>	<b><u>953,633,084</u></b>
Other operating income	6.1	1,238,955	395,084
Changes in inventories of finished goods and work in progress		13,496,732	18,373,825
Raw material expenses, merchandise, consumables used and utilities	5.2	(462,720,416)	(451,621,314)
Employee benefits expenses	6.5	(202,451,016)	(162,197,973)
Depreciation, amortization and impairment	9 - 11	(31,238,408)	(31,701,874)
Marketing and advertising expenses	6.6	(13,859,823)	(9,924,589)
Reversal of/ (expenses with) provisions	18,19	(486,089)	1,117,499
Other operating expenses	6.2	(168,222,514)	(133,558,810)
<b>Operating profit</b>		<b><u>249,822,434</u></b>	<b><u>184,514,933</u></b>
Financial Income	6.4	42,847,450	41,829,109
Financial Expenses	6.3	(4,712,946)	(4,518,761)
<b>Profit before income tax</b>		<b><u>287,956,938</u></b>	<b><u>221,825,281</u></b>
Income Tax Expense	7	(37,446,814)	(29,209,449)
<b>Net profit for the year (A)</b>		<b><u>250,510,124</u></b>	<b><u>192,615,832</u></b>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
Deferred tax impact of remeasurement loss on defined benefit plans	7.2	35,657	174,384
Remeasurement loss on defined benefit plans	19	(222,857)	(882,309)
<b>Other comprehensive income net of tax (B)</b>		<b><u>(187,200)</u></b>	<b><u>(707,925)</u></b>
<b>Comprehensive income for the year (A) + (B)</b>		<b><u>250,322,924</u></b>	<b><u>191,907,906</u></b>
<b>Net earnings per share (RON / share)</b>	<b>8</b>	<b><u>0.36</u></b>	<b><u>0.28</u></b>

The financial statements from page 3 to page 55 were approved by the Board of Directors and were authorized to be issued in accordance with the resolution of the Directors dated 27 March 2025.

**Administrator,**  
Simona Cocos

Signature  
Company stamp

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

Signature

**ZENTIVA SA**  
**STATEMENT OF FINANCIAL POSITION**  
**for the financial year ended on 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>Notes</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9.1	253,852,567	220,505,720
Advances for equipment	9.1	1,965,626	8,652,051
Right-of-use assets	9.2	18,108,392	21,092,139
Goodwill	11	11,649,100	11,649,100
Customer relationships	11	13,476,050	16,925,260
Other intangible assets	10	2,740,267	2,948,351
<b>Total Intangible assets</b>		<b>27,865,417</b>	<b>31,522,711</b>
		<b>301,792,002</b>	<b>281,772,621</b>
<b>Current assets</b>			
Inventories	12	192,971,202	191,883,609
Trade receivables and other receivables	13	552,335,137	410,875,837
Advances and prepayments	13	3,895,454	3,847,896
Income Tax Receivable	7.1	3,433,502	-
Cash pooling intercompany receivables	15	645,672,067	583,820,497
Cash and cash equivalents	14	33,625,156	27,302,728
		<b>1,431,932,518</b>	<b>1,217,730,566</b>
<b>Total assets</b>		<b>1,733,724,520</b>	<b>1,499,503,187</b>
<b>Equity</b>			
Issued share capital	16	69,701,704	69,701,704
Share premium	16	24,964,506	24,964,506
Legal and other reserves	16	200,413,115	155,961,510
Revaluation reserve	16	65,023,715	67,069,892
Retained earnings	16	1,081,482,349	873,564,853
<b>Total equity</b>		<b>1,441,585,389</b>	<b>1,191,262,465</b>
<b>Non-current liabilities</b>			
Employee benefit liability	19	7,945,130	7,173,565
Deferred tax liability	7.2	2,237,742	5,556,704
Pillar Two income tax liability	7.2	7,956,683	-
Lease liabilities	9.2	9,555,404	13,894,126
Provisions	18	2,040,968	1,265,568
<b>Total non-current liabilities</b>		<b>29,735,927</b>	<b>27,889,963</b>
<b>Current liabilities</b>			
Contract liability	5.1	-	4,623,319
Trade payables and other payables	20	194,201,854	210,988,922
Income taxes payable	7.1	-	7,641,646
Short-term lease liabilities	9.2	8,917,455	7,261,482
Other current liabilities	20	56,058,082	46,251,580
Short-term provisions	18	3,225,813	3,583,810
<b>Total current liabilities</b>		<b>262,403,204</b>	<b>280,350,759</b>
<b>Total liabilities</b>		<b>292,139,131</b>	<b>308,240,722</b>
<b>Total liabilities and equity</b>		<b>1,733,724,520</b>	<b>1,499,503,187</b>

The financial statements from page 3 to page 55 were approved by the Board of Directors and were authorized to be issued in accordance with the resolution of the Administrators dated 27 March 2025.

**Administrator,**  
Simona Cocos

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

Signature

Signature

Explanatory notes from 1 to 25 form an integral part of these financial statements.

**ZENTIVA SA**  
**STATEMENTS OF CHANGES IN EQUITY**  
**For the year ended 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

**STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**

**2024**

	Share capital	Share premium	Legal and other reserves	Revaluation reserve	Retained earnings	Total
<b>Opening balance at 1 January 2024</b>	<b>69,701,704</b>	<b>24,964,506</b>	<b>155,961,510</b>	<b>67,069,892</b>	<b>873,564,853</b>	<b>1,191,262,465</b>
Profit for the year	-	-	-	-	250,510,124	250,510,124
<b>Other comprehensive income:</b>						
Deferred tax impact of remeasurement loss on defined benefit plans	-	-	-	-	35,657	35,657
Remeasurement loss on defined benefit plans	-	-	-	-	(222,857)	(222,857)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(187,200)</b>	<b>(187,200)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,322,924</b>	<b>250,322,924</b>
Reserve for reinvested profit	-	-	44,451,605	-	(44,451,605)	-
Decrease in reevaluation reserve	-	-	-	(2,046,177)	2,046,177	-
<b>Closing balance at 31 December 2024</b>	<b>69,701,704</b>	<b>24,964,506</b>	<b>200,413,115</b>	<b>65,023,715</b>	<b>1,081,482,349</b>	<b>1,441,585,389</b>

The financial statements from page 3 to page 55 were approved by the Board of Directors and were authorized to be issued in accordance with the resolution of the Directors dated 27 March 2025.

**Administrator,**  
Simona Cocos

Signature  
Company stamp

**Prepared by**  
Daniel Nitulescu  
Chief Financial Officer

Signature

**ZENTIVA SA**  
**STATEMENTS OF CHANGES IN EQUITY**  
**For the year ended 31 December 2023**  
*(amounts are expressed in RON, unless specified otherwise)*

**STATEMENT OF CHANGES IN SHAREHOLDRES EQUITY**

**2023**

	Share capital	Share premium	Legal and other reserves	Revaluation reserve	Retained earnings	Total
<b>Opening balance at 1 January 2023</b>	<b>69,701,704</b>	<b>24,964,506</b>	<b>146,399,175</b>	<b>67,069,892</b>	<b>691,219,282</b>	<b>999,354,559</b>
Profit for the year	-	-	-	-	192,615,832	192,615,832
<b>Other comprehensive income:</b>						
Deferred tax impact of other comprehensive income items	-	-	-	-	174,383	174,383
Other comprehensive income	-	-	-	-	(882,308)	(882,308)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(707,925)</b>	<b>(707,925)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191,907,906</b>	<b>191,907,906</b>
Reserve for reinvested profit	-	-	9,562,335	-	(9,562,335)	-
<b>Closing balance at 31 December 2023</b>	<b>69,701,704</b>	<b>24,964,506</b>	<b>155,961,510</b>	<b>67,069,892</b>	<b>873,564,853</b>	<b>1,191,262,465</b>

The financial statements from page 3 to page 55 were approved by the Board of Directors and were authorized to be issued in accordance with the resolution of the Directors dated 27 March 2025.

**Administrator,**  
Simona Cocos

Signature  
Company stamp

**Prepared by**  
Daniel Nitulescu  
Chief Financial Officer

Signature

**ZENTIVA SA**  
**STATEMENT OF CASH FLOWS**  
**for the financial year ended 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

<b>STATEMENT OF CASH FLOWS</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>			
Profit before tax		287,956,938	221,825,281
Depreciation and amortization	9,10,11	31,238,408	30,772,848
Impairment on property, plant and equipment	9.1	-	929,026
Allowance for trade and other receivables	13,15	248,010	251,807
Inventory allowance movement and write offs	12	21,225,038	(4,848,676)
Movements in provisions for risks and charges	18	417,403	(1,001,717)
Gain on disposal of non-current assets	6.1	(71,149)	24,897
Interest income	6.4	(40,118,792)	(37,877,564)
Interest expenses	6.3	1,738,059	1,380,300
<b>Operating profit before working capital changes</b>		<b><u>302,633,914</u></b>	<b><u>211,456,202</u></b>
Change in inventories		(22,312,631)	(13,974,701)
Change in trade, other receivable and advances		(134,891,200)	(252,630,576)
Change in trade and other payable		(14,153,371)	96,715,915
Interest paid		(1,738,059)	(1,380,300)
<b>Cash generated from operating activities</b>		<b><u>129,538,653</u></b>	<b><u>40,186,540</u></b>
Income tax paid	7.1	(44,439,115)	(26,003,618)
<b>Net cash from operating activities</b>		<b><u>85,099,538</u></b>	<b><u>14,182,922</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets	9.1,10	(48,432,917)	(28,319,718)
Cash pooling movement		(62,028,814)	(309,310)
Interest received		40,118,792	37,877,564
<b>Net cash from/ (used) in investing activities</b>		<b><u>(70,342,938)</u></b>	<b><u>9,248,537</u></b>
<b>Cash flows from financing activities</b>			
Lease payments	9.2	(8,434,171)	(7,319,410)
<b>Net cash used in financing activities</b>		<b><u>(8,434,171)</u></b>	<b><u>(7,319,410)</u></b>
Net increase (decrease) in cash and cash equivalents		6,322,429	16,112,049
<b>Cash at the beginning of the period 1 January</b>		<b><u>27,302,728</u></b>	<b><u>11,190,679</u></b>
<b>Cash at the end of the period 31 December</b>		<b><u>33,625,156</u></b>	<b><u>27,302,728</u></b>

The financial statements from page 3 to page 55 were approved by the Board of Directors and were authorized to be issued in accordance with the resolution of the Directors dated 27 March 2025.

**Administrator,**  
 Simona Cocos

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

Signature  
 Company stamp

Signature

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the financial year ended on 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

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## **1. INFORMATION ABOUT THE COMPANY**

These financial statements of Zentiva SA (the "Company") for the year ended on 31 December 2024 are authorized for publication in accordance with the Board of Directors' Decision dated 27 March 2025.

The Company, previously named SICOMED SA Bucharest ("Sicomed") was founded in 1962 as Intreprinderea de Medicamente BUCURESTI ("IMB"). The current registered office of the Company is located in B-dul Theodor Pallady nr.50, Bucharest. The Company is registered with the Trade Register under no. J40/363/1991.

In 1990, Sicomed became a joint stock company by incorporating and taking over all the assets of the former IMB in accordance with the Government Decision. The initial share capital was the result of the difference between assets, including specific valuations of land and buildings donated by the State to the Company in accordance with the Government Decision, and liabilities held as of the same date.

In October 2005, the majority stake in the company was acquired by Zentiva Group (a group in the pharmaceutical industry operating in Central and Eastern Europe) by acquiring shares held in Venoma Holdings Limited. Zentiva Group has control over the Company's operations.

Starting with 24 January 2006, the Company changed its name from Sicomed SA to Zentiva SA.

Starting with 11 March 2009, there was a change in the shareholding structure at the group level (Sanofi Aventis acquired 97% of Zentiva NV shares - parent of the Company).

The main activity of the Company is the production and marketing of preparations and medicines for human use.

Starting with 2007, a decision was taken at the Zentiva Group level, and as a result the Company started its trading operations through its subsidiary in Romania, namely Zentiva International (incorporated in Slovakia) ("ZIRO") and, as such, the Romanian market (i.e. distributors) was supplied with the Company's products through ZIRO. Starting with 1 October 2011, sales are made directly through Sanofi Romania SRL entity and after that date, ZIRO became an entity with no activity, and was to be liquidated.

On 20 February 2018, Zentiva SA launched the public purchase offer by Zentiva NV of the shares owed by minority shareholders, in a percentage of 18.4067% at a purchase price of RON 3.5 / share. The public purchase offer was concluded on 5 April 2018. The shares redeemed through this offer were primarily the ones owned by KJK Fund II, the NN Optional Active Pension Fund, the NN Optional Optimal Pension Fund and the NN Privately Administered Pension Fund.

At the end of October 2016, Sanofi Group announced, after an analysis of all the available options, the initiation of its European generic medicine's division carve out.

As of that date, Zentiva SA was included in this separation process that was finalized on September 30, 2018, when Advent International NV purchased the European generic medicine division of Sanofi Group.

Starting with 1 September 2018, Sanofi Romania SRL, who was up until that time the distributor of generic medicine produced by Zentiva SA on the Romanian market, transferred its distribution activity to Zentiva SA, based on the distribution activity transfer contract, which was approved on 7 March 2019 by the General Meeting of the Shareholders of Zentiva SA.

Following this, Zentiva started the direct distribution in Romania of generic medicines both produced in Romania, as well as imported from other entities from the Group. The local market distribution is done by local distributors - for more details please go to the comments included in Note 11 – Goodwill and Customer Relationship.

## **1. INFORMATION ABOUT THE COMPANY (continued)**

The Company is listed on Bucharest Stock Exchange.

The Company has no investments in subsidiaries or associated companies as of 31 December 2024. The Company is part of a group and is at its turn consolidated in the Group's Financial Statements, the consolidated parent company being AI Sirona (Luxembourg) Acquisition S.a.r.l.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

### **Statement of compliance**

The Company's financial statements have been prepared in accordance with the provisions of Order No. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market with all subsequent amendments and clarifications. These provisions are in line with the provisions of the International Financial Reporting Standards endorsed by the European Union, except for the provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency, of IAS 20 Accounting of Government Grants regarding the recognition of revenue from green certificates, with the exception of IFRS 15 - Revenue from Contracts with Customers regarding the revenue from distribution network connection charges and the exception of the presentation in the financial statements of the additional tax related turnover. These exceptions are not applicable and do not affect the Company and the compliance of the financial statements of the Company with IFRS Accounting Standards as adopted by the EU

In order to prepare these financial statements, in accordance with the Romanian legal provisions, the functional currency of the Company is considered to be the Romanian Leu (RON).

### **2.1 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 assess the applicability of this assumption, the management analyses the forecasts of future cash inflows.

As of 31 December 2024, current assets of the Company exceed current liabilities by RON 1,169,529,314 (as of 31 December 2023 current assets exceeded current liabilities by RON 937,379,807). At the same date, the Company recorded a profit for the year of RON 250,510,124 (2023: RON 192,615,832).

The budget prepared by the management of the Company for the year 2025, indicates positive cash flows from the operating activities, an increase in sales and profitability from the direct distribution on the Romanian market of generic medicine produced locally as well as the ones imported from other entities of the Group to which the Company belongs.

The management considers that the Company will be able to continue its activity in the foreseeable future and therefore the application of the going concern principle in the preparation of the financial statements is reasonable.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

### **2.2 Summary of accounting policies**

The following are the material accounting policies applied by the Company in preparing its financial statements:

#### ➤ **Foreign currency translations**

The Company's financial statements are presented in RON, which is also the functional currency.

Foreign currency transactions are translated into RON using the exchange rate prevailing at the transaction date. Monetary assets and liabilities expressed in foreign currency at the end of the period are assessed in RON using the exchange rate prevailing at the end of the financial year. The gains and losses realized or unrealized are charged to the profit or loss. The exchange rates as of 31 December 2024 were RON / EUR 4.9741 and RON / USD 4.7768. The exchange rates as of 31 December 2023 were RON / EUR 4.9746 and RON / USD 4.4958.

The exchange rates differences, favorable or unfavorable, between the exchange rate at the recording date of the receivables and payables in foreign currency or the exchange rate at which they were reported in previous financial situations and the exchange rate at the end of the fiscal year, shall be recorded under financial income or expense, where appropriate.

#### ➤ **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 Revenue from Contracts with Customers establishes a five steps model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

#### **Revenue from sales of goods**

In accordance with IFRS 15, the revenue is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company delivers goods (mainly generic medicines) under contractual conditions based on internationally accepted delivery conditions (INCOTERMS). The point in time when the customer obtains control over the goods is considered to be substantially the same for most of the Company's contracts under IFRS 15.

The Company concluded that revenue should be recognized at a point in time when asset control is transferred to the customer, generally on delivery of the goods.

#### **Variable consideration**

Some client contracts involve rebates for volume, financial discounts, price concessions, or the right of return for quality claims. Currently, the revenue from these sales is recognized based on the price specified in the contract, net of returns and allowances, trade discounts, and volume rebates booked on an accrual basis when a reasonable estimate of the revenue adjustments could be made.

In accordance with IFRS 15, it is necessary to estimate the variable consideration at the inception of the contract. The revenue is recognized to the extent that it is highly probable that a significant reversal of the amount of recognized cumulative revenue will not occur. Consequently, for those contracts for which the Company is not able to make a reasonable estimate of the discounts, revenue will be recognized earlier than when the return period lapses or when a reasonable estimate can be made. In order to estimate the variable consideration to which it would be entitled, the Company applied the expected value method. At the same time, cases of quality claims (rights of return) are isolated and insignificant, based on the information from past periods, so that the Company cannot make a reasonable estimate of such revenue reversals at the end of the year.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

### **Principal versus agent considerations**

In accordance with IFRS 15, the assessment is based on whether the Company controls specific goods before transferring them to the end customer, rather than whether they have exposure to significant risks and rewards associated with the sale of goods. The Company have concluded that they are the principal in most of the contractual sales arrangements because they are the primary obligor in all revenue arrangements, have pricing latitude and are exposed to inventory risks. In the specific cases of the contractual arrangements where the Company does not control the goods before being transferred to the end customer, it acts as an agent.

### **Recognition of revenue from distinct performance obligations**

The Company have analyzed its contracts with the clients in order to determine all its performance obligations and they have not identified any new performance obligation that should be accounted for separately in accordance with IFRS 15.

The Company provides various services as secondary activity. The revenue is evaluated at the expected value of the consideration received or to be received. In accordance with IFRS 15, the total consideration in the services contracts is allocated to all services based on their standalone selling prices. The individual selling prices are set based on the list prices at which the Company sell the services in separate transactions. Based on the evaluation of the Company the value allocated based on to the relative individual selling prices of the services and the standalone selling prices of the services are broadly similar.

### **Revenue from Rendering of services**

The Company is engaged in providing certain support function services to its affiliated companies (i.e. its customers). Revenue from these contracts is recognized when control of services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company recognises revenue from these services over time, as it progresses towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. If the contracts include fees for various activities performed, revenue is recognised in the amount to which the Company has a right to invoice. Revenues related to services rendered are recognised in the period in which the services were rendered based on statements of work performed, regardless of when paid or received, in accordance with the accrual basis.

#### **➤ Other operating income**

Other operating income includes income/gains from all other operating activities which are not related to the ordinary activities of the Company, such as gains/losses from sales of assets, etc.

#### **➤ Interest income**

The income from interest is accrued on a time basis, by reference to the principal and at the applicable effective interest rate, meaning the rate that exactly discounts future cash receipts estimated over the expected life of the financial assets to the net carrying amount of the financial assets at the date of its initial recognition. The income from interest is included in the profit or loss under financial income.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

### **➤ Taxes**

#### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in Romania.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **International Tax Reform - Pillar Two**

The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalization of the global economy. The Global Anti Base Erosion Model Rules (Pillar Two model rules) apply to multinational enterprises (“MNEs”) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two model rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- The Qualified Domestic Minimum Top-up Tax (QDMTT)
- The Income Inclusion Rule (IIR)
- The Under Taxed Payments/Profits Rule (UTPR)

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments). The Amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements a QDMTT. The Company has adopted these amendments, which introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules.

And

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity’s exposure to Pillar Two income taxes arising from that legislation.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

Zentiva SA is part of Zentiva Group a.s., a multinational enterprise group, falling within the scope of the OECD Pillar II legislation, which has been adopted in Romania. Law no. 431/2023, published on January 5, 2024, transposes the provisions of Directive (EU) 2022/2523 to introduce a complex system of rules into Romanian legislation for an effective minimum tax rate of 15% for MNEs with consolidated annual revenues of at least EUR 750 million in at least two of the four preceding financial years.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, unless:

- The deferred tax liability arises from the initial recognition of the goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, does not affect either the accounting profit or the taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses, can be utilized, except:

- When the deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, does not affect either the accounting profit or the taxable profit or loss.

Deferred tax assets and liabilities are assessed at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax on elements recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction in other comprehensive income or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities in the statement of financial position, since a legally enforceable right exists for the Company to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority.

### **Value added tax**

Income, expenses and assets are recognized net of VAT, with the exception of:

- Where the sales tax applicable to a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquiring the asset or as part of the expenditure item, as the case may be.
- Where receivables and payables are disclosed at a value including the sales tax.

The net amount of the sales tax recoverable from or payable to the taxation authority is included as part of the receivables and payables in the statement of financial position.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

### **➤ Property, plant and equipment**

#### **Initial recognition**

Tangible assets are valued at cost, net of accumulated depreciation and / or accumulated impairment losses, if any.

This cost includes the cost of replacing the part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment have to be replaced at certain intervals, the Company recognizes those parts as individual assets with a specific useful life and depreciates them accordingly. Also, when carrying out a general inspection, its cost is recognized in the carrying amount of the tangible assets as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognized in the profit or loss as incurred. The present value of expected costs for decommissioning an asset after its use is included in the cost of that asset if the criteria for recognizing a provision are met.

The cost of an item of property, plant and equipment consists of:

- its purchase price, including import duties and non-refundable purchase taxes, after deduction of trade discounts and rebates.
- any costs that can be attributed directly to bringing the asset to the location and condition necessary to enable it to function as intended by the management.
- the initial estimate of the costs of dismantling and moving the item and restoring the site where it is located, the obligation of the entity when acquiring the item or as a consequence of using the item for a specified period for purposes other than producing inventories during that period.

#### **Subsequent measurement**

Land and buildings are valued at fair value less accumulated depreciation on buildings and impairment losses recognized as at the valuation date. Valuations are performed with sufficient frequency to ensure that the fair value of the revalued assets does not differ significantly from their net book value.

A revaluation surplus is recorded in other comprehensive income and credited to the assets' revaluation reserve, in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the profit or loss, the increase is recognized in the profit or loss. A revaluation deficit is recognized in the profit or loss if it does not offset an existing surplus on the same asset recognized in the assets revaluation reserve. Additionally, accumulated depreciation as at the revaluation date is eliminated from the carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation reserve that relates to an asset being sold or discarded is transferred to retained earnings in that year.

Land and buildings owned by the Company were revalued on 31 December 2022 by an independent valuation specialist.

The other categories of property, plant and equipment are valued at historical cost, less any depreciation and any impairment adjustments.

#### **Depreciation method**

Depreciation is calculated using:

- the straight-line method for buildings and equipment not related to production capacity;
- the reducing balance for equipment related to the production capacity.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

### **Useful lives**

The economic useful life is the period of time over which an asset is expected to be used by a company. The economic useful life of property, plant and equipment was determined by specialized employees.

The land is not depreciated.

The average useful life's by categories of property, plant and equipment are as follows:

	<u>Years</u>
Buildings	30 - 50
Machinery, tools and equipment (except vehicles)	5 - 20
Vehicles	5

The Company estimates the useful life of the property, plant and equipment elements in line with the consumption/ usage rate for those assets. Residual values, useful lives and methods of depreciation methods of property, plant and equipment are reviewed at the end of each financial year and adjusted accordingly. In particular, the Company considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Company considers climate-related matters, including physical and transition risks. Specifically, the Company determines whether climate-related legislation and regulations might impact either the useful life of residual values, e.g., by banning or restricting the use of the Company's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on the Company's buildings and office properties.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit is expected from its use or at disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognized.

### **➤ Leases**

The Company assesses at the commencement of the contract whether the contract is or contains a lease, i.e., whether the contract conveys the right to control the use of an identified asset for a certain period of time in exchange for consideration.

#### **The Company as a lessee**

The Company applies a single recognition and assessment approach for all leases, except for short-term leases and leases of low-value underlying assets. The Company recognizes lease liabilities for performance of lease payments and the right-of-use assets which represent its right to use the underlying assets.

#### **Recognition of the right-of-use assets**

The Company recognizes the right-of-use assets at the commencement date of the lease (i.e., the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated amortization and cumulated impairment losses and adjusted for any revaluation of lease liabilities. The cost of the right-of-use assets includes the amount of the initial valuation of lease liabilities, the initial direct costs incurred, and the lease payments made at or before the commencement date, less any lease incentives received.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

The right-of-use assets are depreciated over the shorter of the lease term or the estimated useful life of the assets, as follows:

	<u>Years</u>
Buildings	3
Machinery, tools and equipment	3 - 7

If the ownership right over the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, the amortization is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment, according to the policy for impairment of non-financial assets described below.

### **Lease liabilities**

On the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the term of the lease. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments are based on an index or rate and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option, if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease. Variable lease payments that are not based on an index or rate are recognized as expenses in the period in which the event or condition triggering the payment takes place.

When calculating the present value of the lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease agreement, if the implicit interest rate on the lease agreement cannot be easily determined. After the lease commencement date, the value of lease liabilities is increased to reflect the interest and decreased with the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in lease payments (for example, changes in future payments resulting from a change in the index or rate used to determine those lease payments) or a change in the assessment of a purchase option for the underlying asset.

### **Short-term lease and leases of low-value assets**

As at 31 December 2024 and 2023, the Company does not have any short-term leases and leases of low-value underlying assets.

#### ➤ **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the profit or loss under the line "Depreciation, amortization and impairment".

	<u>Years</u>
Software	3
Research and development costs	3
Customer relationship	10
Licenses	2 - 10

### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as intangible assets when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete the intangible asset and its ability to use or sell the asset;
- How the intangible asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during the intangible development.

The amortization of the intangible begins when the development is complete and the asset is available for use.

### Goodwill and customer relationships

The goodwill generated by a business combination is carried at cost as it was established at the acquisition date of the business less accumulated impairment losses, if any. For the purpose of impairment testing, the goodwill is allocated to each cash generating unit (or group of cash generating units) that is expecting to benefit from the synergies of the combination. A cash generating unit that has been allocated goodwill is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, impairment is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment for the goodwill is recognized directly in profit or loss in the statement of comprehensive income. The recognized impairment for goodwill is not reversed in subsequent periods. At the date of the disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The intangibles acquired in a business combination and recognized separately from the goodwill are initially recognized at their fair value at the acquisition date (which is considered their cost).

The goodwill and customer relationships of the Company are related to transfer of distribution activity from Sanofi Romania as part of a carve-out process performed in 2018 by Sanofi Group, which included the transfer of the Generics distribution business from Sanofi Romania to Zentiva. The amortization period for customer relationships was determined to be 10 years.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

### **Derecognition of intangible assets**

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net proceeds from sales and the net carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

#### ➤ **Financial instruments – initial recognition and subsequent measurement**

##### **1) Financial assets**

The financial assets of the Company are classified as financial assets at amortized cost and are represented by cash pooling, trade receivables and other receivables, cash and cash equivalents.

Except for trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus transaction costs. The trade receivables that do not contain a significant financing component for which the Company applied the practical cost are measured at their transaction price determined according to IFRS 15.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

For more information on receivables, see Note 13 - Trade receivables and other receivables. Receivables due in a period of less than 12 months are not discounted.

##### **Derecognition**

A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive the cash flows arising from the asset have expired.

##### **2) Impairment of financial assets**

The Company recognizes a provision for expected credit losses (ECLs) for all its financial assets. ECLs are based on the difference between the contractual cash flows due under the contract and all cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate of the asset.

The Company applies a simplified approach in calculating ECLs. Respectively, the Company does not track changes in credit risk, but instead recognizes a provision based on data on lifetime expected losses at each reporting date. The company analyzes the receivables on an individual basis and takes into account the effect of the financial guarantees received from the insurers in the calculation of ECLs.

##### **3) Financial liabilities**

Company's financial liabilities consist of trade and other payables. They are recognised initially at fair value, net of directly attributable transaction costs, if any. They are derecognized when the liability is discharged, cancelled or expires.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

### **4) Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis or realize the assets and settle the liabilities simultaneously.

#### **➤ Inventories**

The main categories of inventories are raw materials, work in progress, semi-finished products, finished products, commodities, spare parts, consumables and packaging materials.

The cost of inventories includes all purchase costs, production costs (including all direct and indirect costs attributable to the operational activity of production) and other costs incurred in bringing the inventories to their present condition and location.

The value of finished goods and work in progress includes costs of raw materials, direct labor, direct production costs and production overheads, including depreciation. Financing costs (interest expense) are not included in the value of stocks.

The cost of inventory is determined based on the weighted average method.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated sale price under normal operating conditions, less the estimated completion costs and sale costs. The Company periodically analyzes inventories to determine if they are damaged, obsolete, slow moving, or if the net realizable value has dropped, making the necessary adjustments.

#### **➤ Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of the fair value of an asset (or a cash-generating unit) less the costs to sell and its value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those of other assets or groups of assets. When the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and asset-specific risks. In determining the fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment loss of continuing operations is recognized in the profit or loss in the expense category consistent with the classification of the impaired asset, except for a property that was previously revalued, and the revaluation was accounted for in other comprehensive income. In this case, impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

Goodwill is subject to annual impairment testing. For the purpose of impairment testing, goodwill is allocated to the cash generating unit (CGU) representing Company's single reportable segment (the production of medicines). The recoverable amount of the CGU is determined on the basis of assessment of the present value of the future cash flows expected to be derived from the CGU and is assessed internally by the management. The assessment takes into account cash flow projections and the business plan and is based on past experience, as well as on anticipated future market trends. A long-term growth rate is calculated and applied to project future cash flows beyond the period covered by the business plan.

In each reporting period, an assessment is made to determine whether there are any indicators that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the recoverable amount of the asset or of the cash-generating unit. An impairment loss previously recognized is reversed only if there has been a change in the assumptions used to determine the recoverable amount of the asset. The reversal is limited so that the asset's carrying amount does not exceed its recoverable amount and does not exceed the carrying amount of the asset if it had not been previously impaired. Such a reversal is recognized in the profit or loss unless the asset has been revalued, in which case the reversal is treated as a revaluation increase.

### ➤ **Cash and short-term deposits**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an initial maturity of three months or less that are held to meet the cash commitments in the short term.

Cash deposits with an initial maturity of three months or less that are not held to meet the Company's short-term cash commitments are not cash equivalents, but receivables.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

### ➤ **Provisions**

#### **General**

Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a prior event, it is probable that an outflow of resources embodying economic benefits is required to settle the obligation and the amount of the liability can be reliably estimated. If the Company expects some or all of a provision to be reimbursed, for example, under an insurance agreement, the reimbursement is recognized as a separate asset, but only if the reimbursement is virtually certain. The expense related to any provision is presented in the profit or loss, net of any reimbursement.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best current estimate of management in this respect. If an outflow of resources is no longer probable to be needed to settle the obligation, the provision is reversed and it is recognized as revenue.

If the effect of time value of money is material, provisions are discounted using a pre-tax rate that reflects, if applicable, the specific to the liability. When the discount is applied, the increase in the provision as a result of time passage is recognized as financing cost.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

### **Environment provision**

Environmental provision is recognized when water and soil contamination occur and there is a legal obligation to decontaminate or it is recognized when there is a constructive obligation, if the Company's policy is to carry out decontamination works even if there is no legal obligation (past event is the contamination, and public expectations are created by the Company's policy).

The Company plans to make ecological remediations that will have the effect of monitoring soil and underground water.

The impact of climate-related matters, such as changes in environmental regulations and other relevant legislation, is considered by the Company in estimating the environmental provision.

### **Litigation provisions**

Litigation provisions are recognized when management estimates as probable cash outflows as a result of unfavorable disputes.

#### ➤ **Pensions and other post-employment benefits**

As part of its current activity, the Company makes payments to the Romanian State budget on behalf of its employees for post-employment benefits (retirement). All employees of the Company are included in the pension scheme of the Romanian State. The Company does not operate any other pension scheme except for the benefits on retirement presented below in this Note and, consequently, has no obligation regarding pensions. In addition, the Company is not required to provide additional benefits to existing or current employees other than those described below:

According to the Collective Labor Agreement, the company grants employees a variable number of salaries according to their length of service within the company. This is a defined benefit post-employment scheme.

At the date of retirement, retirees receive a bonus depending on their length of service within the Company as follows:

- Up to 10 years in the Company, ½ average gross salary at company level;
- 10 - 20 years within the Company, 1 average gross salary at company level;
- 20 - 30 years within the Company, 2 average gross salary at company level;
- Over 30 years within the Company, 3 average gross salaries at company level.

In addition, when employees turn 50, in case the employees have completed 5 years of continuous service in the company, they receive a bonus based on their length of service within the Company as follows (these being treated as other long-term employee benefits):

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

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

Provisions for post - employment benefits and other long-term employee benefits are estimated based on the Company's Collective Labor Agreement by external actuaries.

The Company uses the projected credit factor method actuarial assessment, designed to assess the post-employment benefits and the cost of the related current services. This implies the use of demographic assumptions about future employees, current employees, and former employees who are eligible for these benefits (mortality rate, employee turnover rate, etc.), as well as financial assumptions (inflation rate, salary growth rate). If adjustments to key assumptions are required, the amounts of post-employment benefits may be materially affected.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

Actuarial gains and losses related to the post-employment benefit plan are recognized in full in the period in which they arise in other comprehensive income. These actuarial gains and losses are recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized as an expense on a straight-line basis over the remaining average period until the benefits vest. Past service costs are immediately recognized if the benefits have already vested, following the introduction or adjustment of the retirement plan. Interest expense is included in the profit or loss, in the Financial Expenses category.

The Company policy for other long-term employee benefits is to recognize the actuarial gains and losses in the period they incur in full, in the profit or loss.

### ➤ **Related parties**

Parties are considered related when one party, either through ownership, contractual rights, family relationships, or otherwise, has the ability to significantly control / influence the other party. Related parties also include members of the management, members of the Board of Directors and members of their families, parties with joint control over other companies, post-employment benefit plans for Company employees.

### ➤ **Retained earnings**

The accounting profit remaining after the allocation of the 5% share to the legal reserve, up to the limit of 20% of the share capital, is recorded in the opening retained earnings of the following reporting period, when the profit appropriation takes place.

The appropriation of the profit is therefore made in the following financial year, after approval of the appropriation by the Shareholders General Meeting, e.g.: the dividends approved and setting-up of other reserves according to legal provisions.

### ➤ **Climate-related matters**

In line with the EU's strategy to promote sustainable finance, which introduced transparency requirements on how financial market participants integrate ESG factors into their investment decision-making processes, the management recognizes the importance of Environmental, Social, and Governance factors in creating sustainable value for the Company's stakeholders. The Company is aware of its impact towards the society and towards the environment and clear about our responsibility as a corporate citizen. This is why it has committed itself to a comprehensive climate strategy to limiting the temperature increase by mid-century to no more than 1.5 degrees Celsius as defined in the Paris agreement.

The actions are framed around the 3 pillars – People, Partners and Planet. The Company has committed to be Carbon neutral in Scope 1 and 2 by 2030 and to work on the optimization of consumption of energy and water and invests into Circular Economy.

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Company due to both physical and transition risks. The Company is in process of implementing reporting process to monitor the planet-related initiatives and their impact in the financial statements in detail. Sustainability related costs and expenditures were reported as incurred in 2024. Approved projects and already known relevant assumptions and estimates were incorporated into cash flow projections.

## **2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)**

Even though the Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation. In particular, the Company considers the impact of health, safety and environmental or other related legislation in its assessment of expected useful lives and estimated residual values of fixed assets, in estimating the environmental provisions or cash flow projections used to evaluate impairments.

The people-related initiatives are integral to the Company's operations and require no material one-off compliance or inclusivity-related investments and are not expected to have a material impact on the Group's consolidated financial statements.

The potential impacts of transition risk related to the Partners and Planet pillars have been analysed in the context of the 2024 Company's financial statements and impairment calculations are based on the best estimate assumptions available as of the date of preparation of financial statements. Based on information available as at 31 December 2024 no material impact has been identified either on the useful life or on the value of the fixed assets, on environmental provisions or on the cash flows generated by existing activities. The scope of Company's commitments to carbon neutrality was considered when carrying out the sensitivity tests as part of the annual impairment testing at the cash-generating unit level. The goodwill impairment test conclusions as of December 31, 2024, were not sensitive to assumption ranges that are considered reasonably possible.

## **3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements of the Company requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the end of the reporting period. Nevertheless, uncertainty regarding these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or the liability affected in the future periods.

### **Judgements**

In the course of the application of the Company's accounting policies, the management made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

- The Company's management has carried out an analysis on the presentation of the claw-back tax and decided that it would be more suitable to classify it as a revenue reduction; the alternative would have been for this tax to be considered as an operational expense. Management has considered that this is more similar to a rebate, or a contingent adjustment on the sales made.
- The Company has assessed the purpose of the cash pooling deposits held at AI Sirona (Luxembourg) Acquisition SARL and has concluded that they are held to generate an investment return. In accordance with the provisions of the cash pooling agreement at any time the Company may, by thirty days prior notice to the treasury group entity, request payment of the credit balance maintained and therefore the Company's management have assessed that the presentation as short term is appropriate.

### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

#### **Estimates and assumptions**

The main assumptions regarding the future and other important sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities in the next financial year, are presented below:

##### *Duties, taxes and tax provisions*

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. All amounts due to State authorities have been paid or accrued at the balance sheet date. The Romanian fiscal system is undergoing a consolidation process and is being aligned with European legislation. Different interpretations may exist at the level of the fiscal authorities in relation to the fiscal legislation, which may result in additional taxes and penalties payable.

Where the State authorities have findings from reviews relating to breaches of Romania's fiscal laws, and related regulations these may result in: confiscation of the concerned amounts; additional tax liabilities being payable; fines and penalties (that are applied on the total outstanding amount). As a result the fiscal penalties resulting from breaches of the legal provisions may result in a significant amount payable to the State. At the end of each financial year, the Company makes an estimate of the potential fiscal risks to which it may be subject and determines the potential risk level, using their best estimates possible, and, as a result, recognizes a specific provision in the financial statements if appropriate. Further details on taxes and tax provisions are disclosed in Notes 18 and 22.

##### *Net realizable value of the inventories*

The finished goods, merchandise and work in progress are recorded at the lower of their costs and their net realizable value. Management analyzes the age of the stocks, the expiration date of the products, the quality of the products and any potential nonconformity issues, products that cannot be sold afterwards or can be rejected based on quality issues and takes into consideration their implications for the purposes of establishing the net realizable value of old stocks. The net realizable value is the sale price under in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale, including marketing and distribution. For the products with an expiration date below 6 months, blocked or with quality issues, a provision is set for their entire value, for the products with expiring date between 6 - 12 months a provision of 75% of their value is set, for the products with expiring date between 12 – 18 months a provision of 25% of their value is set.

Management has analyzed monthly the net realizable value of the finished goods and work in progress, considering the market selling prices, as well as the regulations specific to the industry in which it operates. For raw materials, a specific analysis is made taking into consideration the age, expiration date, any potential quality problems of the recorded items. For the products with an expiration date below a year, or with quality issues, a provision is set for their entire value. All the assumptions are reviewed on an annual basis. Further details are included in Note 12.

##### *Provisions for the environment and litigation*

The Company recognizes provisions for the environment in relation to ecological rehabilitation, soil and underground water monitoring. In determining the carrying value of the provision, assumptions and estimates are made in relation to effective costs of works to be performed and the expected timing of these costs. Further details are included in Note 18.

The Company recognizes provisions for litigation related to the risk identified regarding certain trials going on in court, with uncertain results. Further details are included in Note 18.

### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

#### *Sales deductions for estimated sales returns, rebates and discounts*

The sales returns, discounts, incentives and rebates related to sales are recognized as reductions of revenue in the same period when the related sales were recognized. These are recognized according to commercial offers containing monthly, quarterly and annual gross and net value targets (net targets are calculated after deducting from gross sales inclusively the discounts and claw back tax as communicated by State authorities 45 days after the end of the reference period) and which are estimated at the level of product, portfolio, sales channel (retail independent pharmacies, retail chain of pharmacies, hospitals) and according to concerned sales transactions. The estimated discounts accruals are subject to a continuous review and adjustment process based on the most recent available information and negotiations.

### **4. STANDARDS, AMENDMENTS AND NEW INTERPRETATIONS OF STANDARDS**

#### **4.1 New modifications brought in the accounting policies starting with 1 January 2024**

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2024:

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)**
- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures - Supplier Finance Arrangements (Amendments)**

Management has assessed that the application of these changes had no material impact on the Company's accounting policies, financial statements or performance.

#### **4.2 New standards, modifications and interpretations issued, but not yet effective for the financial exercise starting 1st of January 2024 and not early adopted**

The standards and interpretations that are issued, but are not effective, and have been endorsed by the European Union up to the date of issuance of the Company's financial statements, are described below. The company intends to adopt these standards, as appropriate, when they enter into force.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted.

Management has assessed that the application of these changes is not expected to have an impact on the Company's financial position or performance.

#### **4. STANDARDS, AMENDMENTS AND NEW INTERPRETATIONS OF STANDARDS (continued)**

##### **4.3 The standards/amendments that are not yet effective and they have not yet been endorsed by the European Union**

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments).**

In May 2024, the IASB issued amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

Management has assessed that the application of these changes is not expected to have an impact on the Company's financial position or performance.

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)**

In December 2024, the IASB issued targeted amendments for a better reflection of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

Management has assessed that the application of these changes is not expected to have an impact on the Company's financial position or performance.

- **IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued the IFRS 18 - Presentation and Disclosure in Financial Statements which replaces IAS 1 - Presentation of Financial Statements and it becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the Notes. In addition, there are consequential amendments to other accounting standards.

Management will analyse the requirements of this newly issued standard and assess its impact in the following reporting periods.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

In May 2024, the IASB issued the IFRS 19 - Subsidiaries without Public Accountability: Disclosures, and it becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

Management has assessed that the application of these changes is not expected to have an impact on the Company's financial position or performance.

#### 4. STANDARDS, AMENDMENTS AND NEW INTERPRETATIONS OF STANDARDS (continued)

- **Annual Improvements to IFRS Accounting Standards – Volume 11**

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted.

Management has assessed that the application of these changes is not expected to have an impact on the Company's financial position or performance.

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

Management has assessed that the application of these changes is not expected to have an impact on the Company's financial position or performance.

#### 5. SALES OF GOODS AND RENDERING OF SERVICES AND RAW MATERIAL AND CONSUMABLES EXPENSES

##### 5.1 Revenues

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

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

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

	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
Sales – domestic*	669,692,073	536,495,256
Sales – external*	444,372,940	417,137,828
<b>Total revenue</b>	<b><u>1,114,065,013</u></b>	<b><u>953,633,084</u></b>
<b>Sales of goods, including:</b>	<b><u>1,052,661,208</u></b>	<b><u>894,066,595</u></b>
Sales of finished goods	869,307,698	741,933,823
Sales of merchandise	240,030,140	205,240,164
Residual products	107,757	85,163
Claw back tax	(56,784,388)	(53,192,555)
<b>Revenue from rendering of services</b>	<b><u>61,403,805</u></b>	<b><u>59,566,489</u></b>
<b>Total revenue</b>	<b><u>1,114,065,013</u></b>	<b><u>953,633,084</u></b>

\*Sales of the company are within European Union, external sales being represented mainly by sales to Czech Republic.

## **5. SALES OF GOODS AND RENDERING OF SERVICES AND RAW MATERIAL AND CONSUMABLES EXPENSES (continued)**

### **Clawback tax**

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

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

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

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

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

In October 2023, Government Ordinance no. 88/2023 was published approving the amendment of art. 3<sup>8</sup> of Government Ordinance no. 77/2011, so that starting from Q3 2023, the quarterly clawback contribution is calculated and due differentiated depending on the classification of medicines into «type I medicines» and «type II medicines».

The list containing the classification of type I and type II medicines is approved quarterly by Minister of Health order, up to and including the 15th of the second month following the end of the quarter for which the contribution is due. The classification of medicines in the categories mentioned above is carried out by the National Agency of Medicines and Medical Devices in Romania.

Most of the medicines Zentiva have in its portfolio are classified under type II medicines, so the related clawback contribution is calculated by applying 15%.

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

This category includes also revenues from support services provided by Zentiva employees to the Group companies, mainly to: Labormed Pharma Trading SRL, Zentiva Group AS, and Labormed Pharma SA, which are generally services related to the commercial activity of the Group, advertising of generic products and support services for the Headquarter.

In the prior year, contract liabilities (2023: RON 4,623,319) represented non-cash consideration in the form of a manufacturing equipment received from a client ("Biotehnos SA"). The contract liability was measured at the fair value of the equipment received. During 2024, the Company recognized revenue in amount of RON 4,623,319 as products were delivered to the client and as such the Contract liability balance as at 31 December 2024 is nil.

**5. SALES OF GOODS AND RENDERING OF SERVICES AND RAW MATERIAL AND CONSUMABLES EXPENSES (continued)**

**5.2. Raw material expenses, merchandise, consumables used and utilities**

	Notes	1 January - 31 December 2024	1 January - 31 December 2023
Raw materials	a	216,382,081	210,480,053
Merchandise		115,877,320	114,212,299
Packaging materials	b	81,151,069	76,699,977
Auxiliary materials	c	19,565,045	20,161,555
Utilities	d	17,198,865	21,693,081
Other material expenses	e	12,546,038	8,374,349
<b>Total</b>		<b><u>462,720,416</u></b>	<b><u>451,621,314</u></b>

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

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

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

**6. OTHER INCOME / OTHER EXPENSES AND ADJUSTMENTS**

**6.1 Other operating income**

Other operating income	1 January – 31 December 2024	1 January – 31 December 2023
Gain from disposal of non-current assets	71,149	24,897
Other operating income	1,167,806	370,186
<b>Total</b>	<b><u>1,238,955</u></b>	<b><u>395,084</u></b>

**6.2 Other operating expenses**

Other operating expenses	1 January – 31 December 2024	1 January – 31 December 2023
Support services received from Zentiva Group	65,050,471	48,249,810
Repairs	12,585,981	7,985,315
Royalties – Zentiva trademark	6,801,139	6,678,484
Travel expenses	4,777,151	3,742,182
Write-off of inventories	11,790,811	24,398,026
Taxes, registration fees	4,709,472	3,057,633
Professional fees	2,169,560	1,786,067
Other expenses	50,655,693	42,390,064
Net allowance for inventories	9,434,226	(4,848,676)
Net allowance for trade receivables and other receivables	248,010	119,904
<b>Total</b>	<b><u>168,222,514</u></b>	<b><u>133,558,810</u></b>

## 6. OTHER INCOME / OTHER EXPENSES AND ADJUSTMENTS (continued)

The expenses with support services from the Group include a large variety of services (see below) and have increased in 2024 compared to the previous year:

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

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

**Other Expenses** include:

<b>Other expenses</b>	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
Freight costs on sales	9,356,183	8,047,931
External salesforce	4,546,565	5,515,707
Distribution and external storage costs	1,961,985	1,753,886
Telecommunication expenses	600,347	551,269
Cleaning expenses	3,213,294	2,540,376
IT projects consultant fees	2,286,924	2,009,182
Intercompany technical support expenses	1,611,939	1,579,697
Events – travel and accommodation	4,256,236	655,595
Sponsorship	6,025,574	6,030,005
Speaker fees	2,495,803	2,548,263
Site facility management & services	1,731,137	1,280,896
Fines and penalties	157,098	2,106,476
Reversals	(363,240)	(227,423)
Other expenses	12,473,787	7,765,581
Bank commissions	302,060	232,623
<b>Total Other Expenses</b>	<b>50,655,693</b>	<b>42,390,064</b>

### 6.3 Financial expenses

<b>Financial expenses</b>	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
Foreign exchange differences expense	2,974,886	3,138,461
Interest expenses	1,738,059	1,380,300
<b>Total</b>	<b>4,712,946</b>	<b>4,518,761</b>

## 6. OTHER INCOME / OTHER EXPENSES AND ADJUSTMENTS (continued)

### 6.4 Finance Income

<b>Financial Income</b>	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
Foreign exchange differences gain	2,728,658	3,925,933
Interest income	40,118,792	37,903,176
<b>Total</b>	<b>42,847,450</b>	<b>41,829,109</b>

Interest income is the interest earned on the cash pooling account - for more details see Note 15.

### 6.5 Employee benefits expenses

<b>Employee benefits expenses</b>	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
Wages and salaries	182,353,794	146,846,638
Social security costs	8,971,462	7,772,834
Post-employment benefits and other long-term benefits - net impact	162,487	165,130
Other short-term benefits (*)	10,963,273	7,413,371
<b>Total</b>	<b>202,451,016</b>	<b>162,197,973</b>

(\*) this expense is the amount of the meal vouchers granted.

### 6.6 Marketing and advertising expense

The Company recognizes the expenses with TV advertising campaigns and other media advertising as marketing and advertising expenses.

During the current year, the main expense types recorded under this line represent only expenses for promotional activities for the Company products in pharmacy chains and other expenses for this activity.

## 7. CURRENT TAX AND DEFERRED TAX

<b>Income tax expense</b>	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
Current income tax	32,773,436	30,616,907
Pillar Two income tax	7,956,683	-
Deferred tax (7.2) expense/ (income)	(3,283,305)	(1,407,458)
<b>Total</b>	<b>37,446,814</b>	<b>29,209,449</b>

As of 31 December 2024, the Company has conducted an assessment of its potential exposure to Pillar Two income taxes, the Company being one of the constituent Zentiva Group a.s. entities within the Romanian jurisdiction. Based on the analysis performed, the Company determined that for the financial year 31 December 2024 the Pillar Two income tax is estimated to RON 7,956,683. This tax will be paid in June 2026 according to local legislation.

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the financial year ended on 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

**7. CURRENT TAX AND DEFERRED TAX (continued)**

The main components of corporate tax expense and the reconciliation between tax expense, accounting profit and tax profit for the year ended 31 December 2024 and 2023 are:

Tax reconciliation	1 January - 31 December 2024	1 January - 31 December 2023
<b>Profit before income taxes</b>	<b>287,956,938</b>	<b>221,825,281</b>
Income tax calculated at the tax rate applicable in Romania of 16%	46,073,110	35,492,045
Non-taxable income	(5,138,131)	(4,984,990)
Non-deductible expenses for tax calculation	6,709,228	5,254,561
Fiscal credit	(18,154,075)	(6,552,167)
Pillar Two income tax	7,956,683	-
<b>Total income tax expenses reported in profit or loss</b>	<b>37,446,815</b>	<b>29,209,449</b>

The fiscal credit includes amounts from sponsorships, reinvested profit, as well as capital adjustment incentive calculated according to Government Ordinance no. 153/2020.

**7.1 Income tax - current**

Movement in the current income tax during the year	1 January – 31 December 2024	1 January – 31 December 2023
<b>Balance on 1 January</b>	<b>7,641,646</b>	<b>3,028,375</b>
Income tax expenses for the current year	32,773,436	30,616,907
Income tax expenses for the previous years	590,531	-
Income tax paid during the year	(44,439,115)	(26,003,618)
<b>Balance at 31 December</b>	<b>(3,433,502)</b>	<b>7,641,646</b>

**7.2 Deferred tax**

The Company offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities and relate to income taxes levied by the same tax authority.

Deferred tax relates to the following:

Deferred income tax	31 December 2024	31 December 2023	Movement in profit or loss / other comprehensive income	
	2024	2023	2024	2023
<b>Deferred tax assets</b>				
Employee benefit liabilities	1,605,326	1,322,154	283,172	370,488
Allowances and provisions	3,899,331	2,193,512	1,705,819	269,240
Accrual for employee bonuses and for leaves not taken	3,770,097	3,163,499	606,598	824,142
<b>Total (a)</b>	<b>9,274,754</b>	<b>6,679,165</b>	<b>2,595,589</b>	<b>1,463,870</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment and intangible assets	(11,512,495)	(12,235,869)	723,374	117,970
<b>Total (b)</b>	<b>(11,512,495)</b>	<b>(12,235,869)</b>	<b>723,374</b>	<b>117,970</b>
<b>Net deferred tax (a) - (b)</b>	<b>(2,237,741)</b>	<b>(5,556,704)</b>	<b>3,318,963</b>	<b>1,581,841</b>

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the financial year ended on 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

**7. CURRENT TAX AND DEFERRED TAX (continued)**

The deferred tax-liabilities related to property, plant and equipment are generated by the temporary difference between fiscal and accounting base of the carrying value, because the Company uses different useful lives and impairment methods in the accounting ledger than the fiscal one, and because of revaluations.

The Company recognizes tax items in Statement of Comprehensive Income, as follows:

	<u>2024</u>	<u>2023</u>
<b>Deferred tax</b>		
Recognized in profit or loss (7.1)	(3,283,305)	(1,407,458)
Recognized in other comprehensive income	(35,658)	(174,383)
<b>Total</b>	<b><u>(3,318,963)</u></b>	<b><u>(1,581,841)</u></b>

**8. EARNINGS PER SHARE**

The number of shares related to the period ended on 31 December 2024 and 31 December 2023 is 697,017,040 which generated 0.36 RON / share (2023: 0.28 RON / share).

	<u>31 December 2024</u>	<u>31 December 2023</u>
Profit attributable to ordinary equity holders	250,510,124	192,615,832
Number of ordinary shares	697,017,040	697,017,040
<b>Earnings per share, basic and diluted (RON/share)</b>	<b><u>0.36</u></b>	<b><u>0.28</u></b>

**9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS**

**9.1 PROPERTY, PLANT AND EQUIPMENT**

	<u>Land</u>	<u>Buildings</u>	<u>Machinery, tools and equipment</u>	<u>Constructions in progress</u>	<u>Total</u>
<b>Gross value 1 as of January 2024</b>	<b><u>57,988,369</u></b>	<b><u>59,503,139</u></b>	<b><u>255,574,474</u></b>	<b><u>35,059,718</u></b>	<b><u>408,125,701</u></b>
Additions	-	-	-	51,829,004	51,829,004
Disposals	-	(952,336)	(5,343,292)	(609,877)	(6,905,505)
Transfers	10	9,333,561	41,337,341	(50,670,912)	-
<b>Gross value as of 31 December 2024</b>	<b><u>57,988,379</u></b>	<b><u>67,884,364</u></b>	<b><u>291,568,523</u></b>	<b><u>35,607,933</u></b>	<b><u>453,049,200</u></b>
<b>Depreciation and impairment as of 1 January 2024</b>	<b><u>(300,141)</u></b>	<b><u>(4,777,286)</u></b>	<b><u>(181,932,675)</u></b>	<b><u>(609,878)</u></b>	<b><u>(187,619,981)</u></b>
Depreciation in the year	(10,010)	(3,898,127)	(14,600,014)	-	(18,508,151)
Other movements	(10)	-	-	-	(10)
Disposals	-	982,305	5,339,325	609,878	6,931,507
<b>Depreciation as of 31 December 2024</b>	<b><u>(310,161)</u></b>	<b><u>(7,693,108)</u></b>	<b><u>(191,193,364)</u></b>	<b><u>-</u></b>	<b><u>(199,196,633)</u></b>
<b>Net book value as of 31 December 2024</b>	<b><u>57,678,218</u></b>	<b><u>60,191,256</u></b>	<b><u>100,375,159</u></b>	<b><u>35,607,933</u></b>	<b><u>253,852,567</u></b>

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the financial year ended on 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

**9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

	Land	Buildings	Machinery, tools and equipment	Constructions in progress	Total
<b>Gross value 1 as of January 2023</b>	<b>57,988,369</b>	<b>56,850,095</b>	<b>243,245,736</b>	<b>24,842,447</b>	<b>382,926,649</b>
Additions	-	-	-	27,977,711	27,977,711
Disposals	-	-	(2,778,659)	-	(2,778,659)
Transfers	-	2,653,043	15,107,397	(17,760,440)	-
<b>Gross value as of 31 December 2023</b>	<b>57,988,369</b>	<b>59,503,139</b>	<b>255,574,474</b>	<b>35,059,718</b>	<b>408,125,701</b>
<b>Depreciation and impairment as of 1 January 2023</b>	-	-	(169,722,258)	(609,878)	(170,332,137)
Depreciation in the year	(300,151)	(3,847,978)	(14,967,476)	-	(19,115,605)
Impairment	-	(929,026)	-	-	(929,026)
Other movements	10	(282)	-	-	(272)
Disposals	-	-	2,757,059	-	2,757,059
<b>Depreciation and impairment as of 31 December 2023</b>	<b>(300,141)</b>	<b>(4,777,286)</b>	<b>(181,932,675)</b>	<b>(609,878)</b>	<b>(187,619,981)</b>
<b>Net book value as of 31 December 2023</b>	<b>57,688,228</b>	<b>54,725,853</b>	<b>73,641,799</b>	<b>34,449,840</b>	<b>220,505,720</b>

The value of fully depreciated assets as of 31 December 2024 is RON 148,479,386 (2023: RON 134,457,486).

At 31 December 2023, the Company recorded an impairment allowance for a building that is in progress of being demolished in amount of RON 929,026. During 2024 the building has been demolished and the impairment allowance was reversed.

***Revaluation of land and buildings***

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

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

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

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

The inputs used in the valuation were:

*a. For buildings and special constructions:*

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

*b. For land:*

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

## **9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

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

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

The total fair value of the measured assets was RON 114,838,475. The sensitivity analysis of the overall value of the valued asset base, performed by using the main inputs under the income approach in the range - / + 1% for the capitalization rate and (3%) / + 5% in the degree of vacancy (cumulative sensitivity of the two basic indicators), indicated an interval of RON 108,1m - RON 121,1m.

As at 31 December 2024, the independent valuer reassessed the fair value using updated market estimates and concluded that there are no significant variations compared to the fair values estimated as at 31 December 2022.

If the Company would have accounted land and buildings using the historic cost method the net book value of the land and buildings as of 31 December 2024 would have been RON 42,838,981 (2023: RON 35,945,200).

### ***Construction in progress and downpayments***

Construction in progress as of 31 December 2024 are in amount of RON 35,607,933 (2023: RON 34,449,840) The main projects are the extension of the injectables manufacturing building, new combo machine for optical control and pressure integrity testing, labeling machine for ampoules and will be put in function in October – December 2025. (In the previous period construction in progress included mainly equipment related to the production capacity and laboratory design works that was finalized and put in function in first half of 2024. The main project was the Aseptic line for ampoules which was put in function in April 2024.)

As of 31 December 2024, the contractual cash commitments related to property, plant and equipment are in amount of RON 10,073,788.

At 31 December 2023, the Company recorded an accumulated impairment allowance for construction in progress in amount of RON 609,878 for old items that were not completed. During 2024, the old items were written off. The impairment allowance as of 31 December 2024 was RON 0.

During 2024 some of the investments started during the year and in the previous periods were completed, being transferred from the category of construction in progress into machinery, tools and equipment. Their total value was RON 50,670,912 (2023: RON 17,760,440).

As at 31 December 2024, the company has paid advances for equipment in amount of RON 1,965,626 (2023: RON 8,652,051).

**9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

**9.2 RIGHT-OF-USE ASSETS**

	<u>Buildings</u>	<u>Machinery Tools and Equipment</u>	<u>Total</u>
<b>Net book value as of 1 January 2024</b>	<b>2,694,889</b>	<b>18,397,251</b>	<b>21,092,140</b>
Additions during the year	1,425,829	4,438,499	5,864,328
Disposals	-	(105,726)	(105,726)
Depreciation in the year	(1,819,597)	(6,922,753)	(8,742,350)
<b>Net book value as of 31 December 2024</b>	<b>2,301,120</b>	<b>15,807,271</b>	<b>18,108,392</b>

	<u>Buildings</u>	<u>Machinery Tools and Equipment</u>	<u>Total</u>
<b>Net book value as of 1 January 2023</b>	<b>4,027,495</b>	<b>14,654,393</b>	<b>18,681,888</b>
Additions during the year	-	10,183,437	10,183,437
Disposals	-	(73,096)	(73,096)
Depreciation in the year	(1,332,607)	(6,367,482)	(7,700,089)
<b>Net book value as of 31 December 2023</b>	<b>2,694,889</b>	<b>18,397,251</b>	<b>21,092,140</b>

Right of use assets for the buildings refer to the lease contracts for the storage premises owned by FM Logistic, whilst right of use assets for machinery tools and equipment are related to car leasing, lease of a packing line and lease for IT equipment.

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

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

The table below shows the carrying amount of the lease liability and movements in this category during the financial year 2024 and respectively 2023:

	<u>2024</u>	<u>2023</u>
<b>As of 1 January</b>	<b>21,155,608</b>	<b>18,810,981</b>
Additions during the period	5,864,328	10,183,437
Interest on the lease liability	1,258,037	921,171
Early termination of car leases	(105,726)	(71,157)
Lease payments	(8,434,171)	(7,319,410)
Interest paid	(1,258,037)	(921,171)
Forex impact	(7,180)	(448,242)
<b>As of 31 December</b>	<b>18,472,859</b>	<b>21,155,608</b>
Out of which:		
<b>Short term lease liability</b>	<b>8,917,455</b>	<b>7,261,482</b>
<b>Long term lease liability</b>	<b>9,555,404</b>	<b>13,894,126</b>

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the financial year ended on 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

**9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)**

The following expenses represent the amounts recognized in the Statement of Comprehensive Income in relation to leases in 2024 and respectively in 2023:

	<u>2024</u>	<u>2023</u>
Depreciation of right-of-use assets	8,742,350	7,700,089
Interest expense on the lease liability	1,258,037	921,171
<b>Total expenses recognized in the Statement of Comprehensive Income</b>	<b><u>10,000,387</u></b>	<b><u>8,621,260</u></b>

**10. INTANGIBLE ASSETS**

	<u>Other intangible assets</u>	<u>Intangibles in progress</u>	<u>Total</u>
<b>Costs at 1 January 2024</b>	<b>9,415,675</b>	<b>82,399</b>	<b>9,498,075</b>
Additions	-	306,326	306,326
Disposals	(288,083)	-	(288,083)
Transfers	253,616	(253,616)	-
<b>Costs at 31 December 2024</b>	<b><u>9,381,208</u></b>	<b><u>135,109</u></b>	<b><u>9,516,317</u></b>
<b>Amortization and impairment at 1 January 2024</b>	<b>(6,549,723)</b>	<b>-</b>	<b>(6,549,723)</b>
Amortization in the year	(514,409)	-	(514,409)
Other movements	-	-	-
Disposals	288,083	-	288,083
<b>Amortization and impairment at 31 December 2024</b>	<b><u>(6,776,049)</u></b>	<b><u>-</u></b>	<b><u>(6,776,049)</u></b>
<b>Net value at 31 December 2024</b>	<b><u>2,605,159</u></b>	<b><u>135,109</u></b>	<b><u>2,740,268</u></b>

	<u>Other intangible assets</u>	<u>Intangibles in progress</u>	<u>Total</u>
<b>Costs at 1 January 2023</b>	<b>9,349,869</b>	<b>5,364</b>	<b>9,355,232</b>
Additions	-	342,007	342,007
Disposals	(199,164)	-	(199,164)
Transfers	264,971	(264,971)	-
<b>Costs at 31 December 2023</b>	<b><u>9,415,675</u></b>	<b><u>82,399</u></b>	<b><u>9,498,075</u></b>
<b>Amortization and impairment at 1 January 2023</b>	<b>(6,240,945)</b>	<b>-</b>	<b>(6,240,945)</b>
Amortization in the year	(507,943)	-	(507,943)
Other movements	-	-	-
Disposals	199,164	-	199,164
<b>Amortization and impairment at 31 December 2023</b>	<b><u>(6,549,723)</u></b>	<b><u>-</u></b>	<b><u>(6,549,723)</u></b>
<b>Net value at 31 December 2023</b>	<b><u>2,865,952</u></b>	<b><u>82,399</u></b>	<b><u>2,948,351</u></b>

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the financial year ended on 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

**11. GOODWILL AND CUSTOMER RELATIONSHIPS**

	<b>Goodwill</b>	<b>Customer relationships</b>	<b>Total</b>
<b>Cost at 1 January 2024</b>	<b>11,649,100</b>	<b>34,492,101</b>	<b>46,141,201</b>
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
<b>Cost at 31 December 2024</b>	<b>11,649,100</b>	<b>34,492,101</b>	<b>46,141,201</b>
<b>Amortization and impairment at 1 January 2024</b>	-	<b>(17,566,841)</b>	<b>(17,566,841)</b>
Amortization in the year	-	(3,449,210)	(3,449,210)
Disposals	-	-	-
<b>Amortization and impairment at 31 December 2024</b>	-	<b>(21,016,051)</b>	<b>(21,016,051)</b>
<b>Net value at 31 December 2024</b>	<b>11,649,100</b>	<b>13,476,050</b>	<b>25,125,150</b>
	<b>Goodwill</b>	<b>Customer relationships</b>	<b>Total</b>
<b>Cost at 1 January 2023</b>	<b>11,649,100</b>	<b>34,492,101</b>	<b>46,141,201</b>
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
<b>Cost at 31 December 2023</b>	<b>11,649,100</b>	<b>34,492,101</b>	<b>46,141,201</b>
<b>Amortization and impairment at 1 January 2023</b>	-	<b>(14,117,631)</b>	<b>(14,117,631)</b>
Amortization in the year	-	(3,449,210)	(3,449,210)
Disposals	-	-	-
<b>Amortization and impairment at 31 December 2023</b>	-	<b>(17,566,841)</b>	<b>(17,566,841)</b>
<b>Net value at 31 December 2023</b>	<b>11,649,100</b>	<b>16,925,260</b>	<b>28,574,360</b>

The goodwill and customer relationships of the Company are related to transfer of distribution activity from Sanofi Romania as part of a carve-out process performed in 2018 by Sanofi Group, which included the transfer of the Generics distribution business from Sanofi Romania to Zentiva.

The Company performed an impairment testing on goodwill as of 31 December 2024 and respectively as of 31 December 2023 in accordance with IAS 36. The recoverable value of the CGU to which goodwill is allocated was significantly higher than the carrying value, so no impairment adjustments were identified. No reasonably possible change in the key assumptions on which management has based its determination of the recoverable value would cause the CGU's carrying amount to exceed its recoverable amount.

The recoverable value was determined based on the value in use following the application of the discounted cash flow method within the income approach, using management's assumptions, namely: future cash flows estimated by the management for 9 years (2025 – 2033) determined taking into account an average annual growth rate of net sales of 4.8% (2023: 7.5%), a perpetuity growth rate of 2.5% (2023: 2.5%), operating margin of 2.45% (2023: 3.0%) and a WACC of 11.6% for 2025 and 10.5% for the period 2026 – 2033 (2023: WACC of 14.5% for 2024, 11.6% for 2025 and 10.5% for the period 2026 - 2032.)

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended on 31 December 2024  
(amounts are expressed in RON, unless specified otherwise)

**12. INVENTORIES**

<b>Inventories</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Merchandise	63,517,822	42,934,535
Finished goods and semi-finished goods	61,868,581	57,681,841
Raw materials	68,950,993	83,160,193
Packaging materials	21,784,271	21,823,278
<b>Minus:</b>		
Allowance of inventories	(23,150,465)	(13,716,239)
<b>Total</b>	<b>192,971,202</b>	<b>191,883,609</b>
	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Changes in allowance</b>		
<b>Balance on 1 January</b>	<b>(13,716,239)</b>	<b>(18,564,915)</b>
Net movement	(9,434,226)	4,848,676
<b>Balance at 31 December</b>	<b>(23,150,465)</b>	<b>(13,716,239)</b>
	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Allowance per inventory category</b>		
Finished goods, semi-finished goods and merchandise	(14,091,652)	(7,242,079)
Raw materials	(6,973,659)	(5,849,707)
Packaging materials	(2,085,155)	(624,452)
<b>Total</b>	<b>(23,150,465)</b>	<b>(13,716,239)</b>

The Company has no inventories pledged in favor of third parties as of 31 December 2024 and 31 December 2023 respectively.

The amount of the write-down of inventories recognised as an expense in the period is disclosed in Note 6.2.

**13. TRADE RECEIVABLES AND OTHER RECEIVABLES; ADVANCES AND PREPAYMENTS**

<b>Trade receivables and other receivables</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Total trade receivables, net, out of which:</b>	<b>550,664,101</b>	<b>409,688,292</b>
Trade receivables	292,877,336	279,501,113
Trade receivables from related parties	258,591,124	130,761,721
<b>Less</b>		
Allowance for expected credit losses	(804,359)	(574,542)
<b>Total other receivables- net, out of which:</b>	<b>1,671,036</b>	<b>1,187,545</b>
Recoverable taxes	1,621,736	1,343,305
Sundry debtors	49,300	3,290
<b>Less</b>		
Allowance for doubtful foreseen losses from other receivables	-	(159,050)
<b>Total Trade receivables and other receivables</b>	<b>552,335,137</b>	<b>410,875,837</b>

**13. TRADE RECEIVABLES AND OTHER RECEIVABLES;  
ADVANCES AND PREPAYMENTS (continued)**

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Advances and prepayments of which:</b>	<b>3,895,454</b>	<b>3,847,896</b>
Advances paid – current	221,006	1,072,091
Prepayments	2,656,621	1,637,924
Prepayments to related parties	1,017,827	1,137,881
<b>Total advances and prepayments current</b>	<b>3,895,454</b>	<b>3,847,896</b>

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

The trade receivables are presented net of the accrual for commercial discounts amounting RON 26 million at year end 31 December 2024 (2023: RON 33 million), for which the Company will issue credit notes throughout the year 2025.

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

<b>Value adjustments</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Balance as of 1 January</b>	<b>(733,592)</b>	<b>(481,785)</b>
Set-up	(371,495)	(257,047)
Uses	300,728	5,240
<b>Balance as of 31 December</b>	<b>(804,359)</b>	<b>(733,592)</b>

**Year 2024**

The Company has trade receivables to be recovered from Group companies, and payables to those companies. Offsetting of the amounts is planned to be done on a regular basis.

The majority of trade receivables from third parties are insured against the default risk by Credendo and Coface, companies with an AA rating according to S&P.

As at 31 December 2024, for estimating the expected credit losses ("ECL") related to the receivables of the company, an analysis has been made to assess the credit risk in terms of probability of default, determined based on creditworthiness of Credendo and Coface. The probability of default parameter was derived from external agency ratings. Last identified rating is Moody's B3 rating. For the purpose of IFRS 9, the model uses the simplified approach and considers market data for the probability of default and loss given default to which a forward looking correction were applied.

As a result of this IFRS 9 analysis, the Company estimates an impairment of trade receivables from third parties and group companies in amount of RON 804,359.

**13. TRADE RECEIVABLES AND OTHER RECEIVABLES; ADVANCES AND PREPAYMENTS**  
**(continued)**

**Year 2023**

The Company has trade receivables to be recovered from Group companies, and payables to those companies. Offsetting of the amounts is planned to be done on a regular basis.

The majority of trade receivables from third parties are insured against the default risk by Credendo and Coface, companies with an AA rating according to S&P.

As at 31 December 2023, for estimating the expected credit losses ("ECL") related to the receivables of the company, an analysis has been made to assess the credit risk in terms of probability of default, determined based on creditworthiness of Credendo and Coface. The probability of default parameter was derived from external agency ratings. Last identified rating is Moody's B3 rating. For the purpose of IFRS 9, the standard ECL formula and a forward looking correction were applied.

As a result of this IFRS 9 analysis, the Company estimates an impairment of trade receivables from third parties and group companies in amount of RON 574,542.

**14. CASH AND CASH EQUIVALENTS**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Cash at banks and on hand	33,625,156	27,302,728
<b>Total</b>	<b>33,625,156</b>	<b>27,302,728</b>

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

As of 31 December 2024, the Company had letters of guarantee issued in favor of third parties amounting to RON 21,565 (2023: RON 26,160).

As of 31 December 2024 and 31 December 2023 respectively, the Company has an unused credit facility of RON 10,000,000 at BNP Paribas. The interest rate is 1-month ROBOR + 1.30% pa.

**15. CASH POOLING INTERCOMPANY RECEIVABLE**

In 2024 and 2023 the Company participated in a cash pooling agreement with AI Sirona (Luxembourg) Acquisition SARL (the ultimate parent entity of Zentiva Group, a.s.). Through the cash pooling arrangements AI Sirona (Luxembourg) Acquisition SARL manages centrally the surplus cash and the short-term liquidity needs of the subsidiaries. The cash deposits/drawdowns under the cash pooling agreement are subject to interest rates based on 3M ROBOR rate and applicable mark-up based on valid Group transfer pricing policy.

The total interest income for cash-pooling transactions during the year is in the amount of RON 40,028,814 (2023: interest income in the amount of RON 37,877,564) and is presented in Note 6.4 Financial income.

## 15. CASH POOLING INTERCOMPANY RECEIVABLE (continued)

In estimating the expected credit losses ("ECL") related to the cash pooling contract and ability of the ultimate parent company to be able to repay the cash deposits on demand, if required by the Company within its local business, the Company took into account the rating of the Zentiva Group as well as its sufficient liquidity from a) Revolving Credit Facilities and b) cash balance and concluded that no significant credit risk exists for this financial instrument. As at 31 December 2024, the Company booked a ECL provision in amount of RON 1,115,709 (31 December 2023: RON 938,466).

## 16. ISSUED CAPITAL AND RESERVES

<b>Authorized shares</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Ordinary shares of RON 0.1 each	697,017,040	697,017,040

<b>Ordinary shares issued and fully paid</b>	<b>Number</b>	<b>Value</b>
On 31 December 2024	697,017,040	69,701,704
On 31 December 2023	697,017,040	69,701,704

Redeemable shares: The Company has no redeemable shares on 31 December 2024 (2023: no redeemable shares).

<b>Share capital</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Issued share Capital	69,701,704	69,701,704
<b>Total share capital</b>	<b>69,701,704</b>	<b>69,701,704</b>

As of December 31, 2024, Zentiva Group a.s. held 95.9486% of the Company's shares (31 December 2023: 95,9486%), the remainder of the shares being held by other minority shareholders.

Between 25 September and 8 October 2024 the majority shareholder (Zentiva Group a.s.) carried out a public purchase offer addressed to all the shareholders.

Within the Public Offer, Zentiva Group a.s. together with the person that acted jointly with, respectively Zentiva SA, acquired a number of 319,649 shares, representing 0.0459% of Zentiva SA's share capital and 1.1394% of the offer's subject matter

The Majority Shareholder is acting jointly with Zentiva SA which holds a number of 183,891 treasury shares, representing a 0.0264% stake of the Company's share capital.

On 14 November 2024, the Financial Supervisory Authority approved the announcement for initiating the procedure of the minority shareholders withdrawal at the price of RON 4.5134 / share. Following this decision, on 21 November 2024 Zentiva SA was suspended from trading on the Bucharest Stock Exchange.

The Company is still considered listed until final decision from Financial Supervisory Authority is obtained.

The new shareholding structure was registered with the Trade Registry on 7 February 2025.

**16. ISSUED CAPITAL AND RESERVES (continued)**

	<b>7 February 2025 (%)</b>	<b>31 December 2024 (%)</b>	<b>31 December 2023 (%)</b>
<b>Shareholding structure</b>			
Zentiva Group a.s.	99.9736	95.9486	95.9486
Other minority shareholders	0.0264	4.0514	4.0514
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Share premium</b>		
<b>Inflated share premiums</b>		
Share premiums (nominal value)	9,863,684	9,863,684
Hyperinflation adjustment on share premiums*	15,100,822	15,100,822
<b>Total inflated share premiums</b>	<b>24,964,506</b>	<b>24,964,506</b>

\* For conversion to IFRS in 2011, the Company recorded a hyperinflation adjustment for the share premiums for the period 1992 - 2003 when Romania was considered to be a hyperinflationary economy.

**Revaluation reserves**

The revaluation reserve is considered to be realized when the correspondent asset is disposed of or sold. Once the revaluation reserve becomes realized, it can be distributed. As at 31 December 2024, the Company has revaluation reserves in amount of RON 65,023,715 (2023: RON 67,069,892). During 2024, a building was demolished, and the related revaluation reserve was considered realized and transferred to retained earnings.

**Legal and other reserves**

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Total other reserves included in the capital components:</b>		
Legal reserves (i)	13,940,341	13,940,341
Other reserves (other funds) (ii)	186,472,774	142,021,169
<b>Total other reserves</b>	<b>200,413,115</b>	<b>155,961,510</b>

(i) The company sets its legal reserves under the Companies Law, which requires that 5% of the annual accounting profit before taxes is transferred to „Legal Reserves” until the balance of this reserve reaches the threshold of 20% of share capital. Legal reserves are not distributable. On 31 December 2020, the legal reserves of the Company reached the threshold of 20% from the share capital. In 2023 and 2024, the company didn't set legal reserves.

(ii) Other reserves include RON 104,406,145 undistributed profits from the years 2004 - 2008, 2012 – 2013, 2015 – 2016, that are available for distribution as dividends and RON 82,066,629 reserves from reinvested profits (2023: RON 37,615,024). When the reserves from reinvested profit are used, they become taxable.

The company is required to keep the assets, for which the tax benefit was obtained, in its patrimony for at least a period equal to half the period of economic use of the asset, but not more than 5 years.

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the financial year ended on 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

**17. DIVIDENDS DISTRIBUTED AND PAID**

During 2024, the Company did not distribute dividends (2023: the Company did not distribute dividends).

In 2024, the Company made no dividend payments to the Company's shareholders (2023: RON 0 dividend payments).

**18. PROVISIONS**

<b>Other provisions</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Provisions for taxes	(2,878,428)	(3,583,810)
Other provisions	(1,122,785)	-
Environmental provision	(1,265,568)	(1,265,568)
<b>Total</b>	<b>(5,266,781)</b>	<b>(4,849,378)</b>

	<b>Provisions for taxes</b>	<b>Environment al provision</b>	<b>Other provisions</b>	<b>Total</b>
<b>On 1 January 2024</b>	<b>3,583,810</b>	<b>1,265,568</b>	-	<b>4,849,378</b>
Increase	-	-	1,122,785	<b>1,122,785</b>
Reversal	(705,382)	-	-	<b>(705,382)</b>
<b>On 31 December 2024</b>	<b>2,878,428</b>	<b>1,265,568</b>	<b>1,122,785</b>	<b>5,266,781</b>
Current	2,878,428	-	347,385	<b>3,225,813</b>
Long term	-	1,265,568	775,400	<b>2,040,968</b>

Long term portion of other provisions refer to long term incentives provision.

	<b>Provisions for taxes</b>	<b>Environment al provision</b>	<b>Other provisions</b>	<b>Total</b>
<b>On 1 January 2023</b>	<b>3,583,810</b>	<b>1,265,568</b>	<b>1,001,717</b>	<b>5,851,095</b>
Increase	-	-	-	-
Reversal	-	-	(1,001,717)	<b>(1,001,717)</b>
<b>On 31 December 2023</b>	<b>3,583,810</b>	<b>1,265,568</b>	-	<b>4,849,378</b>
Current	3,583,810	-	-	<b>3,583,810</b>
Long term	-	1,265,568	-	<b>1,265,568</b>

**Provisions for taxes**

As at 31 December 2024, the balance of the tax provision is in amount of RON 2,878,428 (2023: RON 3,583,810).

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

**Environmental provisions**

The environmental provision was reassessed by specialists during the year 2024 and the balance of the provision as of 31 December 2023 and 31 December 2024 is in amount of RON 1,265,568. This represents expenses related to ecological rehabilitation and soil and underground water monitoring.

## **19. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS**

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

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

Benefits granted upon retirement:

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

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

- Up to 10 years in the Company, ½ average gross salary at company level;
- 10 - 20 years within the Company, 1 average gross salary at company level;
- 20 - 30 years within the Company, 2 average gross salary at company level;
- Over 30 years within the Company, 3 average gross salaries at company level.

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

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

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

Provisions for pensions and other similar obligations are estimated based on the collective labor agreement of the Company by a third-party specialist.

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the financial year ended on 31 December 2024**  
*(amounts are expressed in RON, unless specified otherwise)*

**19. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

Below we summarize the components of the net benefit recognized in the Statement of Comprehensive Income:

	<u>31 December 2024</u>	<u>31 December 2024</u>	<u>Total</u>	<u>31 December 2023</u>	<u>31 December 2023</u>	<u>Total</u>
Post-employment benefits	Post- employment benefits (P1)	Jubilee Plan (P2)		Post- employment benefits (P1)	Jubilee Plan (P2)	
<b>Benefit obligation at the beginning of the year</b>	<b>3,851,000</b>	<b>3,323,000</b>	<b>7,174,000</b>	<b>2,907,000</b>	<b>3,041,000</b>	<b>5,948,000</b>
Current service cost	288,000	497,000	785,000	213,000	410,000	623,000
Financial cost - interest (on the benefit)	266,000	214,000	480,000	235,000	225,000	460,000
Paid benefits	(162,000)	(1,238,000)	(1,400,000)	(695,000)	(959,000)	(1,654,000)
Termination benefits	(11,000)	-	(11,000)	309,000	-	309,000
Actuarial gain / loss – experience	408,000	773,000	1,181,000	504,000	436,000	940,000
Actuarial gain / loss – changes in financial assumptions	(185,000)	(78,000)	(263,000)	378,000	170,000	548,000
<b>Benefit obligation at the end of the year</b>	<b>4,453,000</b>	<b>3,492,000</b>	<b>7,945,000</b>	<b>3,851,000</b>	<b>3,323,000</b>	<b>7,174,000</b>
<b>The net benefit liability recognized in the statement of financial position</b>	<b>4,453,000</b>	<b>3,492,000</b>	<b>7,945,000</b>	<b>3,851,000</b>	<b>3,323,000</b>	<b>7,174,000</b>

	<u>31 December 2024</u>	<u>31 December 2024</u>	<u>Total</u>	<u>31 December 2023</u>	<u>31 December 2023</u>	<u>Total</u>
Changes in actuarial gains	Retirement benefit plan (P1)	Jubilee bonus plan (P2)		Retirement benefit plan (P1)	Jubilee bonus plan (P2)	
<b>Actuarial gains / losses accumulated at the beginning of the year</b>	<b>1,826,000</b>	<b>1,890,000</b>	<b>3,716,000</b>	<b>944,000</b>	<b>1,284,000</b>	<b>2,228,000</b>
Actuarial (gain) / losses following changes in employee experience	408,000	773,000	1,181,000	504,000	436,000	940,000
Actuarial (gain) / losses following changes in financial assumptions	(185,000)	(78,000)	(263,000)	378,000	170,000	548,000
<b>Actuarial gains / losses accumulated at the end of the year</b>	<b>2,049,000</b>	<b>2,585,000</b>	<b>4,634,000</b>	<b>1,826,000</b>	<b>1,890,000</b>	<b>3,716,000</b>

<b>Assumptions to determine the defined benefit obligation</b>						
Discount rate	7.45%	7.45%	-	7.00%	7.00%	-
Compensation increase rate	5.50%	5.50%	-	5.50%	5.50%	-

## 20. TRADE PAYABLES AND OTHER PAYABLES

<b>Trade payables and other payables</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Trade payables	98,069,071	83,782,862
Trade payables to related parties at the end of year	<u>96,132,783</u>	<u>127,206,060</u>
<b>Total</b>	<b><u>194,201,854</u></b>	<b><u>210,988,922</u></b>

<b>Other current liabilities</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Wages and salaries payable	25,447,198	19,650,365
Social security contributions and salary taxes	6,156,703	4,380,866
Claw-back tax (*)	16,426,375	14,164,344
Other taxes	3,005,377	3,078,401
Other liabilities	<u>5,022,430</u>	<u>4,977,605</u>
<b>Total</b>	<b><u>56,058,082</u></b>	<b><u>46,251,580</u></b>

<b>(*) Claw-back</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Initial estimate of the tax liability to the State Budget for the last quarter	18,894,205	14,376,332
Regularization of the claw-back tax for the last quarter, according to the notification received from the CNAS	<u>(2,467,830)</u>	<u>(211,988)</u>
<b>Total</b>	<b><u>16,426,375</u></b>	<b><u>14,164,344</u></b>

The terms and conditions of the trade payables mentioned above:

Trade payables are not interest-bearing and are usually settled within 30 - 90 days.

For the terms and conditions regarding affiliates and related parties, see Note 21.

For explanations regarding the Company's liquidity risk management processes, see Note 23.

## 21. RELATED PARTY DISCLOSURES

### 21.1 Nature of the transactions with related parties (“affiliated entities and other related parties”)

An entity is “related party“ of another entity if:

- a) directly or indirectly, through one or more entities:
  - it controls or it is controlled by the other entity or it is subject to the joint control of the other entity (including the parent companies, the subsidiaries or member subsidiaries);
  - it has an interest in the respective entity, which gives a significant influence on it; or;
  - it holds joint control on the other entity;
- b) it represents an entity associated to the other entity;
- c) it represents a joint venture with the other entity as shareholder;
- d) it represents a member of the entity or the parent company key management;
- e) it represents a close family member of the person mentioned at points a) or d);
- f) it represents an entity which is controlled, jointly controlled or significantly influenced or for which the significant voting right is granted, directly or indirectly, by any of the persons mentioned at points d) or e); or
- g) the entity represents a post-employment benefits plan for the other entity employees or for the employees of any other entity related to such an entity.

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the financial year concluded on 31 December 2024**  
*(all amounts are presented in RON, unless otherwise stated)*

**21. RELATED PARTY DISCLOSURES (continued)**

➤ **Details about other affiliated parties:**

<b>Company name</b>	<b>Nature of relation</b>	<b>Transaction type</b>	<b>Country of origin</b>	<b>Registered office</b>
Al Sirona (Luxembourg) Acquisition S.à.r.l	Parent of Zentiva Group AS	Holds cash pooling	Luxemburg	Luxemburg
Labormed Pharma Trading SRL	Company under common control	Sale of goods and services	Romania	Bucharest
Labormed Pharma SA	Company under common control	Provision of services	Romania	Bucharest
Zentiva Group AS	Majority shareholder	Purchases /revenue from services	Czech Republic	Prague
Zentiva Italia	Company under common control	Purchases of goods	Italy	Milan
Zentiva K.S.	Company under common control	Purchases/ Sale of goods and provision of services	Czech Republic	Prague
Zentiva Pharma GMBH	Company under common control	Purchases/ Sale of goods and provision of services	Germany	Frankfurt
Zentiva Private LTD	Company under common control	Purchases of goods	India	Mumbai
Zentiva Pharma UK Limited	Company under common control	Provision of services	UK	London

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

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

	<b>Balance as of 31 December 2024</b>	<b>Balance as of 31 December 2023</b>
Labormed Pharma Trading SRL	21,264,499	14,143,516
Labormed Pharma SA	1,403,283	1,773,605
Zentiva K.S.	232,348,476	100,409,533
Zentiva Group A.S.	3,574,865	14,416,422
Zentiva Pharma UK Limited	-	18,645
<b>Trade receivables from related parties</b>	<b>258,591,123</b>	<b>130,761,721</b>
Zentiva K.S. – prepayments	1,017,827	1,137,881
<b>Total</b>	<b>259,608,950</b>	<b>131,899,602</b>
Al Sirona (Luxembourg) Acquisition S.à.r.l – cash pooling	<b>645,672,067</b>	<b>583,820,497</b>

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

	<b>Balance as of 31 December 2024</b>	<b>Balance as of 31 December 2023</b>
Labormed Pharma Trading SRL	15,754,981	14,407,094
Labormed Pharma SA	2,018,054	4,059,371
Zentiva K.S.	14,397,415	75,221,926
Zentiva Group A.S.	55,730,467	31,931,012
Zentiva Pharma GMBH	-	325,058
Zentiva Italia	81,688	507,890
Zentiva Private LTD	8,150,178	753,709
<b>Total</b>	<b>96,132,783</b>	<b>127,206,060</b>

**21. RELATED PARTY DISCLOSURES (continued)**

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

➤ **Sales of goods and services**

	<b>Financial year ended at 31 December 2024</b>	<b>Financial year ended at 31 December 2023</b>
Labormed Pharma Trading SRL	45,301,498	34,472,680
Labormed Pharma SA	17,750,346	4,786,899
Zentiva K.S.	394,053,144	368,220,773
Zentiva Group AS	17,071,043	14,416,422
<b>Total</b>	<b>474,176,031</b>	<b>421,896,774</b>

From the total sales to the group for the year 2024 are eliminated and are not included in the table above RON 20,029,148 (2023: RON 26,679,224) representing sales to Zentiva KS of goods originating in Turkey and certified for export to the European Union for which the Company acts as an agent. Sales are offset against the cost of the related goods. These are flows of transactions where the Company acts as an agent and not as principal. The transactions refer mainly to products acquired from Zentiva k.s. from factories outside European Union and for which the Company performs as local level quality and certifications procedures in order to be in compliance with sales regulations imposed by European Union.

The sales disclosed above do not include the claw-back tax impact, as presented under Note 5.1 Revenues.

➤ **Purchase of goods and services**

	<b>Financial year ended at 31 December 2024</b>	<b>Financial year ended at 31 December 2023</b>
Labormed Pharma Trading SRL	12,528,925	10,666,474
Labormed Pharma SA	4,032,320	2,012,680
Zentiva K.S.	146,498,679	152,683,517
Zentiva Group A.S.	56,552,251	53,923,356
Zentiva Private LTD	15,546,112	1,879,041
Zentiva Italia	-	276,432
<b>Total</b>	<b>235,158,287</b>	<b>221,441,500</b>

From the total group purchases for 2024 are eliminated and are not included in the table above RON 20,029,148 (2023: RON 26,679,224) representing sales to Zentiva KS of goods originating from Turkey and certified for export to the European Union for which the Company acts as an agent. The purchases are offset against the sales of the related goods. These are flows of transactions where the Company acts as an agent and not as principal. The transactions refers mainly to products acquired from Zentiva k.s. from factories outside European Union and for which the Company performs as local level quality and certifications procedures in order to be in compliance with sales regulations imposed by European Union.

Information about the Company's transactions with related parties can also be found in:

- Note 5.1 "Revenues",
- Note 6.2 "Other operating expenses",
- Note 6.4 "Financial income" related to cash pooling account interest.

## **21. RELATED PARTY DISCLOSURES (continued)**

### **The ultimate parent of the Company**

The Company is part of the AI Sirona (Luxemburg) Acquisition S.a.r.l group, with the registered office in rue des Capucins 5, L - 1313 Luxemburg.

AI Sirona (Luxemburg) Acquisition S.a.r.l has as ultimate shareholder multiple investment funds controlled by Advent International.

There are no transactions, other than those described between the Company and the Zentiva Group during the financial years 2024 and 2023.

### **Compensations granted to the key management of the Company**

#### ***Directors, managers and the supervisory body***

In 2024 the Company granted the following gross amounts to the members of the Board of Directors which include fixed remuneration and bonuses:

	<b>Financial year ended at 31 December 2024</b>	<b>Financial year ended at 31 December 2023</b>
Members of the Board of Directors	2,508,693	2,896,972
<b>Total</b>	<b>2,508,693</b>	<b>2,896,972</b>

The Board of Directors consists of 5 people of which only 3 people are remunerated.

Two persons are part of the executive management, and their remuneration is included in the amounts above. The audit committee consists of the other 3 non-executives members.

As of 31 December 2024 and 2023, the Company had no obligations related to pension payments to the former members of the Board of Directors, executive management and to the members of the supervisory body.

There are no guarantees or future obligations undertaken by the Company on behalf of the directors or the managers at the end of the financial year.

## **22. CONTINGENCIES**

### ***Taxation***

All the amounts owed to the State for taxes and charges have been paid or accrued at the balance sheet date. The tax system in Romania undergoes a consolidation process and is being harmonized with the European legislation. Different interpretations may exist at the level of the tax authorities regarding the tax legislation, which may result in additional taxes and penalties payable. Where the State authorities have findings from reviews relating to breaches of Romania's tax laws, these may result in: seizure of the amounts involved additional tax liabilities being payable; fines and penalties (that are applied on the total outstanding amount). As a result, the fiscal penalties resulting from breaches of the legal provisions may result in significant amounts payable to the State budget.

The Company believes to have paid in due time and in full all applicable taxes, penalties and penalty interests, in the applicable extent.

## **22. CONTINGENCIES (continued)**

The Romanian tax authorities have completed reviews of corporate tax and VAT up to December 2020.

Starting with 18 September 2023, the Company was subject to a general tax inspection related to corporate income tax, VAT and transfer pricing for the period 2017 - 2020. In December 2024 the tax inspection was finalized and the differences in the tax bases established during the tax inspection were not material.

In Romania, a financial year remains open to further verification for 5 years.

### **Transfer price**

According to the applicable relevant Romanian legislation, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle").

It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the Romanian tax payer.

### **Legal claims (including the estimated value)**

As at December 31, 2024, the Company is involved in several disputes, of which the most significant are listed below:

- In December 2020, the Company filed a summons against the National Health Insurance House ("CNAS") requesting the VAT paid, related to the clawback tax for Q1 2020. In this litigation, respectively within case file no. 7592/2/2020, the trial was suspended as a consequence of the fact that the Romanian Constitutional Court was requested to solve the exception of unconstitutionality of the phrase "*starting with the first quarter of 2020*" within paragraph 1 of art. 37 of GEO no. 77/2011. As at December 31, 2024, the file registered with the Romanian Constitutional Court under no. 665D/2022 is still in the preliminary report phase.
- On April 25, 2024, the Company received a statement of claim from the Bucharest Tribunal, 3<sup>rd</sup> Civil Section, together with Zentiva k.s., a company which is part of the same group as the Company, as defendants, in a lawsuit against Bayer HealthCare LLC, Bayer AG and Bayer SRL, as claimants. The case is the subject of file no. 5615/3/2024, has as its object the obligation of the defendants, jointly and severally, to pay the provisionally established amount of 100,000 Euros and is pending before the court in the first phase of the proceedings.

In the above-mentioned file, the claimants allege that the defendants infringed on the rights resulting from the European invention patent EP 2305255, which, according to the claimants' statements, would have given them an exclusive right to use the chemical substance sorafenib tosylate until the date of December 3, 2022. Thus, the claimants request the court to determine the defendants (i) to pay, jointly and severally, to the claimants the provisionally established amount of 100,000 Euros, as compensation for acts of infringement of the European invention patent EP 2305255, committed in Romania, and (ii) to pay, jointly and severally, the relevant trial expenses. Also, the claimants request the court to order the suspension of the trial of this litigation until the final resolution of file no. 16122/3/2021, pending before the Bucharest Tribunal, 3<sup>rd</sup> Civil Section. The object of file no. 16122/3/2021 is represented by the annulment of the European invention patent EP 2305255, being introduced by Zentiva k.s. against Bayer HealthCare LLC and the State Invention and Trademark Office.

At the first hearing, on November 6, 2024, it was suspended the judgement of the request until the final settlement of file no. 16122/3/2021.

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

### **23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to the credit risk, the liquidity risk and the market risk (mainly, foreign exchange risk). The Company management oversees the management of these risks.

The Board of Directors reviews and agrees to the policies of managing each of these risks which are summarized below.

#### ***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.

The sensitivity analysis in the following sections relate to the position as of 31 December 2024 and 2023.

#### ***Interest rate risk***

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

On 31 December 2024, the Company has no loans received and has a cash pooling agreement with the parent company, at a variable interest rate (as detailed in Note 14, 15 and it has a debit balance as at 31 December 2024 and 2023).

The Company's exposure to the risk of changes in market interest rates is presented below:

#### **Interest rate risk sensitivity**

The following table demonstrates the sensitivity to a reasonable potential change in the ROBOR 3M interest rate by +/- 10%, with all other variables held constant, of the Company's profit before tax. The Company's exposure to changes in interest rates is presented below:

	<u>Change in ROBOR rate (+ / - 10%) Effect on profit before tax</u>
2024	3,796,552
2023	3,864,892

#### ***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 receivables or payables are expressed in a currency different from the functional currency of the Company).

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

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

**ZENTIVA SA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the financial year concluded on 31 December 2024**  
*(all amounts are presented in RON, unless otherwise stated)*

**23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

The detail of financial instruments in foreign currencies is presented as follows (the amounts are expressed in the RON equivalent):

<b>31 December 2024</b>	<b>EUR</b>	<b>USD</b>	<b>RON</b>	<b>CZK</b>	<b>CHF</b>	<b>Total</b>
Trade receivables and other receivables	24,841,028	-	525,823,073	-	-	<b>550,664,101</b>
Cash pooling intercompany receivable	21,594,412	-	624,077,656	-	-	<b>645,672,067</b>
Cash and cash equivalents	3,507,204	210,979	29,906,973	-	-	<b>33,625,156</b>
<b>Total assets (1)</b>	<b>49,942,644</b>	<b>210,979</b>	<b>1,179,807,701</b>	-	-	<b>1,229,961,324</b>
Trade payables – suppliers	88,602,273	22,123,506	83,434,545	-	41,529	<b>194,201,853</b>
Lease liabilities	18,472,859	-	-	-	-	<b>18,472,859</b>
<b>Total liabilities (2)</b>	<b>107,075,132</b>	<b>22,123,506</b>	<b>83,434,545</b>	-	<b>41,529</b>	<b>212,674,713</b>
<b>Difference (1)- (2)</b>	<b>(57,132,489)</b>	<b>(21,912,527)</b>	<b>1,096,373,156</b>	-	<b>(41,529)</b>	<b>1,017,286,611</b>

<b>31 December 2023</b>	<b>EUR</b>	<b>USD</b>	<b>RON</b>	<b>CZK</b>	<b>GBP</b>	<b>Total</b>
Trade receivables and other receivables	21,200,843	-	388,487,449	-	-	<b>409,688,292</b>
Cash pooling intercompany receivable	20,665,215	-	563,155,282	-	-	<b>583,820,497</b>
Cash and cash equivalents	326,315	176,861	26,799,552	-	-	<b>27,302,728</b>
<b>Total assets (1)</b>	<b>42,192,373</b>	<b>176,861</b>	<b>978,442,283</b>	-	-	<b>1,020,811,517</b>
Trade payables – suppliers	76,637,275	11,909,926	122,440,313	1,409	-	<b>210,988,923</b>
Lease liabilities	21,155,608	-	-	-	-	<b>21,155,608</b>
<b>Total liabilities (2)</b>	<b>97,792,883</b>	<b>11,909,926</b>	<b>122,440,313</b>	<b>1,409</b>	-	<b>232,144,531</b>
<b>Difference (1)- (2)</b>	<b>(55,600,510)</b>	<b>(11,733,065)</b>	<b>856,001,970</b>	<b>(1,409)</b>	-	<b>788,666,986</b>

**Foreign currency sensitivity**

The following table demonstrates the sensitivity to a reasonable potential change in the exchange rate for US dollar and EUR, with all other variables held constant, of the Company's profit before tax and equity (due to changes in the values of monetary assets and liabilities). The Company's exposure to foreign currency changes is presented below:

	<b>Change in EUR rate (+ 10%) - Effect on profit before tax and equity</b>	<b>Change in USD rate (+ 10%) - Effect on profit before tax and equity</b>	<b>Change in CZK rate (+ 10%) - Effect on profit before tax and equity</b>
2024	(5,713,249)	(2,191,253)	-
2023	(5,560,051)	(1,173,307)	-

**Credit risk**

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

### 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (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 subsequent collections are analyzed.

The impairment indicators are analyzed at each reporting date.

The Company credit risk mainly relates to the receivables from related parties, for which the impairment probability is considered low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13, 14 and Note 15.

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

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

The credit risk from the balances with banks and financial institutions is managed by the treasury department of the Company, in accordance with the Company's policies. The maximum exposure of the Company to the credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 14 and 15.

#### **Liquidity risk**

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

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

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

The table below details the maturity profile of Company's undiscounted payments of trade payables and financial liabilities:

<b>As of 31 December 2024</b>	<b>&lt;30 days</b>	<b>30 – 60 days</b>	<b>60 - 180 days</b>	<b>180 – 360 days</b>	<b>&gt;1 year</b>	<b>Total</b>
Trade payables	141,064,972	9,951,178	21,334,889	21,850,815	-	<b>194,201,854</b>
Lease liabilities	827,557	1,655,115	2,482,673	4,965,348	10,137,119	<b>20,067,812</b>
<b>Total liabilities</b>	<b>141,892,529</b>	<b>11,606,293</b>	<b>23,817,562</b>	<b>26,816,163</b>	<b>10,137,119</b>	<b>214,269,665</b>

For 2024 year the undiscounted payments of lease liabilities above 5 years are RON 251,151.

<b>As of 31 December 2023</b>	<b>&lt;30 days</b>	<b>30 – 60 days</b>	<b>60 - 180 days</b>	<b>180 – 360 days</b>	<b>&gt;1 year</b>	<b>Total</b>
Trade payables	121,874,566	23,297,376	48,212,241	17,604,739	-	<b>210,988,923</b>
Lease liabilities	692,269	1,384,538	2,076,807	4,153,613	14,669,420	<b>22,976,647</b>
<b>Total liabilities</b>	<b>122,566,835</b>	<b>24,681,914</b>	<b>50,289,048</b>	<b>21,758,352</b>	<b>14,669,420</b>	<b>233,965,570</b>

For 2023 year the undiscounted payments of lease liabilities above 5 years are RON 640,166.

## **23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

### ***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 2024 and 2023.

## **24. STATUTORY AUDITOR EXPENSES**

In 2024, the statutory auditor Ernst & Young Assurance Services SRL. Auditor had a contractual fee of EUR 139,800 for the statutory audit of the individual annual financial statements of the company, and EUR 8,000 for other reports required by the regulations in place.

## **25. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

In February 19,2025, through the resolution of the ordinary meeting of shareholders of Zentiva SA, the mandate of non-executive director of Mrs. Margareta Tanase is revoked and is appointed as non-executive director, member of the Board of Directors of the company, Mr. Mihail-Codrin Botoran, for a period of 4 years.

At the same time, the same resolution confirms the appointment of Mr. Hacho Agop Hatchikian as non-executive director, member of the Board of Directors of the company and also confirms his appointment as a member of the audit committee and of the remuneration committee of the company, from the date of his appointment by the Decision of the Board of Directors of Zentiva SA from 06.06.2024, for a period of 4 years.

The financial statements from page 3 to page 55 were approved by the Board of Directors and were authorized to be issued in accordance with the resolution of the Directors, dated 27 March 2025.

**Administrator,**  
Simona Cocos

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

Signature  
Company stamp

Signature

# SUSTAINABILITY REPORT

FOR THE FINANCIAL YEAR 2024



## TABLE OF CONTENTS

<b>SECTION 01: GENERAL DISCLOSURES</b>	03
1.1. ESRS 2 – GENERAL DISCLOSURES	03
<b>SECTION 02: ENVIRONMENT</b>	40
2.1. EU GREEN TAXONOMY	40
2.2. ESRS E1 – CLIMATE CHANGE	44
2.3. ESRS E2 – POLLUTION	68
2.4. ESRS E3 – WATER AND MARINE RESOURCES	76
2.5. ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY	81
<b>SECTION 03: SOCIAL</b>	87
3.1. ESRS S1 – OWN WORKFORCE	87
3.2. ESRS S4 – CONSUMERS AND END-USERS	108
<b>SECTION 04: GOVERNANCE</b>	122
4.1. ESRS G1 – BUSINESS CONDUCT	122
<b>SECTION 05: APPENDICES</b>	
5.1. APPENDIX 1   APPENDIX B OF ESRS 2 – LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION	132
5.2. APPENDIX 2 – EU GREEN TAXONOMY REGULATORY TEMPLATES	142
5.3. APPENDIX 3 – SCOPE 3 DATA, METHODOLOGY AND ASSUMPTIONS	150
5.4. APPENDIX 4 - DISCLOSURE REQUIREMENTS COMPILED FOLLOWING THE OUTCOME OF THE MATERIALITY ASSESSMENT	153



# SECTION 01

## GENERAL DISCLOSURES

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### 1.1 ESRS 2 – GENERAL DISCLOSURES

[BP-1] – GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS

[BP-2] – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

[GOV-1] – ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

[GOV-2] – INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

[GOV-3] – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

[GOV-4] – STATEMENT ON DUE DILIGENCE

[GOV-5] – RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

[SBM-1] – STRATEGY, BUSINESS MODEL AND VALUE CHAIN

[SBM-2] – INTERESTS AND VIEWS OF STAKEHOLDERS – GENERAL

[SBM-3] – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

[IRO-1] – DESCRIPTION OF PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

# 1. GENERAL BASIS FOR PREPARATION

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[BP-1]

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## 1.1. Current applicable regulations

The **Corporate Sustainability Reporting Directive (CSRD)**, transposed into Romanian law through **OMF 85/2024**, mandates that **listed companies with more than 500 employees** report in accordance with the **European Sustainability Reporting Standards (ESRS)**, for the reporting periods starting from **January 1, 2024**.

As a result, this **Sustainability Report** represents **Zentiva's first year of reporting under CSRD** and in full compliance with **ESRS requirements**.

## 1.2. Reporting Period

**1.01.2024 - 31.12.2024**

## 1.3. Scope

The Sustainability Report was prepared on individual basis and is mirroring the scope of the Zentiva S.A. ("the Company") Financial Statements.

## 1.4. The extent to which sustainability statement covers upstream and downstream value chain

Zentiva S.A. is considering its value chain through a comprehensive approach:

✓ **Materiality Assessment:**

The Company conducted a double materiality analysis including the potential impact of Zentiva S.A.'s sustainability issues on its value chain, to develop appropriate strategies to address them. The Company also engaged stakeholders in identifying and evaluating impacts, risks, and opportunities by incorporating their feedback from an extensive questionnaire into the final version of our Impacts, Risks, and Opportunities report. [further details presented in section SBM 2 - Interests and Views of Stakeholders – General]

✓ **Main Processes and Procedures:**

Due Diligence Process for suppliers which focuses on governance, economic and reputational risks [further details presented in section GOV 4 - Statement on Due Diligence], Supplier's Ethics and Conduct Code; Pharmacovigilance procedures presented in ESRS S4 - End Users.

✓ **Indicators**

We included the Scope 3 Carbon Footprint indicator to assess the impact of our value chain. It is highlighted that we used industry references, as we did not obtain specific information from our suppliers.

The only direct information from our suppliers is the Scope 2 GO certificates (Guarantee of Origin) from our electricity suppliers, through which we assessed our market-based emissions (described in more detail in ESRS E1 – Climate change).

✓ **Privacy of customer data** (described further in ESRS S4 - End Users)

### 1.5. Option to omit specific pieces of information corresponding to intellectual property, know-how or results of innovation has been used

We have not opted to omit information corresponding to intellectual property, know-how, results of innovation, impending developments or matters in course of negotiation or to use the exemption from disclosure of impending developments or matters in the course of negotiation.

## 2. DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

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[BP-2]

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### 2.1. Time horizons

The sustainability report covers the period 01.01.2024 – 31.12.2024.

The Company adopted the following time horizons as defined in ESRS 1 as of the end of the reporting period:

- ✓ for the short-term time horizon: the reporting period in the financial statements which for this report is 01.01.2024 – 31.12.2024
- ✓ for the medium-term time horizon: from the end of the short-term reporting period up to 5 years;
- ✓ for the long-term time horizon: more than 5 years.

### 2.2. Preparation and approval of the sustainability report

The Sustainability Report has been reviewed and approved by Zentiva S.A.' Board of Directors and assured by EY Romania, based on a limited assurance engagement under ISAE (International Standard on Assurance Engagements) 3000.

### 2.3. Sources of estimation and outcome uncertainty (including Value chain estimations)

The preparation of the Sustainability Report requires management to make judgments, estimates and assumptions that affect amounts reported. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are continuously reviewed and are detailed in the respective sections where they are applied.

**The following indicators have a higher degree of judgment and complexity for which changes in the assumptions and estimates could result in different results than those recorded in the Sustainability report:**

- **Scope 1, Scope 2 and Scope 3 Carbon Footprint (2.1. ESRS E1 – Climate Change)**

The GHG footprint was calculated based on the GHG Protocol Methodology. For Scope 1 emissions (direct emissions from owned or controlled sources), we have used standard conversion factors or equivalence tables (e.g., litres of fuel burned - CO<sub>2</sub>eq emitted) provided by official bodies (further details are included in ESRS E1- Climate Change chapter). These emission factors are usually well-established and reliable, leading to lower uncertainty. Scope 2 emission factors are approved by regulatory bodies, leading to less uncertainty in our calculation. However, Scope 3 emission factors used in our calculations have a high level of uncertainty as they rely on indirect sources, such as sector-average data. As accounting techniques and country-specific emission factors will further develop, and as we obtain more specific data from our suppliers, Scope 3 uncertainty will decrease.

For most emission and conversion factors, uncertainty values are estimated because published sources typically do not provide explicit uncertainty values. According to the GHG Protocol, and derived from the IPCC's Fourth Assessment Report, estimated uncertainty of Global Warming Potential (GWP) values for the six primary greenhouse gases is  $\pm 35\%$  within a 90% confidence interval (ranging from the 5th to 95th percentile of the distribution),

o GHG emissions according to Scope 2 and Scope 3 contain value chain estimations.

- **Carbon Reduction Targets (2.1. ESRS E1 – Climate Change)**

Estimating future emission reductions based on mitigation strategies and reduction commitments.

- **Carbon Offsets (2.1. ESRS E1 – Climate Change)**

Estimations and uncertainties related to carbon offsets, including overestimation, additionality risk, permanence risk, and leakage risk.

- **Double Materiality Analysis (1.5. ESRS 2-General Disclosures /Double Materiality Assessment)**

Estimating the significance of impacts from two perspectives, based on the internally developed evaluation grids:

- Impact materiality (how the Company and its value chain affect the environment and society).
- Financial materiality (how sustainability matters impact the Company's financial position).
- Probability & Severity of Impacts – Estimating how likely an impact is to occur and its potential severity on affected communities, environment, and business.

- **Climate assessment (2.1. ESRS E1 – Climate Change)**

In climate risk assessment performed for the Zentiva S.A. site, uncertainty arises from various sources including model and parameter uncertainties (differences in model structures and assumptions, and variability in estimated parameters), emission scenarios (varied projections based on future greenhouse gas emissions and socioeconomic pathways), data quality (accuracy and resolution of observational data), and methodological approaches (differences in translating global models to regional outputs).

This analysis includes various estimations to address uncertainties in predicting future climate conditions and their impact on our operations. These estimations consider factors such as temperature variations, precipitation patterns, and extreme weather events, along with their effects on our operations and value chain.

Additionally, we have made assumptions regarding building materials and construction techniques, storage conditions, equipment durability, and the availability of electricity and water supply.

## 2.4. Information stemming from other legislations

Please see Appendix A.

## 2.5. Incorporation by reference

For [Gov-1] requirements please see the Directors Annual report, Chapters 10-11.

## 2.6. Use of phase-in provisions in accordance with Appendix C of ESRS 1

In this first year of preparation of the Sustainability statement we opted to use all the phase-in provisions listed in ESRS 1 Appendix C applicable to Zentiva S.A. (as an undertaking with over 750 employees).

For our metrics, if no specific information is provided, it is to be understood that they have not been validated by an external body other than the assurance provider.

### 3. GOVERNANCE

2024 was a transformational year in terms of Sustainability for Zentiva. Many new regulations were introduced by the European Commission. We initiated the EUDR (European Union Deforestation Regulation) adoption plan, we continued our preparatory work on CSRD – the Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy among other directives which require a strong governance framework to ensure compliance and transparency. Zentiva values a framework where everyone can share insights, compare, and learn from one another. It is only through collective effort that we can address climate change and safeguard our planet so that future generations can enjoy life as much as we do!

The company's governance structure consists of the following key administrative, management and supervisory bodies:

- **Board of Directors (BoD)** – Supervisory role, overseeing corporate strategy, and regulatory compliance.
- **Executive Management** – Management role, responsible for implementing business strategies, operational decisions, and risk management.
- **Remuneration Committee** – Administrative role, managing executive compensation
- **Audit Committee** – Supervisory role, ensuring the accuracy of financial and sustainability reporting, internal controls, and risk oversight.

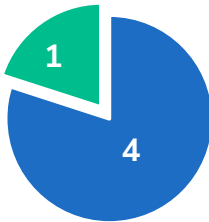
The following sections will provide a detailed explanation of each body's role, their responsibilities, and access to expertise and skills related to sustainability matters. They will also outline the oversight of Impacts, Risks, and Opportunities (IROs) and how the responsibilities of each body or individual for IROs are defined.

### 3.1. ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

[GOV-1]- [Reference- Chapter 10-11, Directors Annual Report]

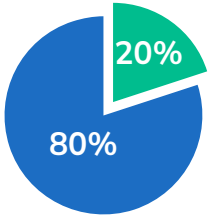
**Board of Directors:**

**Executive vs Non-executive Board Members**



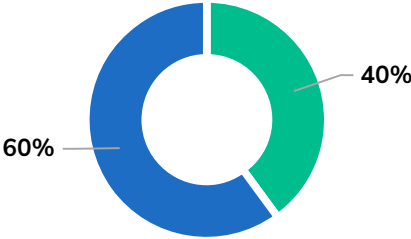
■ Non-executive    ■ Executive

**Independent vs Non-independent Board Members**



■ Independent    ■ Non-independent

**Male vs Female Board Members**



■ Female    ■ Male

Employee Representatives are not part of the Administrative, Management, and Supervisory Bodies. However, they are regularly informed and consulted on business decisions. *(For further details, see S1 – Own Workforce.)*

#### 3.1.1. Governance of Sustainability at Zentiva Romania

**Integration within the Group’s Sustainability Governance and Synergies**

At Zentiva Romania, sustainability is embedded within our corporate governance framework, aligning with the Zentiva Group’s sustainability strategy and framework. Our governance model ensures that sustainability is systematically integrated into business decisions, operations and communicated within the reporting structure designed and implemented by the Group.

Robust governance plays a pivotal role in engraining Sustainability into our ethos and decision-making. Sustainability governance, which includes climate change mitigation and adaptation, is fully integrated into Zentiva’s governance structure. These elements are consistently factored into business deliberations and

decisions, forming an essential component of our daily operations and management practices.

Within Zentiva Group, Sustainability is firmly anchored at leadership level, with the Group CEO serving as a sponsor of the Group Sustainability Steering Committee, a Head of Group Sustainability overseeing the strategy and a Group Sustainability Manager coordinating the agenda.

The Group Audit Committee has overall responsibility for approving the Sustainability-related plans.

Group Sustainability Committ	Group Audit Committee
<ul style="list-style-type: none"><li>• Purpose The Sustainability Steering Committee (SSC) fosters the creation of a healthy and sustainable growth of the company combined with long-term shareholder value</li><li>• Members CEO (Sponsor), Head of Sustainability (Owner), Head of Strategy and Transformation, CFO, Head of Legal &amp; Compliance, Head of Product Supply, Head of People &amp; Organisation, Head of Risk Management, Chief Quality Officer and Corporate Sustainability Manager (Secretary). (8 nationalities represented, 5 of its 10 members are female)</li><li>• Frequency Quarterly</li><li>• Responsibilities Reviews and approves Sustainability strategic plans and supervises the activities, providing consequent investments and reviewing progress and outcomes</li></ul>	<ul style="list-style-type: none"><li>• Purpose The Audit Committee reviews and approves financial statements, internal control &amp; audit and Sustainability and ensures compliance with regulations</li><li>• Members 3 members with 3 nationalities represented, whereas 2 of the members are female (all 3 members are also Advisory Committee members and 1 of them is Shareholder's representative)</li><li>• Frequency Quarterly</li><li>• Responsibilities Reviews and monitor plans, targets and outcomes</li></ul>

Within Zentiva, we have embraced a community-driven approach to Sustainability. Our core team coordinates the agenda and collaborates with experts from different functions across the company, making Sustainability a tangible reality rather than a theoretical concept. We believe in the collective effort, where everyone can contribute with their ideas and skills at their best abilities, recognizing that every small step counts.

Group Head of Sustainability
<ul style="list-style-type: none"><li>• Reports directly to the CEO and is part of Zentiva's leadership team</li><li>• Owns Sustainability strategy and agenda; leads core team and coordinates company experts</li><li>• Develops and implements ESG policies, objectives, guidelines</li><li>• Drives communication and engages with industry associations and initiatives</li><li>• Reports achievements/plans to Sustainability Steering Committee and Audit Committee</li></ul>

Group Corporate Sustainability Manager
<ul style="list-style-type: none"><li>• Reports to the Head of Sustainability</li><li>• Ensures the operational integration of the Sustainability strategy in Zentiva's key processes.</li><li>• Owns the governance of working groups, drives the agenda and tracks the development</li><li>• Conducts continuous assessments to identify potential improvements and best practices</li></ul>

Zentiva Group has created nine specialized working groups to implement sustainability in a structured and coordinated manner. Zentiva Romania actively contributes with expertise and plays a key role in executing Group-led sustainability projects at the local level, under the guidance of the Group Sustainability Team.

Currently, Zentiva Romania has permanent representation in two working groups:

- Engineering/ Manufacturing Sites
- Procurement

For the remaining groups, local experts participate as needed, providing input and support based on specific project requirements.

<b>Working Group</b>	<b>Key Responsibilities</b>
<b>Engineering/ Manufacturing Sites</b>	Delivers the carbon reduction targets according to our Carbon Roadmap 2030 and efficiency programs in the areas of energy and electricity
<b>Health, Safety, Environment (HSE)</b>	Delivers safety training and prevention measures, drives awareness campaigns, water and waste management, supports health & wellbeing efforts and works closely with the engineering/manufacturing sites group to implement environmental measures
<b>Research &amp; Development</b>	Conducts research on product composition from API to various manufacturing stages, aiming to enhance value for patients while also benefiting the environment
<b>Procurement</b>	Delivers sustainable procurement and owns third-party risk management to ensure standards and values are respected throughout our entire value chain
<b>Supply Chain &amp; Distribution</b>	Assesses carbon footprint of our portfolio and optimises the product journey to the end consumer
<b>Corporate Affairs</b>	Maps upcoming European regulations to understand and adapt operational processes as necessary, ensures comprehensive compliance through proactive training initiatives
<b>Quality</b>	Identifies the optimal audit process and initiates a pilot scheme for an on-site ESG audit, paving the way for the development and implementation of a robust framework
<b>Artwork &amp; Packaging</b>	Analyses the various components of packaging distributed to end consumers, with the goal of developing reusable packaging aligned with the principles of the circular economy

Working Group	Key Responsibilities
Finance	Works on the EU taxonomy and reporting of financial and non-financial matters

Zentiva S.A., through its **Administrative, Management, and Supervisory Bodies**, is leveraging on the **expertise of Group specialists** and, when necessary, seeks input from **external consultants**.

## 3.2. INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

[GOV-2]

### 3.2.1. Sustainability Oversight at Board Level

Zentiva S.A. Board of Directors (BoD) & Audit Committee are validating the Sustainability Report before its publication. This process ensures recognition of the progress made during the year in achieving sustainability objectives and approval of the planned actions and resource allocation for the next financial year.

During 2024, the BoD validated the Non-Financial Declaration for 2023 financial year [PV CA nr. 8/27.06.2024].

Moreover, the annual investment plan was approved, including investments aimed at supporting Zentiva's sustainability goals. [PV CA nr. 3/27.03.2024]

At the same time, it ensures full integration with Group priorities, ensuring consistency across Zentiva's operations.

### 3.2.2. Governance of "Transition to CSRD" project

In 2024, the "Transition to CSRD" project engaged both senior management and operational teams, ensuring a comprehensive approach to compliance.

At the local level:

- The project was sponsored by the CFO.
- The Legal Advisor led the project implementation.

Each project milestone and deliverable were reviewed by the Group Sustainability Steering Committee, ensuring alignment with Group-wide sustainability objectives.

The existing targets are set by Zentiva Group's administrative, management, and supervisory bodies, which include members from Zentiva Romania. Once established, these targets are communicated to Zentiva Romania's Senior Management, which is responsible for overseeing their implementation.

#### What's next?

Due to Zentiva Romania's status as a listed company, the CSRD reporting process had to be completed one year ahead of the Zentiva Group.

The existing targets are set by Zentiva Group's administrative, management, and supervisory bodies, which include members from Zentiva Romania. Once established, these targets are communicated to Zentiva Romania's Senior Management, which is responsible for overseeing their implementation.

Given this, our approach for this year is to wait for the final review of any governance changes, policies, and targets at the Group level. This ensures that our local approach remains aligned with the Group's sustainability strategy, which will be finalized in the Group Sustainability Report by next year.

### 3.2.3. Local Reporting and Group Oversight

Zentiva Romania provides **structured sustainability reporting** to the Group at defined intervals:

Sustainability Information	Reporting Frequency	Responsible Department
Carbon Footprint Data (Scope 1, 2), water, waste, energy	Monthly	HSE Team, Energy and Technical Department
Carbon Footprint Data (Scope 3)	Annually	HSE Teams, Energy and Technical Department, Zentiva Group
Health & Safety Compliance	Monthly	HSE Team
CO <sub>2</sub> Emission Reduction & Decarbonisation Plan Updates	Annually	Engineering & Sustainability Team
Double Materiality Analysis Outcomes	Per Update Cycle	CFO & Legal Advisor
Annual Sustainability Report	Annually	CFO & Legal Advisor

## 3.3. INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

### [GOV-3]

The remuneration of the executive directors consists of a fixed monthly component along with an annual bonus (called performance bonus), while the remuneration of the independent director includes only a fixed monthly component, with no additional fixed or variable compensation components.

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

As an exception, the nonexecutive members of the Board of Directors or the other managers appointed from within the Company's employees or affiliated companies in Romania may have the same rights and obligations provided for the executive members of the Board of Directors, based on remunerated mandate agreements concluded with the Company.

Aligned with Zentiva Group's sustainability goals, these objectives have been systematically integrated into the Group's senior management framework and further extended to Zentiva Romania's senior management. However, the potential implementation of an incentive scheme remains under review at the Group level.

## 3.4. STATEMENT ON DUE DILIGENCE

[GOV-4]

### 3.4.1. Sustainability Across Value Chain

Together with our partners, we aim to enhance process transparency and operational resilience. We encourage regular stakeholder dialogue with our partners to share experiences, align expectations and collaborate towards a more sustainable future. As per our Responsible Sourcing Policy ([Link](#)), we strive to minimize the negative social and environmental impacts across our supply chain. We ensure rigorous supplier assessments through audits, due diligence, and compliance checks, requiring all partners to uphold high ethical, legal, and sustainability standards.

CORE ELEMENTS OF DUE DILIGENCE	Main references
<p>a) <b>Embedding due diligence in governance, strategy and business model</b></p>	<p><b>Upstream:</b></p> <ul style="list-style-type: none"> <li>• Policies: Guideline on Due Diligence process; Suppliers' Code of Conduct</li> <li>• Applying Responsible sourcing principles</li> </ul> <p><b>Downstream:</b></p> <ul style="list-style-type: none"> <li>• Feed-back from customers and end users (doctors, pharmacists, wholesalers, distributors, and hospital procurement teams)</li> </ul>
<p>b) <b>Engaging with affected stakeholders in all key steps of the due diligence</b></p>	<p>New partners undergo a rigorous due diligence process subject to commercial, legal, reputational risks (which also include corruption and bribery to ensure alignment with Zentiva's standards before being added to the approved supplier list) assessments.</p> <p>Sustainability requirements are integrated into contracts that govern the business relations between Zentiva and its supply partners</p> <p>Pharmacovigilance line- all commercial agreements that are related to a product include a PV clause that is stipulating the changing of safety data between partners (according to GVP).</p> <p>Whistleblowing channel available on the website, as well as the Speak-Up line, openly accessible.</p>
<p>c) <b>Identifying and assessing adverse impacts</b></p>	<p>Zentiva Group conducts a risk-based assessment of our supplier base, supported by desk-based responsible sourcing audits conducted, results from the audits reviewed by the Zentiva Risk Committee.</p> <p>Suppliers are monitored for compliance with local regulations and alignment to Zentiva policies. Topics of specific relevance are human rights including working conditions, anti-modern slavery, code of ethics and compliance, anti-bribery and corruption, health, safety, quality, environmental protection and chemical handling.</p>
<p>d) <b>Taking actions to address those adverse impacts</b></p>	<p>The compliance officer oversees the reputational screening of any third party, including suppliers, while the legal department, and management committees oversee the suppliers due diligence process and are responsible for addressing issues raised.</p>

CORE ELEMENTS OF DUE DILIGENCE	Main references
	<p>In case of whistleblowing, the coordination of the reports is the sole attribute of the designated person. Annual review as part of our Evaluation of the Quality System.</p> <p>Inside company exist clear workflows, that assess (according to internal rules) all types of complaints and enquiries received from clients and end-user.</p>
<p>e) <b>Tracking the effectiveness of these efforts and communicating</b></p>	<p>The effectiveness of the ethical compliance program is tracked by means of the annual and ad-hoc monitoring activities performed by the Compliance Officer, responsible for monitoring of the governing policies, whose results are presented to the local Compliance Committee.</p>

### 3.4.2. Overview

#### Due Diligence applied to partners

The Guideline on Due Diligence process establishes corporate instructions for conducting due diligence to evaluate the reputation and risks associated with third parties engaged by Zentiva S.A.

The objective is to minimize corruption risks and ensure compliance with anti-corruption laws at both national and international levels.

This Due Diligence process is applied globally to all third parties involved with Zentiva S.A., at the start of a business relationship, periodically (every 3-5 years), or upon significant changes. There are three types of due diligence: initial reviews, ongoing assessments, and retroactive evaluations for existing engagements.

Mitigation actions are taken to resolve flagged issues, which may include requesting additional documentation, clarification, or sworn affidavits from the third party. If risks cannot be mitigated, the relationship with the third party may be terminated to protect the company's reputation and legal compliance.

There both a proactive approach by requiring initial and periodic reviews, the process identifies risks early, preventing potential issues from escalating and a dynamic adjustment as the guidelines mandate re-evaluation of third parties when significant changes occur, ensuring that risk assessments remain current.

The Legal Department, Compliance Officer, and Management Committee (as defined in the due diligence guidelines) oversee the due diligence process and are responsible for addressing issues raised.

This structured due diligence process ensures that all third-party engagements align with Zentiva S.A.'s commitment to anti-corruption standards and sustainability objectives.

#### Workforce across our value chain

Zentiva, as a Group and at the **Zentiva S.A.** level, acknowledges the crucial role that individuals play throughout the entire value chain in achieving our Sustainability targets. We are committed to upholding human rights, both within our organization and among our suppliers, as outlined in our internal policy and Suppliers Code of Conduct. Through our due diligence process for partners and suppliers, we prioritize the protection of individuals involved with a focus on the process of continuous risk identification and implementation of preventative and mitigation measures.

#### End user PATIENT & CONSUMER

We improve lives through the development, production, and delivery of our medicines. The quality of our products and the safety of the patients and consumers always remain our highest priorities. We collaborate closely with regulators, inspectors, and quality organizations to uphold the safety and efficacy of our

medicines. Our commitments are embedded in our Quality policy and upheld through rigorous adherence to Zentiva's quality and safety standards. Our processes and systems comply with good operating practices across many domains including good clinical, laboratory, research, manufacturing, pharmacovigilance and distribution practices. We are constantly monitoring product quality and safety parameters and control these parameters regularly. Every step is traceable and correctly recorded to ensure the safety of our medicines. Feedback from partners and patients, including comments, complaints, and claims is diligently reviewed as part of our pharmacovigilance and safety monitoring. We collaborate with regulators to address emerging issues within the healthcare system, conducting patient risk assessments and implementing corrective actions as needed. Our direct interactions with patients, families, advocates and patient organisations are conducted transparently and in accordance with local laws and regulations. These interactions focus on education and support, avoiding any promotional activities.

### Speak-up / Whistle-blower Process

We encourage our employees to report any concerns they may have regarding compliance with all laws applicable to Zentiva, our Code of Ethics, Zentiva internal rules and/or ethical principles. Zentiva further encourages employees to raise questions related to compliance. The company maintains a strict zero-tolerance policy towards any reprisals against individuals who report in good-faith. This policy is issued by the Compliance Officer / Designated Person and is available to any third party.

### Human Rights & Anti-modern Slavery

Zentiva respects and supports the protection of human rights across our business operations extending downstream to the actions and practices of our partners and upstream through our supply chain and sourcing network as embedded in the Universal Declaration of Human Rights. Zentiva is committed to upholding the labour standards as set out by the International Labour Organisation, and to full compliance with local labour laws. We expect every team member to respect human rights as described in our Code of Ethics. We compensate our employees fairly based on market norms and in line with the legal requirements for wages and social benefits. We are dedicated to safeguarding children's rights to education and personal development and oppose any employment that falls below minimum working age. Our employees are empowered to decide whether to be part of a labour union, a workers' council, or any other collective bargaining framework of their choosing. We collaborate closely with the employees' Representatives to achieve the best outcome for our people and our Company.

## 3.5. RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

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### [GOV-5]

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The Company is committed to ensuring robust risk management and internal control processes for sustainability reporting.

The Risk Management and Internal Control process related to Sustainability Reporting is currently under development and will be implemented at the Group level in 2025. This will align with the Group's reporting obligations for the FY 2025 Sustainability Report, scheduled for publication in early 2026.

For the current reporting year, the Company has applied DMA (Double Materiality Assessment) principles for risk identification.

Additionally, the Company has established a formal Risk Management framework in accordance with the following internationally recognized standards:

- **ISO 14001 – Environmental Management System (EMS)**
  - Identifying, assessing, and mitigating environmental risks, including pollution, resource depletion, and regulatory non-compliance.
- **ISO 45001 – Occupational Health & Safety Management System (OH&S)**
  - Focusing on preventing workplace accidents, injuries, and health hazards.
- **ISO 50001 – Energy Management System (EnMS)**
  - Addressing risks related to energy inefficiency, supply shortages, and regulatory compliance.
- **ISO 9001 – Quality Management System (QMS)**
  - Managing risks associated with product and service quality, customer satisfaction, and operational efficiency.

## 4. STRATEGY

### 4.1. STRATEGY, BUSINESS MODEL AND VALUE CHAIN

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[SBM-1]

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#### 4.1.1. General Strategy

Zentiva S.A is one of the most important local producers of drugs in the Romanian landscape, with a heritage dating back to 1962 when the Bucharest Medicine Factory was born.

The Company's portfolio, as of 2024, has over 280 brands in multiple therapeutic areas, being present in over 80 ATCs (Anatomical Therapeutic Chemical) such as cardiology, urology, gastroenterology, antibiotic therapy, pain treatment and in multiple presentation forms - tablets, film-coated tablets, ampoules, suspension for oral solution.

The portfolio covers both prescription status medicines (Rx) and over-the-counter brands, aimed to respond to end consumer needs (OTCs). The split between the 2 categories, Rx and OTC brands, is 85% in units (primary sales, to wholesalers) for Rx, while the OTC accounts for 15% of the portfolio.

Regarding the 2 channels of sales, hospital and retail, Zentiva has a complex portfolio dedicated to hospital and a strong presence at hospital level, 24% MS in units (*according to IQVIA sell-in data, MAT December 2024*), 1 out of 4 drugs administrated in hospitals being a Zentiva drug. Zentiva is number 1 in units, at hospital level, in the RX market. Most important drugs are in ATC A, A ALIMENTARY TRACT AND METABOLISM – Vitamin B1, B6 and B12, but also in ATC N, N NERVOUS SYSTEM – metamizole injectable.

A key strategic direction for Zentiva is to best respond to patient needs in terms of access to new, modern drugs that enter the market at affordable prices so this is why launches and the renewal of our portfolio are Priorities.

During the period 2022-2024, Zentiva focused its efforts and investments on launching as many medicines as possible that best meet the needs of patients in Romania and thus, out of a total of 623 new drugs/presentation forms entered the generic medicines market during this period, Zentiva launched 55 drugs or 9% of the total launches. This is an impressive number, with the next largest player in the market launching 36 new drugs/forms of presentation and considering that in total the 623 new drugs were launched by 107 companies, so an average of 5.8 launches/company (*according to IQVIA sell-in data, MAT December 2024*).

Only in 2024 Zentiva launched 14 new RX drugs/presentation forms in 7 ATC - B01F DIRECT FACTOR XA INHIBS, J05B ANTIVIRALS, L01K LIDOMIDE ANTINEOPLASTICS, N02B NON-NARCOTIC ANALGESICS, N07A MULTIPLE SCLEROSIS PRODS, L01A ALKYLATING AGENTS, C01F POSITIVE INOTROPIC AGENTS. The newly launched products address pathologies with high number of patients like rivaroxaban, a blood thinner that treats or prevents blood clots or more niched pathologies like milrinone, a medication indicated for cardiac support in patients with acute heart failure, pulmonary hypertension, chronic heart failure or melphalan, a chemotherapy drug commonly used in treating multiple myeloma.

Zentiva's mature RX portfolio represents an option for both acute and chronic treatments, being focused on cardiology, urology, rheumatology, gastroenterology, antibiotic therapy, oncology and pain treatment.

One of the most important drugs for Zentiva is dedicated to the treatment of pain, metamizole, the number one drug in the prescription market with 10,2 mil boxes sold in 2024 (*according to IQVIA SISO data, MAT December 2024*), available in 4 presentation forms – tablets, film coated tables, injectable and oral drops (2 forms – 50 ml and 100 ml).

Romania has the highest number of deaths from both preventable and treatable causes in the European Union. Cardiovascular diseases are the leading cause of death in our country, accounting for 57% of all deaths recorded nationally. Every 30 minutes, a Romanian dies of a heart attack, while only 16% of Romanian patients reach the therapeutic targets of the 2019 European Society of Cardiology Guidelines for lipid values. In the first half of 2024, circulatory diseases continued to be the most important cause of death in Romania, implicitly a major public health problem that must be addressed and treated. The therapeutic class C10 dedicated to drugs that treat elevated lipids recorded a 30% increase in value in the last 12 months, while the class B01 dedicated to antithrombotic treatment recorded an 18% increase in value.

Zentiva's cardiovascular medicines treat an impressive number of patients annually, over 500,000, a number that has been steadily increasing for at least the last 10 years. For example, 1 in 2 patients who are being treated with clopidogrel, an antiplatelet agent used to prevent the formation of blood clots (thrombi) in hardened blood vessels (arteries), take Zentiva's clopidogrel. Zentiva's rosuvastatin, a statin used to correct blood fat levels (lipids), has become the most prescribed rosuvastatin in Romania. On the one hand, these figures show the doctors' confidence in the efficiency and quality of Zentiva's products, a confidence that comes from 5, 10, 15 years of experience with the company's products, present on the market since 1962. On the other hand, these figures, which show a 2-digit annual percentage increase, also speak about the treatment needs of Romanian patients.

Along with the cardiovascular portfolio, sustained increases were also recorded in medicines dedicated to oncological diseases, the second most important cause of death in our country. According to estimates by the Joint Research Centre based on incidence trends from previous years, in Romania there are estimated to be approximately 95,000 new cases of cancer and approximately 54,000 deaths caused by cancer. Unfortunately, five-year survival rates for treatable cancer are well below the EU average, including in the case of prostate cancer (77% compared to 87% in the EU) and breast cancer (75% compared to 82% in the EU). There is a definite need for therapeutic solutions dedicated to these patients, with Zentiva's oncological portfolio registering a significant increase in the last years.

Zentiva has a strong oncology portfolio. Most important drugs are Sorafenib (with a market share of 32% and second place in terms of unit sales after the innovative product), Azacitidine, Dasatinib (with a market share of 43.8% according to IQVIA) and Pomalidomide (launched in November 2024, with a market share of 42% in January 2025).

Significant increases were also recorded in medicines dedicated to respiratory diseases, the third cause of mortality in Romania. The consequences of modern society - pollution, smoking lead to a significant increase in cases of COPD (Chronic Obstructive Pulmonary Disease) and Bronchial Asthma. In Romania, 1 in 10 patients suffers from a respiratory condition (AB or COPD), with over 1 million patients suffering from asthma and over 1 million patients suffering from COPD who need medication.

At the end of of 2023 Zentiva launched the first and only generic beclometasone & formoterol with extra fine particles to offer patients suffering from COPD modern and accessible treatment solutions.

Over the past five years, Zentiva has made significant strides in expanding its Consumer Healthcare (CHC) portfolio to complement its already comprehensive range of prescription medicines. By strategically acquiring well-established brands and consistently launching innovative products, we have built a robust CHC portfolio with product specifically formulated to meet the needs and expectations of our growing customer base.

This CHC portfolio includes long-standing products, such as paracetamol, which has been produced in the Zentiva factory since 1970 and reached almost 3.7 million units in sales volume last year (Sell Out units lqvia)—alongside newly launched brands that address a diverse array of health concerns

We have strategically focused our portfolio on key therapeutic areas, ensuring consumers benefit from our extensive expertise across multiple categories:

- 02A GENERAL PAIN RELIEF: Featuring products like Paracetamol and Inflanor.
- 10B ANTIVARICOSE: Tarosin for vascular support.
- 04F MINERAL SUPPLEMENTS

As more consumers embrace proactive health management, there has been a surge in the demand for dietary supplements dedicated for each specific stage of their life. Recognizing this trend, in 2024 Zentiva acquired a portfolio dedicated to consumers that have a focus on healthy aging with products like Revidox and Movial.

Throughout 2024, we continued to introduce new products tailored to emerging consumer needs:

- Tarosin Forte in the 10V ALL OTHER CIRCULATORY PRODUCTS class, building upon the strong reputation of the original Tarosin in the Romanian market.
- Pelviplus for prostate support in the 12F PRODUCTS FOR UROLOGICAL/MALE CONDITIONS class.
- New SKU in the 04A MULTIVITAMINS WITH MINERALS category, including Sicovit, a heritage brand revived to provide high-quality vitamin supplements for children (including gummy bears with vitamin C, D, and zinc, as well as Vitamin C drops for infants from one month old).

By persistently refining our CHC offerings, both in established categories and new fields, we ensure consumers have access to safe, high-quality products that support their well-being at every stage of life. Our unwavering commitment to innovation, quality, and consumer trust continues to drive Zentiva's growth in the Consumer Healthcare market, and we remain poised to build on this momentum in the years ahead.

**4.1.2. Focus on Zentiva's strategic approach on sustainability which is built around four key priorities:**



**Ensure compliance with the Green Deal regulations**

- CSRD / EU Taxonomy
- EUDR
- CSDDD
- Chemical Strategy
- Packaging & Packaging Waste
- F-gas



**Secure competitiveness and limit business risk**

- Harmonize procurement criteria and stakeholder involvement into decision making
- Strive for Carbon Footprint per product and minimize negative environmental impact



**Build thought leadership in areas that are material to Zentiva**

- People: Accessibility & affordability of medicines, engagement of own workforce
- Partners: Supply Security and Third-Party Risk management, workers across the value chain
- Planet: Climate Change (Carbon Neutral for Scope 1 and Scope 2 by 2030, Net Zero by 2050, investment into Biodiversity)

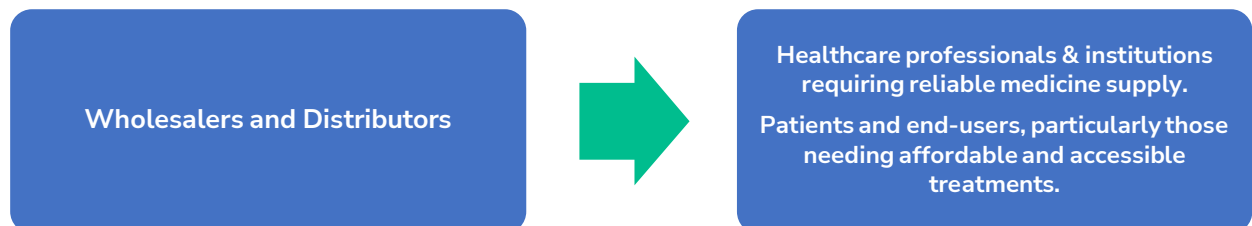


**Drive continuous improvement**

- Ensure tracking and reporting of KPIs and continuous improvement according to benchmark analysis (UN Global Compact, EcoVadis, PSCI, SBTi)

In terms of products and services, Zentiva aims to ensure sustainable access to affordable medicines while reducing the environmental footprint of its operations.

The customer categories include:



## Significant Products & Services in Sustainability Strategy

Zentiva's main products align with its sustainability goals by:

- Focusing on accessibility and affordability of essential medicines.
- Minimizing environmental impact through improved supply chain efficiency and sustainable packaging.

## Significant Markets & Customer Groups

Zentiva operates across multiple geographies, ensuring its sustainability impact is integrated into its operations. The Company focuses on:

- European & Global Markets – Adapting to EU regulatory frameworks and sustainability directives.
- Public & Private Healthcare Sectors – Providing cost-effective medicines while improving sustainability performance.
- Third-Party Suppliers – Strengthening supply chain security and reducing ESG risks.

## Strategic Elements Impacting Sustainability & Key Challenges

### Key Challenges:

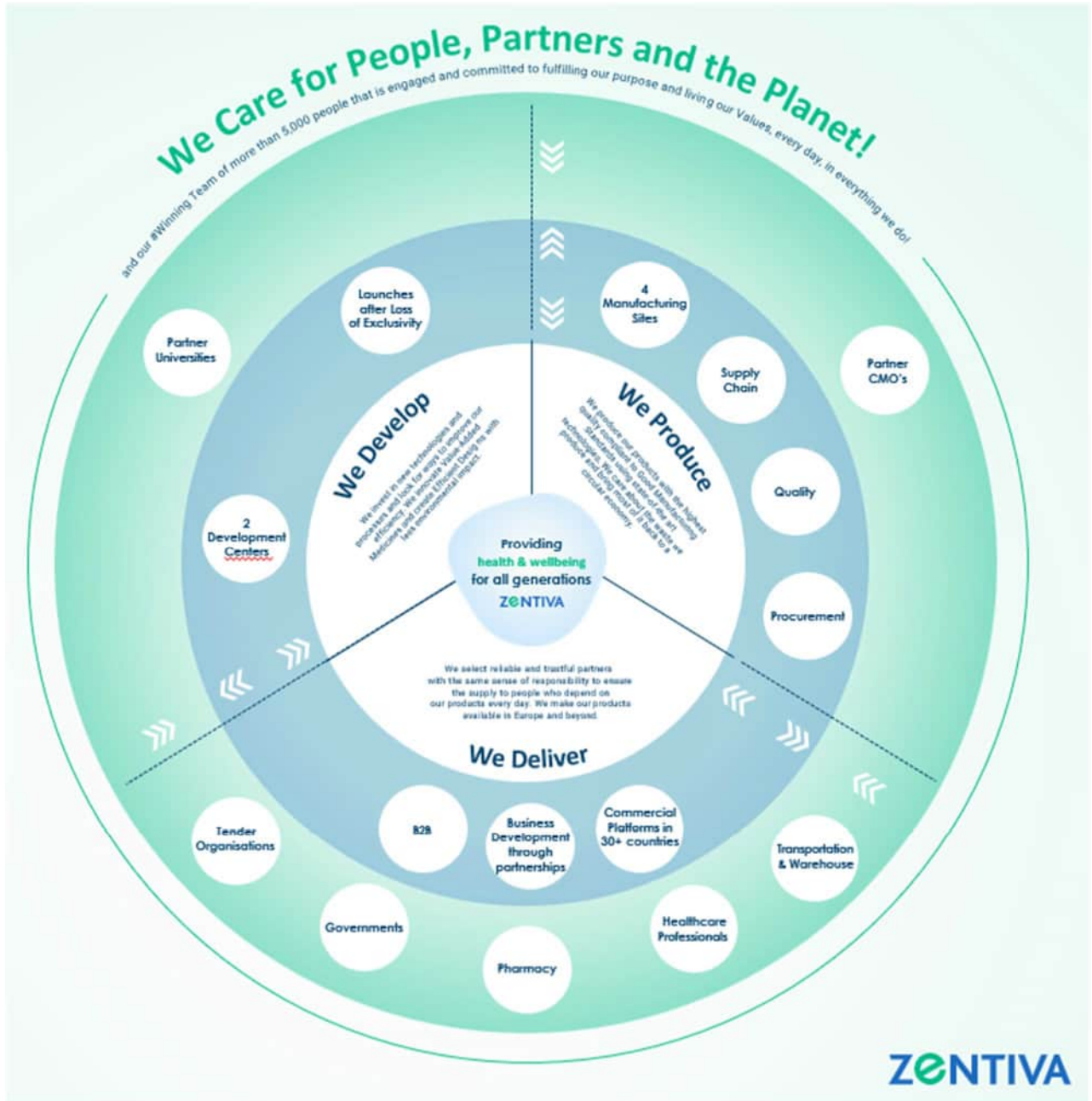
- Regulatory Compliance – Adapting to stringent Green Deal regulations (EU Taxonomy, CSDDD, EUDR).
- Carbon Reduction – Implementing measures to achieve carbon neutrality by 2030 while maintaining competitive pricing.
- Supply Chain Sustainability – Ensuring responsible procurement and addressing third-party risks.
- Employees' engagement and retention

### Critical Solutions & Projects:

- Carbon Footprint Reduction – Strategic budget planning to ensure timely investments in energy efficiency and GHG emissions reduction initiatives.
- Sustainable Procurement Initiatives – Ensuring supplier compliance with sustainability standards.
- KPI Tracking & Benchmarking – Strengthening ESG measurement through EcoVadis, SBTi, and UN Global Compact.

Studies for aligning salaries with industry practices and obtaining “Top Employer” certification

### 4.1.3. Value chain



#### Description of business model and value chain

Zentiva S.A. is operating one manufacturing facility, established in 1962, which has been in continuous operation since its launch.

With a workforce of 900 employees in the industrial division, operating 24/7, Zentiva Romania produces medicines both for the domestic market and for 43 other countries, including Germany, France, and the United Kingdom.

The commercial division actively engages with healthcare professionals across Romania. On the national market, Zentiva products represent:

- 1 in 11 medicines sold in pharmacies.

- 1 in 4 medicines used in hospitals (IQVIA Romania, sell-out data, value and volume, 2024).

Zentiva Romania specializes in generic medicines, contributing to the health and well-being of Romanian patients. As part of the generic pharmaceutical industry, the company plays a crucial role in enhancing the sustainability of the healthcare budget by enabling authorities to optimize costs through policies promoting generic medicine adoption. Additionally, it facilitates greater patient access to modern treatments in Romania.

Generic medicines are developed to match or exceed the standards of original medicines. They often incorporate technological improvements in manufacturing processes and pharmaceutical formulation, making them both effective and accessible.

### Description of inputs and approach to gathering, developing and securing inputs

Zentiva Romania applies strict quality and responsibility standards across the entire value chain, from the selection of suppliers for raw materials and packaging to the handling of customer and patient complaints.

Generic medicines are developed to match or exceed the standards of original medicines. They often incorporate technological improvements in manufacturing processes and pharmaceutical formulation, making them both effective and accessible

In 2024, Zentiva Romania's production volume reached 161.9 million medicine packs, with 61% of output exported—a proof to the high recognition of its production quality at the European level.

Zentiva Romania's Direct Material Strategic Procurement team follows a category management approach, divided into three main categories:

- Active Pharmaceutical Ingredients (APIs)
- Excipients
- Packaging materials (primary, secondary, and tertiary packaging)

The product life cycle is managed through SAP ERP, following established principles:

- Master data management
- Bill of Materials (BOM)
- Bill of Routing (BOR)

To ensure supply chain continuity, a Material Requirements Planning (MRP) process is conducted monthly, analysing:

- Inventory levels
- Production schedules
- Future purchasing needs, aligned with supplier lead times

### Supplier Diversification and Backup Strategy

- The materials portfolio is continuously reviewed by the API, Excipient, and Packaging Category Managers.

Requests for alternative supplier implementation are made based on:

- Supply security
- Cost optimization
  - Proposals are evaluated by a cross-functional team (Procurement, Product Technology, Strategy, Project Management).

- Final approvals are granted in a quarterly Steering Committee, which oversees timely implementation.
- Zentiva enforces a Supplier Code of Conduct and regularly reviews collaborations with third parties under the Responsible Sourcing Program.

### Service Procurement Categories

To support operations, Zentiva Romania contracts the following service categories:

- Equipment maintenance and service
- Facility management (cleaning, catering, reception, security, archiving, parcel services)
- Waste management and disposal
- Internal product transportation
- Logistics and warehousing
- External laboratory testing services
- Metrology services

### Outputs and Benefits for Stakeholders

Zentiva Romania produces and distributes high-quality, modern, and affordable medicines, serving patients and end-users in Romania and 43 export markets.

The Company offers a comprehensive and diverse product portfolio, covering over 88 Anatomical Therapeutic Chemical (ATC) classifications, including:

- Cardiology
- Urology
- Gastroenterology
- Antibiotic treatments
- Pain management

Its product portfolio includes multiple pharmaceutical forms, such as:

- Tablets and coated tablets
- Ampoules
- Suspensions for oral solutions

Key Impact on Healthcare

- 1 in 11 medicines sold in Romanian pharmacies is a Zentiva product.
- 1 in 4 medicines administered in hospitals is produced by Zentiva.

Commitment to Healthcare Access

The Company's mission is to provide health and well-being for all generations, ensuring:

- Affordable treatment options for a broad spectrum of diseases.
- Continuous innovation in pharmaceutical technology.
- Reliable supply chains to prevent medicine shortages.

## Upstream and Downstream Value Chain

Zentiva Romania's value chain extends beyond its internal operations. The Company collaborates closely with upstream and downstream partners to ensure the sustainability and efficiency of its business model.

### Upstream Collaboration

- Academic Partnerships – Collaborates with high schools and universities to equip students with industry knowledge and hands-on training:
  - Polytechnic University of Bucharest (Faculty of Industrial Chemistry)
  - Faculty of Pharmacy, University of Medicine and Pharmacy
- Supply Chain Partnerships – Works with:
  - Raw material and packaging suppliers
  - Contracted service providers
  - Health authorities and health care specialists

### Downstream Collaboration

- Distributors and Pharmacies – Ensuring broad access to medicines across Romania.
- Healthcare Professionals – Engaging with doctors and pharmacists to support proper medicine usage.
- Patients and Consumers – Providing safe, effective, and affordable treatments.

## [SBM-2]

Our stakeholder engagement approach highlights our dedication to actively listening to and engaging with our stakeholders. Through continuous dialogue, we aim to understand their perspectives, concerns, and expectations.

This ongoing interaction shapes our sustainability efforts, projects, and processes, enabling us to align with stakeholder interests and viewpoints.

The administrative, management and supervisory bodies are informed about the views and interests of affected stakeholders regarding the Company's sustainability-related impacts as follows:

- Senior management through the DMA validation process
- Audit Committee through the review of the Sustainability Report

The insights gained from these dialogues inform our due diligence processes and double materiality assessments.

Stakeholder	How engagement is organized	Purpose of engagement	Examples of outcomes from the engagements
Employees	<ul style="list-style-type: none"> <li>• Employment relations and occupational health and safety representation</li> <li>• Consultations with Employees Representatives</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporating employees' perceptions and experiences</li> <li>• Fostering a sustainable workplace and enhancing quality of working life</li> <li>• Identifying employees view regarding material</li> </ul>	<ul style="list-style-type: none"> <li>• Internal policy updates</li> <li>• Improvement and action plans</li> <li>• Communications from management</li> <li>• Group initiatives and campaigns</li> </ul>

Stakeholder	How engagement is organized	Purpose of engagement	Examples of outcomes from the engagements
	<ul style="list-style-type: none"> <li>• Employees Representatives involvement during the double materiality assessment in the specific internal experts' workshop for identifying impacts, risks and opportunities</li> <li>• Satisfaction Surveys</li> <li>• Double Materiality Assessment Surveys</li> </ul>	sustainability impacts, risks and opportunities	<ul style="list-style-type: none"> <li>• Input for management in defining the material sustainability impacts, risks and opportunities</li> </ul>
<b>Zentiva Group</b>	<ul style="list-style-type: none"> <li>• Validation meetings on Double Materiality Assessment</li> <li>• Reporting tools</li> <li>• Emails</li> <li>• Internal Committees and working groups</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing Group Methodology and best practices</li> <li>• Setting the Group Sustainability Strategy</li> <li>• Validating the local approach to achieving sustainability targets</li> <li>• Ensuring consistency through Group-wide validation processes</li> <li>• Providing support with Group tools and data collection</li> </ul>	<ul style="list-style-type: none"> <li>• Group strategy, policies &amp; tools aligned with local needs</li> <li>• Improved local actions based on shared best practices</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Contracts/ orders/ EDI FM systems</li> <li>• Customer support and guidance</li> <li>• Complaints received from customers</li> <li>• Complaints/ Damages/ discounts requested by customers</li> </ul>	<ul style="list-style-type: none"> <li>• Building trust &amp; ensure customer satisfaction</li> <li>• Enabling customers to achieve their targets</li> <li>• Identifying their view regarding material sustainability impacts, risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Quality improvements</li> <li>• Internal procedures updates</li> <li>• Input for management in defining the material sustainability impacts, risks and opportunities</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier due diligence</li> <li>• Contracts/ orders</li> <li>• Communication platform with Health Ministry</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with our Suppliers' Code of Conduct</li> <li>• Promoting responsible sourcing</li> <li>• Identifying their view regarding material sustainability impacts, risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Streamlined supplier expectations</li> <li>• Supplier improvement plans</li> <li>• Informed selection of suppliers</li> <li>• Input for management in defining the material sustainability impacts, risks and opportunities</li> </ul>

Stakeholder	How engagement is organized	Purpose of engagement	Examples of outcomes from the engagements
<b>Investors/ Capital Market participants</b>	<ul style="list-style-type: none"> <li>Investor calls, questionnaires, and emails</li> <li>Periodic investor updates</li> <li>GAM (General Assembly Meeting)</li> </ul>	<ul style="list-style-type: none"> <li>Understanding expectations to sustainability</li> <li>Attracting responsible investors</li> <li>Enhancing transparency</li> <li>Dividends notification</li> <li>Identifying their view regarding material sustainability impacts, risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Responses to investor queries</li> <li>Adapted internal communication on sustainability practices</li> <li>Input for management in defining the material sustainability impacts, risks and opportunities</li> </ul>
<b>Romanian Authorities (both central and district region)</b>	<ul style="list-style-type: none"> <li>Questionnaires /emails/ meetings</li> <li><a href="https://edirect.e-guvernare.ro">https://edirect.e-guvernare.ro</a></li> </ul>	<ul style="list-style-type: none"> <li>Understanding their requests and complying with the legal requirements</li> <li>Identifying their view regarding material sustainability impacts, risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Improving the way the activity is carried out and reducing the risk of being fined.</li> <li>Authorizations/ Certifications</li> <li>Price approvals</li> <li>Reporting</li> <li>Input for management in defining the material sustainability impacts, risks and opportunities</li> </ul>
<b>Civic and non-profit organizations</b>	<ul style="list-style-type: none"> <li>Collaboration on community projects</li> <li>Partnerships with NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Contributing to local initiatives</li> <li>Addressing concerns of communities</li> </ul>	<ul style="list-style-type: none"> <li>Developing Corporate Social Responsibility Projects</li> <li>Input for management in defining the material sustainability impacts, risks and opportunities</li> </ul>
<b>Industry associations</b>	<ul style="list-style-type: none"> <li>Answering public consultations on industry related regulations</li> <li>Joint initiatives and programs</li> <li>Inputs into strategic directions</li> <li>Workshops and knowledge sharing</li> <li>Leadership for APMGR<sup>1</sup> projects</li> </ul>	<ul style="list-style-type: none"> <li>Enabling the industry to engage policymakers</li> <li>Developing industry standards on sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Represents industry interests as a member of key professional associations.</li> <li>Acts as a communication bridge between the industry and regulatory authorities.</li> <li>Contributes to industry leadership, with our General Manager, Simona Cocoș, acting as President of APMGR.</li> <li>Compliance with prescription drug</li> </ul>

<sup>1</sup> Asociația Producătorilor de Medicamente Generice din România

Stakeholder	How engagement is organized	Purpose of engagement	Examples of outcomes from the engagements
			<ul style="list-style-type: none"> <li>serialization requirements.</li> <li>Ongoing training and information-sharing initiatives.</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>Questionnaires, emails, calls and meetings</li> </ul>	<ul style="list-style-type: none"> <li>Identifying their needs and offering appropriate solutions</li> </ul>	<ul style="list-style-type: none"> <li>A better cooperation and a better development of the local community</li> </ul>
<b>Financial Institutions</b>	<ul style="list-style-type: none"> <li>Emails/ phone</li> </ul>	<ul style="list-style-type: none"> <li>Performing regular banking operations</li> <li>Identifying their view regarding material sustainability impacts, risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating internal banking operations</li> <li>Input for management in defining the material sustainability impacts, risks and opportunities</li> </ul>
<b>Mass Media</b>	<ul style="list-style-type: none"> <li>Press releases</li> <li>Participation in industry conferences and public events</li> </ul>	<ul style="list-style-type: none"> <li>Promoting transparency and positive public relations</li> <li>Highlighting sustainability initiatives and innovations</li> <li>Managing brand reputation and public image</li> </ul>	<ul style="list-style-type: none"> <li>Increased media coverage and public awareness</li> <li>Enhanced corporate reputation and brand value</li> </ul>
<b>Competitors &amp; peers</b>	<ul style="list-style-type: none"> <li>Collaboration within of professional associations</li> </ul>	<ul style="list-style-type: none"> <li>Initiatives at national and European level for industry development</li> </ul>	
<b>Certification and Regulatory bodies</b>	<ul style="list-style-type: none"> <li>Compliance audits and certification processes</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring compliance with environmental and safety standards</li> <li>Gaining certifications that enhance market competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Obtained certifications</li> <li>Reduced risk of fines and legal issues</li> </ul>
<b>Education, science and research organizations</b>	<ul style="list-style-type: none"> <li>Emails, calls and meetings</li> </ul>	<ul style="list-style-type: none"> <li>Partnership with the Faculty of Chemical Engineering</li> <li>Dual education programs and internships</li> <li>KPIs for financial performance delivery</li> <li>Scientific collaborations</li> </ul>	<ul style="list-style-type: none"> <li>Obtaining a qualified workforce</li> <li>Employer branding</li> </ul>
<b>Final users/ Patients</b>	<ul style="list-style-type: none"> <li>Pharmacovigilance contact channels</li> </ul>	<ul style="list-style-type: none"> <li>Health impact</li> <li>Side effects monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Improved health</li> <li>Trustful relationships with clients and patients.</li> </ul>

## 5. DOUBLE MATERIALITY ASSESSMENT (DMA)

[SBM-3]

Zentiva Romania's material impacts, risks, and opportunities (IROs) directly shape and are shaped by our business strategy and operations. As a pharmaceutical manufacturer, our most significant environmental impacts stem from our role in the medicine production value chain, particularly in:

- Green House Gas Emissions from manufacturing processes
- Water consumption and pollution in production
- Waste management and disposal practices
- Social impact on employees and patients using our medicines

Our key risks and opportunities primarily relate to:

- Regulatory risks, including evolving pharmaceutical compliance requirements
- **Business optimization opportunities**, such as improving operational efficiency and sustainability performance

### 5.1. OUTCOME

During the DMA process which took place between September- November 2024 we have identified our impacts on the environment and society (impact materiality assessment) as well as the sustainability-related risks that we are exposed to (financial materiality assessment).

#### 5.1.1. Environment

Topic: Climate Change

Sub-topic	Perimeter	I/R/O	IRO Description	Time Horizon
Energy	Direct activities	Impact -	Consumption of energy (electricity) to support the company's overall activity.	ST
Climate change mitigation	Direct activities / Value Chain	Impact -	Green House Gass emissions - direct and energy (Scope 1 and Scope 2)	ST
Climate change mitigation	Direct activities / Value Chain	Impact -	Value Chain Green House Gass emissions (Scope 3)	ST
Energy	Direct activities	Opportunity	Reduced operational costs due to Energy efficiency Plan in accordance with ISO50001	MT

<b>Energy</b>	Direct activities	Opportunity	Energy Resilience & Business Continuity – Ensuring critical operations (e.g., IT and emergency systems) remain functional during electricity shortages, preventing contract breaches and financial losses while strengthening client confidence. Additionally, the dual burner system provides flexibility by switching to diesel, ensuring continued production of hot water and steam.	ST
<b>Climate change mitigation</b>	Direct activities / Upstream Value Chain	Risk	Rising Compliance Costs – Increased CAPEX and OPEX investments  Reputational & Regulatory Pressure – Industry-wide scrutiny may lead to higher marketing, reporting, and engagement costs.  Operational Disruptions – Production halts temporarily during extreme heat and product recalls due to improper storage temperatures, causing financial losses.	LT
<b>Climate change mitigation</b>	Direct activities / Value Chain	Opportunity	Financial Support & Cost Reduction – Utilize non-refundable government grants to offset CAPEX investments and lower future regulatory fees through investments linked to reduced emissions.  Proactive Industry Positioning – Engage early in informational campaigns to improve public perception, influence industry standards, and distribute compliance costs over time.  Energy Efficiency Improvements – Enhance building thermal insulation to reduce energy consumption and improve operational resilience.	LT

## Topic: Pollution

Sub-topic	Perimeter	I/R/O	IRO Description	Time Horizon
<b>Pollution of water</b>	Direct activities / Value Chain	Impact -	The Company's operations, located near residential areas and connected to the city's water network, can contribute to water pollution through leaks of chemicals and toxic discharges	ST
<b>Pollution of water</b>	Direct activities / Value Chain	Impact -	Contamination of water through the consumption of products by the end users	MT
<b>Pollution of water</b>	Direct activities / Value Chain	Risk	Risk of litigation, financial losses, and decreased consumer trust in case of non-compliance with European regulations on water chemical discharges and wastewater management	MT

<b>Pollution of water</b>	Direct activities / Value Chain	Risk	The company is subject to the Urban Wastewater Directive, which will apply from March 2025. In the case of accidental exceedances of the maximum permitted concentrations for discharged technological water, as outlined in the regulations regarding wastewater discharge into local sewer networks and directly into treatment plants, the company may face fines or lose its operational rights.	MT
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### Topic: Water and marine resources

Sub-topic	Sub-subtopic	Perimeter	I/R/O	IRO Description	Time Horizon
<b>Water</b>	Water consumption Water withdrawals	Direct activities	Impact -	Water consumption in a high-water risk area.	ST
<b>Water</b>	Water discharges	Direct activities / Value Chain	Impact -	Potential impact of water discharges from pharmaceutical manufacturing of introducing harmful chemicals into aquatic ecosystems, which may negatively affect water quality and biodiversity.	ST
<b>Water</b>	Water consumption Water withdrawals	Direct activities	Risk	1. Increasing water prices and non-compliance with regulations may impact profitability and lead to financial penalties. 2. Industrial location near competitors may limit access to water, especially during restrictions favoring local populations, despite pharma's priority classification 3. Drought or water stress may cause supply shortages, leading to production halts, delivery delays, and reputational damage. 4. Water shortages in supplier regions may impact raw materials or other inputs availability, affecting Zentiva's production capacity.	MT
<b>Water</b>	Water discharges	Direct activities / Value Chain	Risk	Regulatory non-compliance may lead to fines, reputational damage, and potential operational disruptions if water discharge restrictions impact production.	MT

### Topic: Circular economy

Sub-topic	Perimeter	I/R/O	IRO Description	Time Horizon
<b>Waste</b>	Direct activities / Value Chain	Impact -	Zentiva generates waste, including expired medications and packaging, which must be managed to minimize pollution and comply with regulations.	ST

<b>Waste</b>	Direct activities / Value Chain	Risk	Improper disposal of expired medications or packaging may contaminate ecosystems, harm public health, and lead to fines. Extended Producer Responsibility non-compliance due to unmet recycling targets may result in financial penalties.	ST
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## 5.1.2. Social

Topic: Own workforce

Sub-topic	Sub-subtopic	Perimeter	I/R/O	IRO Description	Time Horizon
<b>Working conditions</b>	Secure employment	Direct activities	Impact +	Increased employee satisfaction as per our high survey results (assessed every 2 years) and Top Employer certification for the fourth consecutive year in 2024, reflecting Zentiva S.A.'s commitment to a supportive workplace, equal benefits for all employees, and long-term employee retention, with some employees staying for over 35 years.	ST
<b>Working conditions</b>	Secure employment	Direct activities	Impact +	Zentiva S.A. also prioritizes its direct employees (versus contractors or independent workers), providing them with favorable working conditions and support.	MT
<b>Working conditions</b>	Working time  Work-life balance	Direct activities	Impact - Impact +	To meet production schedules, production staff works in shifts and on weekends, as stipulated in their labor contracts. However, despite receiving bonuses, they may experience lower morale due to missing family time. Office employees, whose work is not tied to production schedules, benefit from flexible arrangements, including remote work. Overall, employees have expressed satisfaction with the company's impact on their work-life balance.	MT
<b>Working conditions</b>	Adequate wages	Direct activities	Impact +	Aligning salaries with market studies and providing equal benefits positively impacts employee morale and satisfaction, leading to higher engagement and productivity.	ST
<b>Working conditions</b>	Adequate wages	Direct activities	Risk	If Zentiva does not pay an appropriate level of salaries, this would translate into a high employee turnover. The performance-based nature of bonuses means that during downturns or unforeseen challenges, employees may experience significant reductions in their bonuses, potentially leading to dissatisfaction.	MT

<b>Working conditions</b>	<p>Social dialogue</p> <p>Freedom of association, the existence of works councils and the information, consultation and participation rights of workers</p> <p>Collective bargaining, including rate of workers covered by collective agreements</p>	Direct activities	Impact +	Zentiva has established a collective agreement, negotiated every two years, which ensures fairness among employees through regular meetings between union representatives and management. Chapter 5 of the Collective agreement (Remuneration) is negotiated every year.	MT
<b>Working conditions</b>	Health and safety	Direct activities	Impact -	Potentiality of occupational accidents.	MT
<b>Working conditions</b>	Health and safety	Direct activities	Risk	Potential loss of productivity due to accidents, which can lead to significant operational disruptions and legal accountability. In the event of unforeseen situations, the company faces civil and administrative liability, exposing it to fines and legal repercussions.	ST
<b>Equal treatment and opportunities for all</b>	Gender equality and equal pay for work of equal value	Direct activities	Impact +	Zentiva's implementation of a unified salary grid, regardless of gender or age, promotes fairness and equity, while the focus on performance-based promotions has resulted in a significant presence of women in top management roles.	MT
<b>Equal treatment and opportunities for all</b>	Measures against violence and harassment in the workplace	Direct activities	Impact +	The implementation of an Ethical Code and anti-harassment guidelines, along with the establishment of a monitoring forum, fosters a culture of awareness and respect, significantly reducing instances of violence and harassment in the workplace.	MT
<b>Equal treatment and opportunities for all</b>	Training and skills development	Direct activities	Risk	Risk of losing skilled employees to competitors who may offer more attractive development opportunities. High costs associated with training programs pose a financial risk, while failure to complete mandatory training could	MT

				lead to penalties and compliance issues, potentially harming the company's reputation.	
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### Topic: Consumers and end-users

Sub-topic	Sub-sub topic	Perimeter	I/R/O	IRO Description	Time Horizon
Information-related impacts for consumers and/or end-users	Privacy	Direct activities	Impact +	Zentiva S.A. complies with the GDPR rules, safeguarding the personal data of the end-users. The company has limited contact with the final customer and/or end-user.	ST
Information-related impacts for consumers and/or end-users	Access to (quality) information	Direct activities	Impact +	<p>Zentiva S.A. adheres, under EU and Romanian law, to multiple mechanisms of providing high quality access to information to end users and responsible marketing.</p> <p>Zentiva S.A. follows the APMGR (The Association of Generic Medicine Manufacturers in Romania) and the RASCI (The Romanian Association of Over-the-Counter Medicine, Food Supplements, and Medical Devices Manufacturers) code of conduct on interactions with healthcare professionals and the general public. Approved and verified information about products is clearly provided to end-users on the leaflet of the products. Communication and marketing towards end users is transparent, allowing the end user to make their own decision regarding the benefits of the product.</p> <p>Freedom of expression - Confidential Speak-Up line/Whistleblower, Pharmacovigilance, Quality Complaints, Medical Information Enquiries and Availability Enquiries and other means of communication with end-users.</p>	ST
Information-related impacts for consumers and/or end-users	Freedom of expression	Direct activities	Impact +	<p>Positive impact for users as Zentiva provides a clear and accessible way to report concerns and takes action based on the feedback received.</p> <p>Onto or within the product's packaging, as mandated by law, Zentiva provides the contact details towards official monitors (e.g. ANMDMR) for safety reports. The company has in place procedures that allows end users to communicate with the company, submit concerns, complains or report side effects. The company has 2</p>	ST

Sub-topic	Sub-sub topic	Perimeter	I/R/O	IRO Description	Time Horizon
				departments (Quality Commercial and QA Product Supply) for quality controls - one Medical Department for management of medical information enquiries, a PV Department for collecting of adverse and special events related to medicines administration, while the PV Department further ensures data detection, evaluation, understanding and prevention of side effects caused by the products. Zentiva S.A. analyses all feedback, complains and comments of end-users, as part of their mission, in order to build a trustful relationship and a good reputation. In justifiable cases, corrective and preventive actions can be initiated.	
<b>Personal safety of consumers and/or end-users</b>	Health and safety	Direct activities	Impact - Impact +	<p>Zentiva S.A. adheres to strict EU and Romanian regulations, following Good Manufacturing Practices (GMP) to ensure high product quality and safety.</p> <p>While highly unlikely, future breaches of quality standards or regulations could occur. Manufacturing errors, such as missing active ingredients or contamination in injectables, may impact consumer health and safety. The absence of a critical API in life-saving medication or the use of non-compliant active substances could lead to reduced efficacy or adverse reactions.</p>	MT
<b>Social inclusion of consumers and/or end-users</b>	Responsible marketing practices	Direct activities	Impact - Impact +	<p>Zentiva S.A. follows strict responsible marketing guidelines regulated by local authorities (CNA, Consiliul Concurenței, ANMDMR) and does not engage in misleading advertising, aggressive sales tactics, or direct influence on end-user prescriptions.</p> <p>While highly unlikely, future breaches in marketing compliance could occur.</p>	MT
<b>Social inclusion of consumers and/or end-users</b>	Access to products and services	Direct activities	Impact +	<p>Affordability: Zentiva S.A. is producing lifesaving generic drugs at accessible prices, ensuring that they are available for a wide range of users, and especially, in hospitals</p> <p>Widespread public-inclusion: Each new drug launched by Zentiva lowers the reference price of that medication in the healthcare systems of each country. There is evidence that as competition increases and drug prices decrease, more people gain access to that gold standard medication. Access to health care products for priority diseases in priority countries (for example Republica Moldova)</p>	LT

Sub-topic	Sub-sub topic	Perimeter	I/R/O	IRO Description	Time Horizon
Information-related impacts for consumers and/or end-users	Privacy	Direct activities	Risk	GDPR data breaches can result in severe penalties, as high as €20 million or 4% of global revenue (whichever is higher). In addition, plus data subjects have the right to seek compensation for damages.	MT
Personal safety of consumers and/or end-users	Health and safety	Direct activities	Risk	<p>Failure to comply with clinical, manufacturing, distribution, and pharmacovigilance standards may lead to fines or operational restrictions. While highly unlikely, quality issues could arise, potentially affecting patients, healthcare professionals, and regulatory compliance.</p> <p>Limited traceability and transparency in the value chain may require additional quality checks, investigations, or recalls, impacting sales and consumer trust</p>	MT

### 5.1.3. Governance

Topic: Business conduct

Topic	Sub-topic	Sub-sub topic	Perimeter	I/R/O	IRO Description	Time Horizon
G1 - Business conduct	Protection of whistleblowers		Direct activities	Impact +	Zentiva S.A. is fostering a transparent and ethical work environment by ensuring whistleblower protection through internal reporting channels aligned with the provisions of Law 361/2022 regarding the protection of whistleblowers in the public interest. The Speak Up initiative allows employees and stakeholders to report any ethical concern confidentially. Employees can also raise concerns directly with their manager, higher-level management, HR, or the Executive Committee, ensuring multiple safe reporting channels. All employees are required to comply with the local Standard Operating Procedure on Reporting Concerns. .	ST
G1 - Business conduct	Corruption and bribery	Prevention and detection including training  Incidents	Direct activities	Impact +	Zentiva S.A. is fostering ethical business practices by upholding a strict Anti-Bribery policy and is committed to preventing all forms of corruption, including indirect and passive corruption. This commitment aligns with the company's core values of	ST

					responsibility, trust, integrity, and transparency.	
<b>G1 - Business conduct</b>	Corruption and bribery	Prevention and detection including training  Corporate Culture	Value Chain	Impact +	Zentiva S.A. monitors the activities of third parties with whom they wish to collaborate to ensure that they do not engage in activities that could be perceived as bribery or corruption.	ST

There are no current financial effects of Zentiva's material risks and opportunities on its financial position, financial performance and cash flows and the material risks and opportunities for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

## 5.2. MATERIAL IROs INTERACTION WITH STRATEGY AND BUSINESS MODEL

### [SBM-3]

Zentiva Romania's strategy and business model are structured to address material impacts, risks, and opportunities, ensuring compliance with sustainability regulations, operational efficiency, and long-term resilience. The company integrates sustainability through:

- Regulatory Compliance & Sustainability Integration – Aligning with CSRD, ESRS, EU Taxonomy, and Green Deal regulations to mitigate regulatory and compliance risks.
- Supply Chain Security & Risk Management – Implementing third-party risk assessments and responsible procurement policies.
- Carbon Footprint Reduction – Investing in GHG emissions reduction measures to achieve Scope 1 & 2 carbon neutrality by 2030.
- Sustainable Workforce & Employee Engagement – Ensuring business continuity through employee well-being, DEI strategies, and ethical HR governance.
- Environmental Compliance & Resource Management – Water pollution, water consumption, and waste management are monitored by local authorities, in accordance with the limits and regulations set in the Environmental Authorization.

We recognize the critical role we play in ensuring the continuous supply of our products. To safeguard operations against potential disruptions, we have developed a Business Continuity Plan that outlines proactive measures to maintain stability.

As part of our commitment to resilience and climate change preparedness, we conducted a Climate Vulnerability Assessment this year, aligned with EU Green Taxonomy requirements [further details are presented in ESRS E1- Climate Change].

A more detailed resilience analysis will be conducted in 2025 to align with Zentiva Group's overall strategy.

## 5.3. METHODOLOGY APPLIED FOR CONDUCTING THE DMA

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[IRO-1] [IRO-2]

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The members of the CSRD Taskforce (project coordination team and the internal experts) were provided a 4h training both on the DMA and a general overview of the standards.

### Step 1 Identification and evaluation of the stakeholders

During this step, we consulted all departments across the Company:

- Identify all stakeholders, their interaction objectives and channels
- Define communication objectives
- Qualitatively evaluate Zentiva's impact on stakeholders
- Qualitatively evaluate stakeholders' influence on the Zentiva

Based on the assessment, "Suppliers and Contractors" have been identified as the most critical stakeholder category, with a focus on:

- Suppliers of active pharmaceutical ingredients (APIs)
- Suppliers of excipients
- Suppliers of preservatives and stabilizers
- Suppliers of packaging materials

### Step 2 Identification of IROs & stakeholders' engagement

The identification of IROs was done in 2 phases:

#### ➤ Stakeholders Questionnaire (Impact materiality)

We have prepared a questionnaire asking stakeholders to identify and evaluate the actual and potential impacts both from the perspective of our own operations but also from the value chain perspective.

As this is our first year preparing the DMA for ESRS compliance, we adopted a comprehensive approach. We included all topics and subtopics from ESRS 1 - Appendix A: Application Requirements in our questionnaire to provide stakeholders with a complete picture of possible impacts and perspectives.

The questionnaire was structured to gather:

- Open feedback on the sustainability impacts of Zentiva's operations and its value chain (short/ medium/ long term)
- Evaluations (closed-ended questions on a scale from 1-5) on the relevance of Zentiva's impact at the topic and sub-topic level, on a short/ medium/long-term
- Open feedback on specific questions designed and customized for each stakeholder category.

*For API Suppliers the questionnaire was sent by the Zentiva Group, as the relationship is managed centrally.*

**In total, for the questionnaire sent by Zentiva S.A., 220 replies were received** (including the questionnaire replies received from suppliers, on the questionnaire version sent by the Group).

### When assessing the results, we considered the following main assumptions:

- Stakeholders correctly identified themselves in one of the categories required by the questionnaires,
- The answers correctly reflect the view of stakeholders,
- The views of stakeholders provided insights on the topics where they had relevant expertise
- Answers received from stakeholders in each category were representative for the whole stakeholder group,
- Each stakeholder replied only once to the questionnaire.

The received input to the opened questions was reviewed and when relevant included in the impacts, risks and opportunities list.

The evaluation of impacts at the topic and sub-topic level, based on answers to closed questions, was included in the IROs evaluation file. This served as a guide for the internal experts during their assessment.

### ➤ Workshop with internal experts (Impact and Financial Materiality)

As part of our preliminary work, we:

- Competitor benchmarking analysis
- The Internal Experts input documented during the IROs Identification Workshop
- Stakeholders' open-ended answers on IRO identification
- Internal and publicly available Zentiva S.A. sources of information (internal protocols and rules, code of ethics, operational licenses, environmental reports and authorizations, undertaking's due diligence protocol, previous financial and sustainability reports).
- The SASB Standard on Biotechnology & Pharmaceuticals was consulted to ensure, as per EFRAG – ESRS 1, paragraph 11, that no entity-specific IROs were omitted. Two such disclosures were found within this Standard and added to the IRO list: Counterfeit drugs and Supply Chain Management which were included in the IRO list.
- The exposure to physical vulnerabilities based on scenarios relevant to the geographical location of the Company (refer to Climate Vulnerability assessment for more details).

Having as basis the above-mentioned information, we organized a workshop which included a total of 13 members, designated as **Internal Experts**, representative of the main departments: (HR, Finance, Supply Chain Commercial Operations, Communication, Energy, Health and safety, IT, etc), the General Manager and the Trade Union Leader.

Given the novelty and complexity of sustainability topics, we prioritized explaining the context and terminology to participants and then proceeded with a brainstorming session to identify impacts, risks, and opportunities.

The feedback received both through questionnaires and the workshop was centralized in the IROs database by the CSRD transition lead with the support from consultants. This resulted in a document detailing:

- Descriptions of impacts, risks, and opportunities (which also included stakeholders' feedback).
- Input from stakeholders' average evaluations of impacts.

During the expert discussions were also considered the connections of Zentiva's impacts and dependencies with the risks and opportunities that may arise from those impacts and dependencies.

## Evaluation and Identification of Material IROs

Each identified IRO was documented and assessed for their materiality in a designated project workbook.

The scoring parameters used are based on the requirements of ESRS:

- **Impact Materiality: evaluation of impacts**
- Scale,
- Scope,
- Irremediability Character,
- Probability of occurrence.

Severity takes precedence over likelihood for human rights related impacts as per ESRS 1 (45).

- **Financial Materiality: evaluation of risks and opportunities**

The existent scales included in the Risk Management Policy were considered as a starting point, which were then updated in preparation for compliance with the ERSR requirements.

- Magnitude of financial effect
- Direct financial impact
- Reputational impact from the market perspective
- Legal Risk
- Probability of occurrence

In a second workshop, each identified Impact, Risk, and Opportunity (IRO) is evaluated by the same Internal Experts using the approved evaluation grid. During this assessment, the Internal Experts also consider the stakeholders' evaluation results for each topic and sub-topic.

## The materiality threshold is set at 5 on a scale from 1 to 10

- ✓ IROs with a score of 5 or above are considered material.
- ✓ IROs with a score between 4 and 5 are classified as nearly material.
- ✓ IROs with a score below 4 are categorized as not material.

## Validation Process

The Senior Management reviewed each IRO evaluated as material (scores over 5) or nearly material (scores between 4 and 5) and approved the final list of material IROs.



# SECTION 02

## ENVIRONMENT

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### 2.1. EU TAXONOMY 2024 - ZENTIVA S.A.

The Taxonomy Regulation establishes the framework for a common classification system to help define environmentally sustainable economic activities, by outlining four conditions that an economic activity must meet to qualify as environmentally sustainable:

1. **Substantial Contribution:** The activity must contribute substantially to one or more of the following six environmental objectives:
  - o Climate change mitigation
  - o Climate change adaptation
  - o Sustainable use and protection of water and marine resources
  - o Transition to a circular economy
  - o Pollution prevention and control
  - o Protection and restoration of biodiversity and ecosystems
2. **No Significant Harm:** The activity must do no significant harm to any of the other environmental objectives.
3. **Minimum Safeguards:** The activity must be carried out in compliance with minimum social safeguards.
4. **Technical Screening Criteria:** The activity must comply with technical screening criteria that have been established by Commission delegated Regulation (EU) 2021/2139.

The economic activities that can potentially be environmentally sustainable (taxonomy-eligible) and also are carried out as environmentally sustainable (taxonomy-aligned) are specified by the EU Commission through Delegated Acts. To date, there is a Delegated Act on the environmental objectives "climate change mitigation" (Annex I of the Delegated Act) and "climate change adaptation" (Annex II of the Delegated Act), which was amended through Delegated Regulation (EU) 2023/2485 of 27 June 2023. The Environmental Delegated Act, introduced in June 2023, provides a description of the eligible and Taxonomy-aligned activities pertaining to sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and Protection and restoration of biodiversity and ecosystems.

In this context, all economic activities are to be classified in principle as taxonomy-eligible if they are described in the Delegated Acts.

As of the approval date of this report, the Commission has released several key delegated acts:

- The first delegated act (EU 2021/2139), and its subsequent amendment (EU 2023/2485), establish criteria for climate mitigation and adaptation objectives. This act now encompasses 14 economic sectors and activities that potentially contribute to climate mitigation or adaptation goals. Initially, the 2021 act focused on sectors with significant Scope 1 emissions and those critical to the energy transition, covering 64% of the EU's greenhouse gas emissions according to 2021 Eurostat data.

- Another delegated act (EU 2021/2178), later modified by EU 2023/2485, defines disclosure norms regarding content, methodology, and presentation for enterprises mandated to compile an annual non-financial (Sustainability) Report. These entities must disclose the turnover, operating expenses (OPEX), and capital expenditures (CAPEX) associated with eligible economic activities that conform to the taxonomy's criteria, DNSH principle, and minimum safeguards as stipulated by the Commission.
- Additional provisions were made in the delegated act (EU 2022/1214), which incorporated specific activities related to nuclear energy and fossil gas production into the list of eligible economic activities by setting out the technical screening criteria for these sectors.
- The delegated act on the sustainable management and conservation of water and marine resources, advancement of a circular economy, pollution prevention and control, and the restoration and protection of biodiversity and ecosystems (EU 2023/2486) includes 8 economic sectors and 35 activities that support the fulfillment of the Regulation's four environmental objectives.

## Our process for identifying and assessing EU Taxonomy activities

### a) EU Taxonomy eligibility assessment

The assessment of eligible activities and services at the company level was conducted through an interdisciplinary project, utilizing both bottom-up and top-down approaches.

A series of internal meetings and workshops with experts was held in order to:

- Provide Zentiva's experts an introduction to the updated EU Taxonomy and disclosure requirements.
- Ensure identification of eligible activities, assets, processes, projects and related eligible CAPEX/OPEX/ turnover by involving in scope department representatives.

The proportion of taxonomy-eligible economic activities in the sales revenues, CAPEX, and OPEX (the "eligibility ratio") has been calculated as the part of sales revenues, CAPEX, and OPEX derived from services and projects associated with taxonomy-eligible economic activities (numerator) divided by the total sales revenues, CAPEX, and OPEX (denominator), calculated by applying the EU Taxonomy requirements.

We have identified our taxonomy-eligible activities by screening the economic activities in the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139), the Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214), the Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486), and the amendments to the Climate Delegated Act (Commission Delegated Regulation (EU) 2023/2485).

We initially conducted an analysis of the Company's activities in relation to the six environmental objectives to evaluate their eligibility. Special attention was given to identifying overlaps between definitions of eligible activities that might contribute to multiple objectives.

For example, we reconciled the reported amounts within this chapter with the corresponding figures with the Financial Statements.

We have identified the eligible activities based on their description and associated Standard Classification of Economic Activities in the European Community (NACE) system codes and sectors. The use of NACE codes and sectors is for indicative purposes only and does not prevail over the activity description nor should it be interpreted as otherwise affecting the scope of reporting.

#### ✓ Climate change mitigation:

6.5. Transport by motorbikes, passenger cars and light commercial vehicles (CAPEX)

7.2. Renovation of existing buildings (CAPEX, OPEX)

8.1. Data processing, hosting and related activities (OPEX)

✓ **Circular Economy**

3.2. Renovation of existing buildings (CAPEX, OPEX)

✓ **Pollution Prevention and Control**

1.2. Manufacture of medicinal products (Turnover, CAPEX, OPEX)

### **Eligibility for climate change adaptation objective**

According to the Climate Delegated Act and considering Commission Notice C/2023/305 on the interpretation and implementation of provisions of the Disclosures Delegated Act (second Commission Notice), the contribution of a given activity to climate change mitigation or climate change adaptation should be assessed based on the nature of that activity. Regarding the turnover KPI, it can only be counted under climate change adaptation if the activity is enabling climate change adaptation. Since none of the identified eligible activities are classified as enabling for climate change adaptation, the environmental objective to which they make a substantial contribution, and for which we will calculate the KPIs, is climate change mitigation.

As for the CAPEX and OPEX KPI, the choice between contribution to climate change mitigation or climate change adaptation is made based on the intent of the expense. It is necessary to differentiate between CAPEX for activities substantially contributing to climate change mitigation (CCM) from CAPEX for climate change adaptation (CCA). According to the guidance given in FAQ 8 of the Commission Notice C/2023/305, all our eligible activities are substantially contributing only to Climate Change Mitigation and Pollution Mitigation and Control.

### **b) EU Taxonomy alignment assessment**

For the financial year 2024, Zentiva is required to assess alignment for the economic activities substantially contributing to all 6 climate objectives, pursuant to the issued Climate Delegated Act (EU)

After identifying the eligible activities within Zentiva's operations, the Company engaged management and technical teams to assess compliance with the technical screening criteria and Do No Significant Harm (DNSH) requirements as outlined in the Regulation. To verify alignment with climate change mitigation criteria, support was sought from the Quality, Safety, and Environmental Management teams, along with the Legal team to gather the necessary documentation and evidence.

Additionally, a Climate Risk and Vulnerability Assessment was conducted in accordance with Appendix A (from the Delegated Act published in the Official Journal on 9 December 2021 and applicable since January 2022) to further support the analysis (details provided in the ESRS E1 Climate Change chapter).

**However, none of the eligible activities fully met the substantial contribution and DNSH requirements, and as a result, no activities were classified as aligned.**

### **Definition of Key Performance Indicators (KPIs)**

The key performance indicators relevant under EU taxonomy are turnover, CAPEX and OPEX. For the purpose of the calculation of eligible activities, the following financial information has been derived from Zentiva financial statements:

## Accounting policy used

Zentiva Romania reports under IFRS accounting standards. For the calculation of KPIs in accordance with the EU Green Taxonomy Regulations, the relevant financial data was extracted based on IFRS-compliant reporting principles.

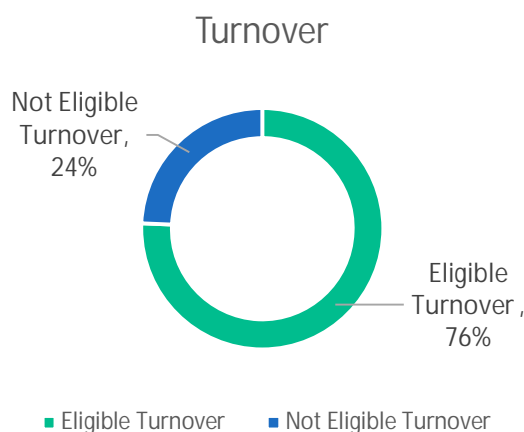
- Turnover for the denominator under EU taxonomy is equal to revenues as reported in our Financial Statement, amounting to 1,114,065,013 RON.
- CAPEX eligible under EU taxonomy is the sum of additions in property, plant and equipment, intangible assets and right-of-use assets from both investments and acquisitions amounting to 57,999,649 RON.

OPEX is calculated in accordance with the EU taxonomy as direct non-capitalized costs incurred for the day-to-day servicing of assets, consisting of research and development costs, short-term leases, maintenance and repair costs and other similar costs, amounting to 34,986,776RON. To avoid double counting in the numerator, economic activities are attributed to the Company's business activities that are presented separately. Eligible turnover, CAPEX and OPEX from economic activities that contribute to specific environmental objectives are presented separately. Additionally, the amounts are reconciled against both the financial statements and their accompanying notes. Specific internal tags are used to ensure each amount is allocated once and only to the correct economic activity.

## Turnover

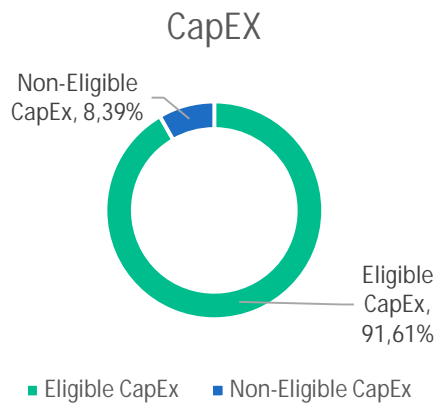
Zentiva produces different types of medicine.

The denominator of the turnover KPI (the key performance indicator for net sales) covers Zentiva' total turnover, which is recognized in line with IFRS 15. The numerator of the turnover KPI is the turnover from products or services related to taxonomy- eligible economic activities under the category Sales of Finished Goods.



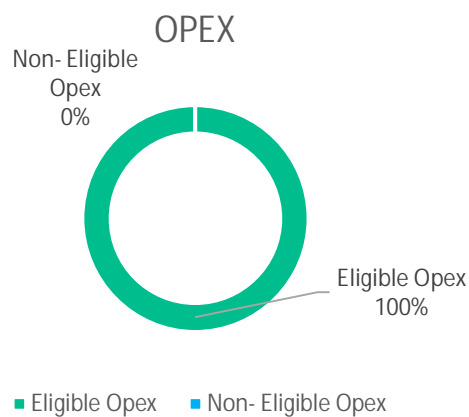
## CAPEX

The primary input is derived from Activity 1.2 - Manufacture of Medicinal Products, as this represents the core operations of Zentiva.



## OPEX

The EU Delegated Act specifies items to be considered as OPEX, including research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures related to the day-to-day servicing of property, plant, and equipment by the undertaking or outsourced third parties, necessary to ensure the continued and effective functioning of such assets. Consequently, OPEX amounts were calculating by including third-party repair expenses, spare parts costs, expenses for auxiliary materials and expenses with the staff involved in maintenance and repairs and reconciled with specific Financial Statements notes or with the Trial Balance.



## Regulatory Templates

The regulatory templates as per Annex II of the Delegated Acts for eligible and aligned turnover, CAPEX and OPEX are included in Appendix 2 – EU Green Taxonomy Regulatory Templates.



# SECTION 02

## ENVIRONMENT

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### 2.2. ESRS E1 – CLIMATE CHANGE

[GOV-3] – INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

[SBM-3] – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

[IRO-1] – DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

[E1-1] – STRATEGY: TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

[E1-2] – POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

[E1-3] – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

[E1-4] – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

[E1-5] – ENERGY CONSUMPTION AND MIX

[E1-6] – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

[E1-7] – GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

# ESRS E1 – CLIMATE CHANGE

As a pharmaceutical manufacturer, we recognize our impact on society and the environment and acknowledge our responsibility as a corporate citizen. Zentiva is committed to mitigating risks associated with environmental damage, pollution, and health hazards.

## 1. INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

[GOV-3]

While climate objectives are embedded in the annual performance review of senior management, the integration of climate-related considerations to incentive schemes of administrative, management, and supervisory bodies is still under evaluation and future alignment with sustainability commitments.

## 2. MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

[SBM-3]

The table below presents the climate change-related impacts, risks, and opportunities (IROs) that Zentiva S.A. has identified and classified as material through its double materiality assessment (DMA) conducted during 2024.

All IROs have been evaluated based on their inherent significance, independent of any mitigation measures implemented by Zentiva, in alignment with the CSRD and the methodology established by the EC and EFRAG. The materiality assessment was carried out considering gross impacts, risks, and opportunities.

This disclosure should be read alongside ESRS 2, particularly sections IRO-1 and SBM-3.

Material Sub-subtopic	I/R/O	Description
Energy	Impact -	Consumption of energy (electricity) to support the company’s overall activity.
Climate change mitigation	Impact -	Green House Gass emissions - direct and energy (Scope 1 and Scope 2)
Climate change mitigation	Impact -	Value Chain Green House Gass emissions (Scope 3)
Energy	Opportunity	Reduced operational costs due to implementation of the Energy efficiency plan in accordance with ISO 50001.

Material Sub-subtopic	I/R/O	Description
Energy	Opportunity	Energy Resilience & Business Continuity – Ensuring critical operations (e.g., IT and emergency systems) remain functional during electricity shortages, preventing contract breaches and financial losses while strengthening client confidence. Additionally, the dual burner system provides flexibility by switching to diesel, ensuring continued production of hot water and steam.
Climate change mitigation	Risk	<p>Rising Compliance Costs – Increased CAPEX and OPEX investments</p> <p>Reputational &amp; Regulatory Pressure – Industry-wide scrutiny may lead to higher marketing, reporting, and engagement costs.</p> <p>Operational Disruptions – Production halts temporarily during extreme heat and product recalls due to improper storage temperatures, causing financial losses.</p>
Climate change mitigation	Opportunity	<p>Financial Support &amp; Cost Reduction – Utilize non-refundable government grants to offset CAPEX investments and lower future regulatory fees through investments linked to reduced emissions.</p> <p>Proactive Industry Positioning – Engage early in informational campaigns to improve public perception, influence industry standards, and distribute compliance costs over time.</p> <p>Energy Efficiency Improvements – Enhance building thermal insulation to reduce energy consumption and improve operational resilience.</p>

At Zentiva, we are dedicated to act today for a sustainable tomorrow.

Climate resilience refers to Zentiva's ability to anticipate, prepare for, and adapt to climate-related impacts on its business and value chain, including extreme weather events, regulatory changes, and shifts in market demand.

This is a continuous process that will be reviewed and updated as needed. The initial assessment was conducted based on our climate risk scenario analysis, detailed below.

### 3. DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

[IRO-1]

At Zentiva, we recognize our responsibility towards people, partners, and the planet, acknowledging the environmental impact of our operations, including carbon emissions. Our commitment to climate change mitigation is reflected in the systematic tracking and reduction of our energy consumption and greenhouse gas (GHG) emissions.

Since 2013, we have implemented an energy performance management tool to identify opportunities for reducing energy consumption. In 2015, we obtained ISO 50001 certification from Lloyd's Register Romania, reinforcing our commitment to energy efficiency. Over the years, we have actively monitored our natural gas, fuel, and electricity consumption, investing in projects to enhance energy efficiency and reduce our environmental footprint.

Since 2021, we have been calculating our Scope 1 and Scope 2 carbon footprint, progressively reducing emissions with the goal of achieving carbon neutrality by 2030. More recently, we started to calculate also the Scope 3 emissions.

Therefore, during this time we have considered impacts on climate change, screened our activities and plans in order to identify actual and potential future GHG emission sources in our own operations and along the value chain.

In this report, we provide our current energy consumption in ESRS E1-5 and our Scope 1, 2, and 3 carbon footprint in ESRS E1-6.

The below analysis had a special focus on Zentiva S.A.'s own operations, with a light assessment of its value chain.

### 3.1. Physical Risk

This assessment focuses on identifying, quantifying, and evaluating physical climate risks affecting Zentiva S.A.'s operations, with a particular emphasis on its production site in Bucharest (3rd District). The assessment also includes a high-level evaluation of risks within the value chain.

In 2024, we developed our methodology for assessing the physical risks that climate change poses to our operations, aiming for alignment with the adaptation requirements included in the Appendix A of the Climate Delegated Act. This methodology enables us to anticipate and plan for the potential impacts of climate-related hazards on our assets, supply chain, and workforce.

#### Methodology and Risk Evaluation Process

A physical climate risk occurs when Zentiva S.A. is both exposed to and sensitive to climate-related hazards. The degree of risk is shaped by the interaction between:

- Exposure – The likelihood of climate hazards occurring at a specific location. The present and future likelihood was determined using a location-specific evaluation under the two assessed climate scenarios.
- Vulnerability – The extent to which our assets, workforce, and operations can withstand these hazards, influenced by sensitivity and adaptive capacity.

**As a first step** the applicability of the physical climate hazards was assessed in accordance with Appendix A provided by the Commission Delegated Regulation (EU) 2021/2139.

Then, for the applicable hazards we assessed the overall materiality of physical climate risks, by applying the following process:

- Analysing significant interconnections between climate related hazards and the system elements
- Compiling data on present and projected future climate related hazards,
- Collecting information on the sensitivity of system components likely to be affected.

We sub-divided the processes that take place at the production site located in Bucharest into elements of risk that are critical for their functionality (sub-systems):

- ✓ **Infrastructure and equipment:** Evaluating the integrity of buildings, infrastructure, equipment, storage facilities, and communication systems to ensure operational stability.
- ✓ **Essential resources:** Assessing the availability and quality of critical resources such as electricity, water, and raw materials, including a limited consideration on the direct supply chain (Rank 1 suppliers) to anticipate potential disruptions due to resource scarcity or logistical constraints.
- ✓ **Logistics and transportation:** Analyzing logistics and transportation networks to ensure continued access to sites and distribution routes under various climate scenarios.
- ✓ **Workforce and communities:** Considering the impact on employees, local communities, and end users/customers, including working conditions and production continuity.
- ✓ **Product stability and distribution:** Evaluating the impact of climate conditions on active pharmaceutical ingredients (APIs), final product storage, transport, and distribution.
- ✓ **Packaging materials:** Assessing the role of packaging in maintaining product integrity and compliance under changing climate conditions.

Risks are assessed according to a two-dimensional heat map that estimates the sensitivity of assets (consequence of climate hazards on operating profit or brand/image) and the exposure (the likelihood of the risk materializing at the location).

#### a) Exposure:

Exposure is assessed using modeling techniques to predict the probability and impact of climate-related events across different scenarios and timeframes. To ensure accuracy and accountability, the assessment relies on geospatial analytics, which overlay hazard data with at-risk assets for a detailed exposure analysis.

In conducting this assessment, we have used the SSP2/RCP 4.5 and SSP5/RCP 8.5 scenarios, and gained detailed insights into different natural hazards, allowing us to gauge the potential impact and frequency of these events under both current and future climate conditions for our specific geographical position:

- **SSP2-RCP 4.5 (Middle of the Road Scenario):** This scenario represents a moderate emissions pathway, where global climate policies and technological advancements slow emissions growth, but carbon reduction efforts are not fully successful. Under SSP2-4.5, global temperatures are projected to increase by approximately 2.1–3.5°C by 2100, leading to more frequent extreme weather events, moderate sea-level rise, and regional climate variability.
- **SSP5-RCP 8.5 (High-Emissions Scenario):** This scenario assumes continued fossil fuel reliance and high economic growth without significant climate policies, leading to a worst-case climate outcome. Under SSP5-8.5, global temperatures could rise by over 4.4°C by 2100, resulting in severe heatwaves, major disruptions in precipitation patterns, significant sea-level rise, and increased frequency of extreme weather events.

Understanding these scenarios helped us assess the potential climate risks and plan appropriate adaptation strategies. Due to the fact that the lifespan of our activities exceeds 10-years, the assessment utilized the highest available resolution of state-of-the-art climate projections. This includes considering scenarios for current situation and for medium and long term, up to 2050 and 2100. We have thus assessed and reported on short-term (current period), medium and long-term) climate-related physical risks and opportunities as following:

- Short-term (2024)
- Medium-term (until 2050): Evaluating how climate risks will impact operations within the next 25 years, informing investment strategies, infrastructure resilience, and supply chain adjustments.
- Long-term (until 2100): Anticipating potential climate impacts by the end of the century, ensuring the company's long-term strategic positioning and adaptation capabilities

Our assumptions included:

- Future building expansions and facility developments are planned at higher construction costs, leading to increased capital and maintenance expenses.
- The area is expected to undergo further development, including the expansion of buildings through annexes.
- Municipal-level flood and heavy rain mitigation structures are anticipated to be implemented to enhance climate resilience.
- Delays in equipment and building maintenance or repairs may occur during high-intensity climate events, impacting operations.
- Technological advancements will continue to support and improve reliable, wireless communication infrastructure.
- Climate-related hazards will become increasingly unpredictable, with uncertain intensity and frequency, requiring adaptive risk management strategies.

The assessment did not include our suppliers' or end-users' locations

### b) Vulnerability

In line with EU Green Taxonomy requirements, our climate risk assessment emphasizes sensitivity and adaptive capacity, ensuring alignment with regulatory standards and providing a robust foundation for proactive risk management. By implementing a gross risk assessment framework, we ensured compliance with Taxonomy reporting standards, and that the assessment provides an accurate basis for understanding and addressing these risks:

- precipitation can lead to flooding and logistical disruptions. Various types of flooding (coastal, fluvial, pluvial, and groundwater) further endanger facilities, transport routes, and supply chains. Assessing infrastructure and operational resilience: Evaluating whether current engineering designs, building materials, and operational processes can withstand projected climate conditions under both SSP2-4.5 and SSP5-8.5 scenarios.

The summary of this assessment is presented below, marking the expected risk and risk evolution for our operations.

Changing precipitation patterns and types (rain, hail, snow/ice)				
Current risk	2050		2100	
	RCP 4.5-optimistic	RCP 8.5-pessimistic	RCP 4.5-optimistic	RCP 8.5-pessimistic
Medium	Medium	Medium	Medium	Medium

Heat Stress/heat wave				
Current risk	2050		2100	
	RCP 4.5-optimistic	RCP 8.5-pessimistic	RCP 4.5-optimistic	RCP 8.5-pessimistic
Low	Medium	Medium	Medium	High

Heavy precipitation		
Current risk	2050	2100

	RCP 4.5- optimistic	RCP 8.5- pessimistic	RCP 4.5- optimistic	RCP 8.5- pessimistic
Low	Low	Low	Low	Low

Drought/Water stress				
Current risk	2050		2100	
	RCP 4.5- optimistic	RCP 8.5- pessimistic	RCP 4.5- optimistic	RCP 8.5- pessimistic
Medium	Medium	High	High	High

Cold wave/frost				
Current risk	2050		2100	
	RCP 4.5- optimistic	RCP 8.5- pessimistic	RCP 4.5- optimistic	RCP 8.5- pessimistic
Medium	Medium	Low	Low	Low

Wildfire				
Current risk	2050		2100	
	RCP 4.5- optimistic	RCP 8.5- pessimistic	RCP 4.5- optimistic	RCP 8.5- pessimistic
Medium	Medium	Medium	Medium	Medium

Extreme storms (including wind or hail or lightning)				
Current risk	2050		2100	
	RCP 4.5- optimistic	RCP 8.5- pessimistic	RCP 4.5- optimistic	RCP 8.5- pessimistic
Medium	Medium	Medium	Medium	Medium

Floods				
Current risk	2050		2100	
	RCP 4.5- optimistic	RCP 8.5- pessimistic	RCP 4.5- optimistic	RCP 8.5- pessimistic
Medium	Medium	Medium	Medium	Medium

As part of our climate risk assessment, we screened our facilities and prioritized key system elements, defined as operational macroprocesses, based on their importance to our operations, turnover impact, and business strategy. These prioritized elements were then evaluated under two climate scenarios—an Optimistic Scenario (SSP2-4.5) and a Pessimistic Scenario (SSP5-8.5)—extending to 2100, to assess the potential financial impacts of climate change. Although full quantification is still in progress under our current phase-in approach, preliminary findings indicate that future physical climate risks may primarily

require additional capital expenditures (CAPEX) for equipment upgrades to maintain production temperatures within quality requirements

For each climate-related risk, we further present the most affected systems, in the table below.

Driver	Top affected	Risk	Time-frame	Area of financial impact	Expected financial impact	Potential preventive actions to be assessed
Changing precipitation patterns and types (rain, hail, snow/ice)	Availability and quality of transport networks (access to site) - Logistics	Delays in deliveries	Current	Infrastructure	Medium	Develop alternative transport routes and adjust supply chain planning with predictive weather analytics. Align drainage needs with the drainage systems capacity on the Zentiva S.A.'s platform
	Employees	Increased absenteeism or injury	Current	Workforce	Medium	Implement a business weather alert system and assess public transport reliability.
Cold wave/frost	Integrity of building and construction	Infrastructure damage	Current	Infrastructure	Low	Ensure regular winter maintenance and assessment of buildings to prevent irreversible damage.
	Employees	Increased absenteeism	Current	Workforce	Low	Encourage remote working for desk-based jobs. Maintain manufacturing conditions within specified temperature requirements.
Drought/Water stress	Availability and quality of water supply to sites	Water scarcity	2050	Production	High	Implement water recycling systems. Expand water storage capacities.

Driver	Top affected	Risk	Time-frame	Area of financial impact	Expected financial impact	Potential preventive actions to be assessed
	Availability and quality of supplies – Direct perimeter of rank 1 suppliers (raw material scarcity)	Reduced raw materials availability or increased costs	2050	Production	High	Establish supplier diversification strategies for critical active pharmaceutical ingredients (APIs) and invest in water-efficient production technologies to reduce reliance on water-intensive raw materials.
<b>Heat Stress/heat wave</b>	Availability and quality of supplies – Direct perimeter of rank 1 suppliers (raw material scarcity)	Reduced raw materials availability or increased costs	2050	Production	Significant	Conduct a high-level climate-risk assessment for our tier 1 suppliers, diversify supplier base and implement risk-based sourcing strategies to ensure supply continuity during extreme heat events.

Driver	Affected system	Risk	Time-frame	Area of financial impact	Expected financial impact	Potential preventive actions
<b>Heat Stress/heat wave</b>	Maintaining storage conditions of raw materials, products and waste	Loss of raw materials and products	2050	Production	Significant	Provide regular maintenance and enhance temperature-controlled storage facilities for heat-sensitive ingredients and finished medicines to prevent degradation.
<b>Wildfire</b>	Availability and quality of electricity supplies to sites	Infrastructure damage	2050	Production	High	Enhance our electricity generation capacities. Install photovoltaic panels to sustain critical production operations during power disruptions.

Driver	Affected system	Risk	Time-frame	Area of financial impact	Expected financial impact	Potential preventive actions
	Availability and quality of supplies – Direct perimeter of rank 1 suppliers (raw material scarcity)	Supply chain disruptions	2050	Production	High	Strengthen supplier contingency plans by sourcing APIs and excipients from multiple regions, reducing dependence on wildfire-prone areas. Maintain essential stocks.
<b>Extreme storms (including wind or hail or lightning)</b>	Availability and quality of electricity supplies to sites	Infrastructure damage	Current	Production	High	Enhance our electricity generation capacities. Install photovoltaic panels to sustain critical production operations during power disruptions.
<b>Floods</b>	Integrity and proper functioning of equipment	Instrument damage	Current	Production	High	Elevate and waterproof sensitive equipment to prevent flood-related damage. Evaluate stormwater drainage capacity and implement temporary water diversion systems that can be deployed to manage flood events.
	Maintaining working and production conditions	Short term business closure	Current	Production	High	Develop flood emergency response and recovery plans for manufacturing sites. Assess possibility to shift production to alternate facilities when needed.

### Climate-related transition risks

Transition risks, such as regulatory changes and new taxes, are typically anticipated to arise prior to physical risks. The Company and Zentiva Group consistently monitors its plans to address potential future carbon regulations and increases in raw material costs, which could adversely affect operational expenses.

Driver	Risk	Timeframe	Financial impact	Potential preventive actions to be assessed
<b>Regulatory Compliance Risks</b>	Stricter environmental regulations, may increase operational costs and require significant changes in drug production and packaging	1-5 years	Medium	Implement proactive compliance monitoring to stay ahead of evolving regulations. Assess circular economy solutions when updating manufacturing equipment.

Driver	Risk	Timeframe	Financial impact	Potential preventive actions to be assessed
<b>Supply Chain Disruptions</b>	Transition risks can lead to supply chain disruptions due to changes in supplier operations or policies	1- 5 years	Medium	Diversify suppliers across different regions to reduce dependency on specific sources. Establish strategic stock reserves for critical APIs and packaging materials. Develop alternative sourcing strategies, including regional partnerships and local procurement where feasible.
<b>Technological Obsolescence</b>	Rapid technological advancements in sustainable manufacturing could render existing processes obsolete.	Over 10 years	Medium	Continuously invest in R&D and explore emerging green technologies in pharmaceutical production. Invest in temperature-adaptive equipment designed to operate efficiently under projected climate conditions (e.g. temperature increases).
<b>Investor Pressure</b>	Investors increasingly prioritize environmental performance, potentially affecting funding decisions.	1-5 years	High	Enhance ESG transparency through detailed sustainability reporting. Continue advancing our decarbonization strategy and achieving key sustainability milestones.
<b>Compliance with EU Policies</b>	Frequent legislative changes impact operational stability.	1-5 years	Low	Participate in industry consultations to influence and shape regulatory frameworks proactively. Invest in low-carbon production technologies that future-proof operations against stricter policies.
<b>Customer demand</b>	Rising demand for eco-friendly packaging and low-carbon manufacturing processes.	1-5 years	High	Continue to reduce our carbon footprint by further integration of energy-efficient equipment.

### Climate-related transition opportunities

Driver	Opportunity	Timeframe	Financial impact	Actions to ensure leveraging the opportunities to be assessed
<b>Renewable Energy Adoption</b>	Transitioning to renewable energy can lower energy costs over time, enhancing profitability, lower our carbon footprint and increase our energy independence.	1-10 years	High	Invest in on-site renewable energy infrastructure (e.g., solar panels) to reduce long-term electricity costs and carbon emissions.
<b>Circular Economy Practices</b>	Implementing circular economy practices can optimize resource use, reducing waste and costs and facilitating	1-5 years	Low	Continue and further develop our employee-based take-back program for expired or unused pharmaceutical products, ensuring proper disposal and fostering regulatory compliance while reducing environmental impact.

Driver	Opportunity	Timeframe	Financial impact	Actions to ensure leveraging the opportunities to be assessed
	compliance and access to funding opportunities.			
<b>Collaboration and Partnerships</b>	Collaborations can facilitate knowledge sharing and best practice adoption, accelerating sustainability initiatives. We can also improve supply chain resilience by addressing common sustainability challenges. Collective action can drive systemic change across the pharmaceutical industry, enhancing its overall sustainability performance.	1-10 years	Low	Collaborate with suppliers and logistics partners to implement joint sustainability initiatives, such as low-emission transportation, responsible sourcing, and shared waste reduction strategies.
<b>Compliance with EU Regulations</b>	Ensuring compliance with EU regulations avoids legal and financial risks associated with non-compliance. Furthermore, compliance with EU regulations ensures continued access to European markets, maintaining business operations.	1-5 years	Medium	Assess the possibility of including EU Green Taxonomy alignment criteria the into procurement, production, and reporting to maintain market eligibility and access to green financing.
<b>Human Capital Development</b>	Investing in sustainability-focused training helps attract and retain skilled professionals, strengthening human capital. A well-trained workforce in sustainable practices can effectively navigate evolving regulations and market shifts, enhancing business resilience.	1-5 years	Medium	Implement a mentorship program where experienced professionals in sustainable manufacturing, energy efficiency, and regulatory compliance train new employees, fostering long-term expertise and industry best practices.

### Transition Risk: Alignment with the Paris Agreement (Limiting Warming to Below 2°C)

This scenario assumes a rapid transition to a low-carbon economy in line with global climate policies aimed at limiting global warming to well below 2°C by 2100, as outlined in the Paris Agreement. It aligns with IPCC's latest climate pathways (SSP1-2.6) and involves:

- Aggressive global emissions reductions – Achieving net-zero CO<sub>2</sub> emissions between 2070 and 2080, with a 50% reduction by 2050
- Stricter policies & regulations – Governments impose carbon pricing, emissions caps, and stricter environmental laws.
- Rapid technological adoption – Industry shifts to low-carbon manufacturing, renewable energy, and circular economy models.
- Consumer & investor pressure – Stakeholders demand greater transparency and sustainability commitments from companies.

Risks	Opportunities	Financial Impacts
Fast paced increase in regulations, taxes and fees. Stricter environmental regulations may require significant investments in compliance measures.	Integrate internal carbon pricing into financial planning to proactively address future carbon regulations reducing the risk of penalties from potential legislation.	Initial compliance costs could be high, but long-term savings from reduced energy consumption and waste management could offset these expenses.
Fast adoption of Low-Carbon Technologies.	Energy savings.	Transitioning to more sustainable manufacturing processes and (low carbon) technologies, such as green chemistry, could involve significant upfront costs and potential operational disruptions.
Sudden shifts in stakeholder expectations - heightened stakeholder expectations and scrutiny over environmental impact.	Proactively meeting stakeholder and customer expectations on sustainability can improve relationships with investors and users, attracting new investments.	Consumers increasingly demand sustainable products, which could affect demand for pharmaceuticals with high carbon footprints.  Limited or restricted revenue from over-the-counter products.  Potential loss of market share if sustainability expectations are not met.
Transitioning suppliers to low-carbon practices to meet future value chain decarbonization goals could lead to supply chain disruptions if not managed effectively.	Comply with potential new legislation and demands.	Potential costs associated with transitioning suppliers to sustainable practices, but reduced risk of supply chain disruptions.

For the 2024 financial year, we have decided to adopt the option of a phased in approach and, as such, we will not be reporting the specific financial implications of climate-related physical risks, and providing only a general assessment. This assessment enables us, however, to:

- Anticipate and plan for future potential disruptions across the value chain, from raw material sourcing to distribution networks.

- Implement risk mitigation strategies such as enhancing infrastructure resilience
- Integrate climate risks into business strategy to ensure long-term sustainability and maintain access to financial markets that increasingly prioritize climate-conscious investment.

Based on the above analysis our primary focus is water stress, which can pose a growing risk. However, this is addressed separately under ESRS E3 - Water and Marine Resources. While climate adaptation is not a material topic under the DMA framework, we remain proactive by assessing

## 4. STRATEGY: TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

[E1-1]

Zentiva S.A. remains committed to aligning with its objectives. Our transition plan for climate change mitigation is in the process of being developed. For the purpose of achieving our goal of carbon neutrality for Scope 1 and Scope 2 emissions by 2030, we have developed a **decarbonisation plan**, known as the "**Carbon Roadmap 2030**", which focuses on the following decarbonization levers:

- Electrification and energy efficiency projects
  - Reduce our reliance on natural gas – active lever in 2024
  - Invest in an electric hot water generation system – set to take place by 2030
  - Increased building insulation to reduce energy requirements – active lever in 2024, ongoing until 2030
- Investing in renewable energy, with our Bucharest site already running in 2024 on 100% electricity from renewable sources

The Energy management system of Zentiva has been assessed and certified as meeting the requirements of ISO 50001:2018 for the manufacturing and related support function activities.

For Scope 3 we aim to set a target during 2025, under the leadership of Zentiva Group. Then we will assess the specific reduction levers to apply.

Zentiva acknowledges the existence of certain locked-in emissions, such as those from gas used in ampoule manufacturing and cooling gases. These emissions have been factored into the target-setting process and reduction action planning. Despite their presence, they do not hinder the achievement of our greenhouse gas (GHG) reduction targets.

We acknowledge that our decarbonisation plan will fully meet the ESRS definition of a transition plan only after it receives validation from the Science Based Targets initiative (SBTi) for Scope 1, Scope 2, and Scope 3 emissions, a process that is currently pending.

### Embedded in strategy

Zentiva S.A.'s current decarbonization plan is integrated into the Company's strategy and is funded through its annual business and financial planning process. The plan has been approved by Zentiva's Investment Committee and Sustainability Management at the Group level, ensuring alignment with the Company's financial strategy.

For 2024, the key investments supporting this transition include:

- **Installation of an electric heat pump:** A capital expenditure (CAPEX) investment classified as a taxonomy-eligible activity under the EU Green Taxonomy.
- **Head office renovation:** As part of a taxonomy-eligible renovation project, one floor of the headquarters was upgraded with more energy-efficient equipment, and wall insulation was improved to enhance energy efficiency.

*[Please see further information in section E1-3 Actions]*

The decarbonisation plan is embedded in Zentiva's strategy and funded through the annual business and financial planning process.

It has been approved by Zentiva's Investment Committee and Sustainability Management at Zentiva Group level. The decarbonisation plan requires investments, which are aligned with Zentiva's financial planning.

Zentiva has not claimed alignment of its economic activities with delegated regulations on climate adaptation or mitigation under the Taxonomy Regulation (see "EU taxonomy" on page 39). However, efforts will be made to align activities where possible.

Zentiva SA is not excluded from the EU Paris-aligned Benchmarks.

## 5. POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

[E1-2]

Our Policy on Quality Environment, Health and Safety, signed and overseen by the Head of Product Supply and by the General Manager, includes commitments to efficient energy use, reduction of energy consumption and costs, and continuous improvement of energy performance, and it applies to all our activity, production processes and support functions within our operations. This policy addresses our impacts related to energy consumption and GHG emissions, including those from our Scope 1 and Scope 2 sources, as well as value chain emissions, particularly those associated with waste generation. The policy applies to all our employees and operations and is available on our website ([Link](#)). The policy will be updated in 2025 to further include our commitment for mitigating climate change.

Zentiva drives its decarbonisation strategy through electrification and energy efficiency measures to optimize energy use and reduce emissions. The Company has obtained ISO 50001 certification for its production facilities and support functions to ensure a formalised approach to energy management. Additionally, the company operates under an integrated management system (IMS) that adheres to ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO 45001 (Occupational Health and Safety Management). The IMS has been under the certification of Lloyd's (currently LRQA) in 2024, which is renewed every 3 years. The Company systematically trains and motivates employees in energy related initiatives to ensure effective implementation.

### Energy Analysis Procedure

Validation: Approved by the Industrial Operations Director.

Scope: Applies to all departments included in the Energy Management System.

Compliance Standard: Conducted in accordance with ISO 50001 requirements to ensure the best practices in energy efficiency

The Energy Analysis Procedure formalizes Zentiva's systematic approach to assessing and improving energy performance across its operations. The key steps include:

- ✓ Energy Management Team Appointment – Assigning responsible personnel to oversee energy performance monitoring and improvement initiatives.
- ✓ Energy Usage Identification and Stratification – Mapping out energy consumption across different operational areas to identify priority focus points.
- ✓ Primary Energy Consumption Analysis – Reviewing energy consumption data from the past three years and defining a reference period for benchmarking.
- ✓ Significant Energy Uses (SEUs) Determination – Identifying the most energy-intensive processes or equipment with a substantial impact on overall consumption.
- ✓ Influencing Factors Assessment – Analyzing internal and external factors affecting energy performance, particularly for significant energy uses.
- ✓ Future Energy Consumption Estimation – Forecasting energy demand based on operational growth, efficiency measures, and emerging technologies.
- ✓ Energy Performance Improvement Opportunities – Identifying, recording, and prioritizing potential optimizations based on their impact and feasibility.
- ✓ Energy Data Collection Plan Development – Implementing a structured monitoring and reporting framework for energy usage.
- ✓ Energy Objectives and Targets Setting – Defining clear energy efficiency goals and outlining an action plan to achieve them.
- ✓ Energy Planning Updates – Regularly reviewing and refining the energy strategy to align with evolving business needs and sustainability commitments.

#### GHG Emissions Reporting and Calculation process:

- Zentiva S.A. reports local activity data monthly to the Group. Information and activity data is mainly sourced from Zentiva S.A. invoices and production logs, certificates and internal readings.
- We are responsible for ensuring that the activity data is validated and accurate.
- The Group gathers the data from all sites, Zentiva S.A. included, calculates the GHG emissions to ensure consistency, and align the classification and methodology across all sites.

#### Next steps:

In 2025, Zentiva S.A. will ensure the formalization of the above process and will align with the Group in implementing the Corporate Environmental Policy, which provides a structured framework to support the company's transition towards carbon neutrality for Scope 1 and 2 emissions by 2030. This Policy focuses on:

- Minimizing the environmental footprint through energy efficiency and resource optimization.
- Ensuring responsible resource consumption across operations.
- Driving sustainability across the value chain, including suppliers and partners.
- Implementing sustainable practices at all production sites, offices, and beyond.

Zentiva's efforts align with the European goal of climate neutrality by 2050, targeting net-zero greenhouse gas emissions.

## 6. ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

[E1-3]

During 2024, Zentiva S.A. implemented actions in line with its target to become carbon neutral for Scope 1 and for Scope 2 by 2030:

- ✓ **Energy efficiency projects**
  - ✓ Increased insulation to reduce energy requirements

Lever	Outcome	Expected GHG emission reductions in the next years	Dependency	CAPEX/ OPEX Investment - 2024	Link to EU Taxonomy
<b>Increased building insulation to reduce energy requirement</b>	Reduction of Natural Gas consumption and Electricity savings	0.2 K tonnes of CO <sub>2</sub> eq reduction from the Natural Gas savings	Technology is already available. 100% dependent of resources allocated	CAPEX invested 5260 K RON  OPEX invested 780 K RON	100% Eligible CAPEX & OPEX

For our future allocated resources, the following levers will be implemented, according to our decarbonisation strategy, and carbon neutrality (Scope 1 and 2) by 2030 ambition:

- ✓ **Electrification of steam generation (phase 2)**
  - ✓ Technology shift to replace natural gas-powered heat pumps and boilers

Lever	Outcome	Expected GHG emission reductions in the next years	Dependency	CAPEX/ OPEX Investment- Medium-term	Link EU Taxonomy
<b>Reduce our reliance on natural gas</b>	Reduction of natural gas consumption and increase in the use of renewable electricity	3.6 K tonnes CO <sub>2</sub> eq reduction due to the natural gas savings	Technology is already available. 100% dependent on resources allocated	CAPEX estimated 5000 K RON - 10 000 K RON  OPEX impact 2500 K RON – 7500 K RON	100% Eligible CAPEX & OPEX

As part of its climate adaptation strategy, Zentiva plans to review the proposed actions outlined in the climate risk assessment in 2025 to ensure alignment with evolving risks and regulatory requirements.

## 7. TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

[E1-4]

In relationship to our current HSE policy and the Group's objectives, GHG reduction targets were set through our "Carbon Roadmap 2030", with the ambition to become Scope 1 and Scope 2 carbon neutral. Our Scope 3 carbon footprint was calculated for the first time in 2024. In Q2 of 2025 the Group will submit reduction targets for validation (SBTI approval).

Our Scope 1 target is to achieve neutrality by 2030, This will be done via energy efficiency and consumption reduction and by replacing our natura gas-powered heat pumps and boilers with electric ones which will operate on 100% renewable energy - our main reduction lever. The further expected emission reductions and financial investments are presented in the above tables [E1-3].

Scope 2 carbon neutrality was already achieved = through the use of 100% electricity from renewable sources; the current target is to maintain this aspect in our operations.

## 8. ENERGY CONSUMPTION AND MIX

[E1-5]

Energy consumption is reported in MWh, by energy type.

**Table 6** Energy consumption and mix (in MWh)

	2024 (MWh)
(1) Total energy consumption	34,804.94
(2) Total fossil energy consumption	19,441.68
(3) Fuel consumption from coal and coal products	0.00
(4) Fuel consumption from crude oil and petroleum products	3,779.92
(5) Fuel consumption from natural gas	15,661.76
(6) Fuel consumption from other fossil sources	0
(7) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	0
(8) Share of fossil sources in total energy consumption	56%
(9) Consumption from nuclear sources	0
(10) Share of consumption from nuclear sources in total energy consumption	0

62

<b>(11) Total renewable energy consumption</b>	<b>15,363.26</b>
<b>(12) Fuel consumption from renewable sources</b>	0
<b>(13) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources</b>	15,363.26
<b>(14) Consumption of self-generated non-fuel renewable energy</b>	0
<b>(15) Share of renewable sources in total energy consumption</b>	44%
<b>(16) Non-renewable energy production</b>	0
<b>(17) Renewable energy production</b>	0
<b>(18) Total energy consumption from activities in high climate impact sectors</b>	34,804.94
<b>(19) Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors</b>	0.000031 MWh/RON

To calculate our 2024 energy consumption and mix, presented in the table below, we had converted our energy sources into MWh using the following activity data and conversion coefficients:

- Energy from crude oil and petroleum products stems from the consumption of diesel and gasoline fuel for our car fleet. The litres of fuel consumed in 2024 were converted to energy via mass transformation using the average densities provided by ANRE in 2020 ([Link](#)). We used thus the density of 0.845 kg/L for diesel and 0.758 kg/L for gasoline, transformed to tonnes to reach the equivalent in tonne of oil equivalent (toe) for each fuel type (1 tonne diesel = 1.015 toe; 1 tonne gasoline = 1.05 toe, as provided by ANRE, [Link](#)), using the assumption that these average densities stayed the same throughout the year. The equivalents in toe for diesel and gasoline were then converted to MWh using specific ANRE provided coefficients (1 MWh=0.086 toe; 1 toe = 11.63 MWh; [Link](#)).
- Natural gas consumption conversion from m<sup>3</sup> into MWh used the conversion factor utilised by Engie, our natural gas supplier (1 m<sup>3</sup>=0.0108 MWh, extracted from invoices). Activity data (m<sup>3</sup>) was collected from invoices.
- In 2024, our electricity was 100% renewable, covered by GOs. Activity data (kWh) for Zentiva S.A. was collected from invoices.
- Natural gas and electricity activity data (m<sup>3</sup> and kWh) was collected from invoices. Other than the assurance provider, there was no third-party validation if this data.

Pharmaceutical manufacturing being classified as a high climate impact sector, our energy intensity based on net revenue stands at 0.000031 MWh/RON for 2024, when we take into account the net revenue of 1,114,065,013 RON. Our revenue figures can be seen in our financial statements on our website ([Link](#)).

### Contractual Instruments for Energy Procurement

Zentiva S.A. is currently in the process of securing Guarantees of Origin (GO) certificates for its entire 2024 electricity consumption. However, we received a confirmation from the supplier's representative (Tinmar Energy S.A.) that 100% of the energy provided to Zentiva SA is generated from renewable sources.

## 9. GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

[E1-6]

The following summary table displays Zentiva's 2024 GHG emissions results.

The calculation of our carbon footprint followed the GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard for all categories, following the operational-control method. Activity data was inputted in a spreadsheet, manually processed and multiplied with specific emissions factors as detailed below. Biogenic emissions were not mapped.

**Table 7** GHG emissions (in tCO<sub>2</sub>eq)

	2024	2030	2040	2050	Annual % target / Base year
<b>Scope 1 GHG emissions [t CO<sub>2</sub>eq]</b>					
Gross Scope 1 greenhouse gas emissions	3,931	0	0	0	10.00%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	0%	0%	0%	0%	
<b>Scope 2 GHG emissions [t CO<sub>2</sub>eq]</b>					
Gross location-based Scope 2 greenhouse gas emissions	3,264		N/A	N/A	No target for location - based emissions
Gross market-based Scope 2 greenhouse gas emissions	0	0	0	0	Maintain 100% Renewable energy
<b>Significant scope 3 GHG emissions [t CO<sub>2</sub>eq]</b>					
Total Gross indirect (Scope 3) GHG emissions	50,818	Target not yet available - to be calculated in 2025			Not yet available
Percentage of Gross Scope 3 greenhouse gas emissions	93%	Target not yet available - to be calculated in 2025			Not yet available
Purchased goods and services	43,554	Target not yet available - to be calculated in 2025			Not yet available
Cloud computing and data centre services	N/A	Target not yet available - to be calculated in 2025			Not yet available
Capital goods	2,616	Target not yet available - to be calculated in 2025			Not yet available

	2024	2030	2040	2050	Annual % target / Base year
Fuel and energy-related activities	1,970	Target not yet available - to be calculated in 2025			Not yet available
Upstream transportation and distribution	188	Target not yet available - to be calculated in 2025			Not yet available
Waste generated in operations	473	Target not yet available - to be calculated in 2025			Not yet available
Business travel	123	Target not yet available - to be calculated in 2025			Not yet available
Employee commuting	453	Target not yet available - to be calculated in 2025			Not yet available
Upstream leased assets	N/A	Target not yet available - to be calculated in 2025			Not yet available
Downstream transportation	N/A	Target not yet available - to be calculated in 2025			Not yet available
Processing of sold products	N/A	Target not yet available - to be calculated in 2025			Not yet available
Use of sold products	517	Target not yet available - to be calculated in 2025			Not yet available
End-of-life treatment of sold products	924	Target not yet available - to be calculated in 2025			Not yet available
Downstream leased assets	N/A	Target not yet available - to be calculated in 2025			Not yet available
Franchises	N/A	Target not yet available - to be calculated in 2025			Not yet available
Investments	N/A	Target not yet available - to be calculated in 2025			Not yet available
Indirect GHG emissions from imported energy	-				
Indirect GHG emissions from transportation	188				Not yet available - to be calculated in 2025
<b>Total GHG emissions [t CO<sub>2</sub>eq]</b>					
Total GHG emissions (location-based)	58,012				Not yet available - to be calculated in 2025
Total GHG emissions (market-based)	54,749				Not yet available - to be calculated in 2025

In 2024, our Scope 1, 2 and 3 GHG emission intensity was 0.0000521 t CO<sub>2</sub>eq/RON for location-based and 0.0000491 t CO<sub>2</sub>eq/RON for market-based, calculated using our net revenue of 1,114,065,013 RON was considered as per our financial statements at the time of reporting ([Link](#)).

### Scope 1

For Scope 1, emissions factors for coolant gases (freon) were taken from IPCC database, while the remaining ones from DEFRA 2024 database, and were specific to each activity data type and unit of measurement. Direct emissions from stationary combustion were calculated by converting into GHG emissions total amount (m<sup>3</sup>) of natural gas consumed during 2024. For mobile combustions, liters of diesel and petrol fuel used in our own car fleet were multiplied with the corresponding emission factors (average biofuel blend). For fugitive emissions, the quantity (kg) of freon that was recharged into our air conditioning and chillers, was multiplied with the corresponding emission factor, related to the type of recharged gas.

### Scope 2

Location-based emissions were calculated using the total amount of consumed kWh, multiplied by the emission factor corresponding to Romania from the database provided by AIB – European Residual Mix ([Link](#)), using the emission factor of 212.43 g CO<sub>2</sub>/kWh.

Market-based emissions were equal to 0 tones CO<sub>2</sub>eq, since in 2024 we have purchased 100% green electricity, via Guarantees of Origin certificates from our electricity supplier Tinmar Energy S.A.

### Scope 3

Scope 3 methodology, activity data types and sources, assumptions and estimations are presented in Appendix 3 – Scope 3 data, Methodology and Assumptions, together with an explanation for categories not included in our assessment. Within this current assessment, we have included emissions from the following categories, with values presented in the above table: Purchased Goods and Services, Capital Goods, Fuel and energy-related activities, Upstream transport and distribution, Waste generated in operations, Business travel, Employee commuting, Use of sold products, End-of-life treatment of sold product.

## 10. GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

### [E1-7]

Zentiva S.A. does not have GHG removals or storage within its own operations or across its upstream and downstream value chain. While we use CO<sub>2</sub>-compensated fuel provided by OMV, this compensation is achieved through carbon credits or offset mechanisms rather than direct GHG removal or storage. Therefore, no GHG removals and storage in metric tonnes of CO<sub>2</sub> eq. are reported under ESRS.

The carbon credits are purchased to offset our fuel consumptions, for Scope 1, Mobile combustion. The amount of carbon credits purchased in 2024 were not removed from our Scope 1 carbon footprint, but they are presented separately, in the table below. In 2024, these offsets stemmed from the OMV Project Portfolio with ClimatePartner, which invested in mixed technologies (worldwide), and in renewable energy projects in India such as hydropower plants and wind turbine constructions. We acquire carbon credits on an ongoing basis to directly match our fuel consumption, without engaging in advance contractual purchases or committing to a predetermined amount for future cancellation. This approach ensures that our carbon offsetting efforts are immediate and directly correlated with our actual fuel usage. Upon achieving our emissions reduction goals, we anticipate some residual, unavoidable emissions will remain. To address these, we plan to procure carbon credits to offset the residual emissions, ensuring our operations achieve carbon neutrality by 2030.

**Table 10 Carbon Credits cancelled in the reporting year**

	<b>2024</b>
<b>Total carbon credits (t CO2eq)</b>	948
<b>Share from reduction projects (%)</b>	0%
<b>Share from removal projects (%)</b>	100%
<b>Verified Carbon Standard (VCS), Gold Standard and Clean Development Mechanism (%) as detailed by ClimatePartner (<a href="#">Link</a>)</b>	100%
<b>Share from projects within the EU (%)</b>	0%

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**[E1-8]**

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Zentiva S.A. does not have an internal carbon pricing scheme.



# SECTION 02

## ENVIRONMENT

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### 2.3. ESRS E2 – POLLUTION

**IRO-1] – DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL POLLUTION-RELATED IMPACTS, RISKS AND OPPORTUNITIES**

**[E2-1] – POLICIES RELATED TO POLLUTION**

**[E2-2] – ACTIONS AND RESOURCES RELATED TO POLLUTION**

**[E2-3] – TARGETS RELATED TO POLLUTION**

**[E2-4] – POLLUTION OF WATER – GENERAL**

# 1. DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL POLLUTION-RELATED IMPACTS, RISKS AND OPPORTUNITIES

## [IRO-1]

Zentiva S.A. has conducted a thorough materiality analysis of its business operations, identifying potential and actual pollution-related impacts, risks, and opportunities (IROs) within its own activities and throughout its value chain. These IROs were assessed using a methodology similar to the LEAP framework, which involved:

- Identifying sources of pollution: Evaluating where pollution-related IROs could occur (own operations, value chain, or both), the environmental factors involved, and the specific business units at risk (e.g., wastewater treatment plants).
- Assessing dependencies and impacts: Measuring the severity and likelihood of these impacts on the environment to determine their impact materiality.
- Evaluating risks and opportunities: Analyzing financial materiality by identifying key risks, including policy and legal risks (e.g., fines from environmental authorities for exceeding chemical discharge limits) and reputational risks (potential loss of consumer trust due to non-compliance).

The location for monitoring water pollution risk is at Zentiva S.A.'s facilities: Bulevardul Theodor Pallady 50, 032266, Bucharest, Romania. The Company's operations are situated near residential areas and connected to the city's water network.

The company recognizes the importance of responsible water management and compliance with European regulations to minimize environmental risks. Given its proximity to residential areas and connection to the city's water network, the Company takes measures to prevent chemical leaks and ensure proper wastewater discharge.

Stakeholders' consultation was performed during the DMA process [further details in ESRS E2]

Pollution of air, soil and substances of high concern is considered immaterial to Zentiva due to the very low levels of pollutants in its operations, with minimal impact on the environment or human health. The impacts and risks are deemed immaterial as they do not meet the threshold.

However, the Company ensures compliance with local regulations for all the pollution related aspects.

# 2. POLICIES RELATED TO WATER POLLUTION

## [E2-1]

### Material IROs

Material Subtopic	I/R/O	Description
Pollution of water	Impact -	The Company's operations, located near residential areas and connected to the city's water network, can contribute to water pollution through leaks of chemicals and toxic discharges

Material Subtopic	I/R/O	Description
Pollution of water	Impact -	Contamination of water through the consumption of products by the end users
Pollution of water	Risk	Risk of litigation, financial losses, and decreased consumer trust in case of non-compliance with European regulations on water chemical discharges and wastewater management
Pollution of water Pollution of living organisms and food resourcesC	Risk	The company is subject to the Urban Waste Water Treatment Directive, which will apply from March 2028.  In the case of accidental exceedances of the maximum permitted concentrations for discharged technological water, as outlined in the regulations regarding wastewater discharge into local sewer networks and directly into treatment plants, the company may face fines or lose its operational rights.

Zentiva S.A. recognizes the importance of managing water pollution-related risks and is committed to ensuring compliance with national and European environmental regulations. The Company integrates water pollution control measures into its broader Pollution Prevention and Response Plan and ISO-certified Integrated Management System.

Zentiva's environmental management system is certified under ISO 14001, ensuring continuous improvement in pollution prevention, resource efficiency, and compliance with environmental legislation.

The Pollution Prevention and Response Plan incorporates key control mechanisms, including:

- The use of absorbent materials and drainage blocking devices to contain potential spills.
- A biological wastewater treatment system that integrates aeration and membrane filtration to ensure effective pollutant removal.
- Specialized separators for light liquids and petroleum products, designed to prevent hazardous substances from contaminating water sources.
- A retention basin to safely collect stormwater and wastewater in emergency situations, minimizing environmental harm.

To ensure regulatory compliance, Zentiva performs monthly external monitoring through a laboratory certified by the Romanian Accreditation Association (Asociatia de Acreditare din Romania - RENAR).

Zentiva is committed to implementing best practices in environmental management, ensuring compliance with legal requirements and minimizing the impact of its activities on water resources.

Additionally, there is a financial risk for Zentiva, as The Directive (EU) 2024/3019 of the European Parliament and of the Council of 27 November 2024 concerning urban wastewater treatment was published in the Official Journal of the European Union on 12.12.2024 and entered into force on 01.01.2025.

According to the Directive, the Member States shall take measures to ensure that by 31.12.2028, producers who place any of the products listed in Annex III (medicinal products for human use falling within the scope of Directive 2001/83/EC of the European Parliament and of the Council) on the market have extended producer responsibility.

To mitigate accidental pollution, Zentiva has developed an Internal Emergency Plan for the prevention and control of accidental pollution at SC Zentiva S.A. This plan sets systematic response protocols for potential pollution incidents, ensuring that the Company is well-equipped to contain and manage potential contamination events.

"The Internal Emergency Plan defines intervention procedures, responsibilities, and emergency response teams to manage and contain accidental pollution incidents. The key responsible entities include the Environmental, Health & Safety (EHS) Department, which coordinates prevention and intervention efforts, Senior Management, which oversees decision-making and resource allocation, and designated on-site response teams responsible for immediate action." (*EHS\_IL 02 - Mod de intervenție în caz de poluare accidentală*).

Aligned with the Integrated Management Manual, the Company integrates environmental protection into its broader quality, occupational health and safety, and energy management systems. Furthermore, legal pollution thresholds are defined under the Environmental Authorization (2021, Rev. 1), ensuring that compliance remains a top priority.

Zentiva ensures that water pollution levels remain within permissible regulatory thresholds, implementing corrective actions when necessary. The responsibility for the implementation and oversight of Zentiva's Quality, Environmental, Health and Safety Policy lies with the Environmental Management Department, which reports directly to the Executive Board. This structure ensures that sustainability goals and regulatory compliance are consistently prioritized at the highest level of decision-making. In 2025, the Company will update its internal policies to align with the Group Environmental Policy, which is scheduled for release at the beginning of the year. This initiative supports the Group's "Target Zero Pollution" Commitment, ensuring consistency in environmental standards and sustainability efforts across the organization.

Also, the Sustainability Report will be published on Zentiva's official website ([www.zentiva.com](http://www.zentiva.com)), ensuring transparent access for all interested stakeholders.

Zentiva ensures that sufficient resources are allocated for pollution control and regulatory compliance through an environmental provision, reviewed annually to support sustainability initiatives. The Company adheres to legal pollution concentration thresholds, as outlined in the Environmental Authorization (2021), which define the maximum permissible pollutant levels and alert thresholds. The company monitors its environmental performance through a structured tracking system, maintaining records of pollution levels and aligning operations with evolving regulatory requirements.

### 3. ACTIONS AND RESOURCES RELATED TO POLLUTION

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[E2-2]

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Zentiva has implemented specific measures to mitigate water pollution, optimize resource use, and ensure operational compliance. These initiatives focus on pollution prevention at the source, risk mitigation, and continuous monitoring.

Zentiva operates a biological wastewater treatment plant with aeration and membrane filtration, used in the Quality Control process to improve wastewater quality before discharge. Additionally, the Company employs a separator for light liquids with mechanical cleaning in the Solid Forms Section to reduce contamination risks and a decanter-separator for petroleum products with a retention basin to capture potentially contaminated stormwater, ensuring pollutants do not enter municipal water systems. To further minimize water pollution, Zentiva continuously modernizes its filtration systems to enhance wastewater treatment. Equipment and cleaning procedures have also been updated to limit water consumption and contamination.

The evacuation of chemical substances and preparations into the sewer system is strictly prohibited if they could alter wastewater quality beyond legally permissible thresholds. Zentiva ensures compliance with national regulations on wastewater discharge, continuously monitoring compliance parameters.

Zentiva S.A. has implemented intervention kits and drainage blocking devices to contain accidental spills and prevent contamination spread. Additionally, retention basins have been installed to manage

contaminated stormwater and process water. In the event of a pollution incident, the Company follows strict response protocols, including the immediate notification of the Ilfov-Bucharest Water Management System.

Zentiva conducts monthly external water pollution assessments through third-party providers to ensure compliance with national and EU environmental standards.

At the time of reporting, there are no financial resource available to include in our statement.

## 4. TARGETS RELATED TO POLLUTION

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[E2-3]

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Our goal is to fully comply with the environmental limits set by local authorities through our Environmental Authorization, ensuring that we operate without pollution incidents or related fines. In 2024, we successfully met these compliance requirements by maintaining pollutant concentrations within the maximum admissible values specified in our permits. These thresholds represent absolute yearly targets rather than reduction targets calculated from a baseline year. Compliance is monitored to ensure pollutant loads do not exceed these established limits. In 2025, we will align our policies with the Group Environmental Policy to support the 'Target Zero Pollution' Commitment and ensure consistency in sustainability efforts.

At present, no pollution exceedances have been recorded, and all wastewater parameters remain within legal limits. However, as environmental regulations evolve, Zentiva continues to assess new solutions to further enhance wastewater efficiency and sustainability.

By maintaining these targets, Zentiva S.A. reinforces its commitment to sustainable water management, regulatory compliance, and environmental responsibility.

## 5. POLLUTION OF WATER – GENERAL

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[E2-4]

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Zentiva S.A. operates in compliance with national and European regulations on water pollution, ensuring that all discharges meet legally required thresholds. The company's production facility, located in an urban environment and connected to the municipal water and sewage network, monitors and manages its wastewater discharge to prevent contamination of groundwater and surface water. The company conducts monthly laboratory analyses of its wastewater to ensure compliance with legal discharge thresholds, monitoring key pollutants such as chemical oxygen demand (CCO - Cr), total suspended solids (TSS), biochemical oxygen demand (CBO5), organic solvents, and biodegradable synthetic detergents. Additionally, to meet legal obligations under the Apa Nova Evacuation Permit, the company also monitors heavy metals (cadmium, chromium, nickel, copper, lead, mercury), hydrocarbons (benzo-a-pyrene, fluoranthenes, perylene, indeno-pyrene), volatile organic compounds (benzene, toluene, xylene, trichloromethane, dichloromethane), and other elements such as cobalt, vanadium, barium, arsenic, selenium, diclorometan and phenanthrene.

To date, all analyses confirm that Zentiva remains within legally permitted pollutant concentration limits, with no recorded exceedances.

According to NTPA - 002/2002, the maximum permitted pollutant concentrations for wastewater discharged into the urban sewage network include a pH range of 6.5 – 8.5, suspended solids up to 350 mg/dm<sup>3</sup>, chemical oxygen demand (CCO - Cr) at 500 mg/dm<sup>3</sup>, biochemical oxygen demand at 5 days (CBO5) at 300 mg/dm<sup>3</sup>, extractable organic solvents at 30 mg/dm<sup>3</sup>, and biodegradable synthetic detergents at 25 mg/dm<sup>3</sup>.

Additionally, as per the **Apa Nova Evacuation Permit**, the following maximum allowable concentrations apply: benzo[a]pyrene at 0.05 µg/dm<sup>3</sup>, benzo[b]fluoranthene at 0.03 µg/dm<sup>3</sup>, benzo[k]fluoranthene (sum), benzo[g,h,i]perylene at 0.002 µg/dm<sup>3</sup>, indeno[1,2,3-cd]pyrene (sum), cadmium at 0 µg/dm<sup>3</sup>, chromium at 2.5 µg/dm<sup>3</sup>, nickel at 20 µg/dm<sup>3</sup>, copper at 1.3 µg/dm<sup>3</sup>, lead at 7.2 µg/dm<sup>3</sup>, mercury at 0 µg/dm<sup>3</sup>, benzene at 10 µg/dm<sup>3</sup>, toluene at 10 µg/dm<sup>3</sup>, xylene at 10 µg/dm<sup>3</sup>, trichloromethane at 20 µg/dm<sup>3</sup>, cobalt at 0 µg/dm<sup>3</sup>, vanadium at 1.2 µg/dm<sup>3</sup>, barium at 200 µg/dm<sup>3</sup>, arsenic at 7.2 µg/dm<sup>3</sup>, selenium at 0.07 µg/dm<sup>3</sup>, dichloromethane at 20 µg/dm<sup>3</sup>, and phenanthrene at 0.03 µg/dm<sup>3</sup>.

Zentiva remains proactive in monitoring regulatory developments and exploring advanced wastewater treatment technologies aimed at minimizing pollutant discharge and enhancing water reuse efficiency. The company continues to allocate financial resources to ensure ongoing compliance and implement necessary infrastructure upgrades, reinforcing its commitment to sustainable water management and environmental protection.

Below is a table presenting the maximum and minimum recorded values for key water pollutants, providing a detailed overview of the company's compliance with regulatory standards.

Zentiva's facility is located in a high water stress area, making continuous monitoring and compliance with discharge limits essential for sustainable water management.

No	Analysis Indicator	Test Methods	Acceptance Agreement No.1521/31.08.2012	UM	Minimum recorded value in 2024	Maximum recorded value in 2024
1	Temperature*		40	°C	12,8	19,3
2	pH	SR EN ISO 10523:2012, PI-01	6.5 - 8.5	Unit. pH	7,3 (la 20,7 gr C)	8,0 (la 20,6 gr C)
3	Suspended Solids (MTS)	SR EN 872: 2005, PI-02	350	mg/l	28	156
4	Chemical Oxygen Demand (COD - Cr)	SR ISO 6060 /1996, PI-03	500	mg O2 / l	54,22	480,00
5	Biochemical Oxygen Demand (BOD5)	SR EN ISO 5815-1:2020, PI-01	300	mg O2 / l	20	204
7	Solvent Extractable Substances	SR 7587 /1996, PI-02	30	mg/l	< 20	24,00
6	Detergent_Anionic Surfactants	SR EN 903 /2003, PI-04	25	mg/l	<0,1	1,02
8	Sulfates	PI-05(v1, r1)	600	mg/l	45,23	137,24
1.1	Benz[a]pyrene**	SR EN ISO 17993:2004, PI-09	0,27	µg / l	< 0,005	< 0,0005
1.2	Benz[b]fluoranthene**		0,017	µg / l	< 0,005	0,0006
1.3	Benz - k fluoranten**		0,017	µg / l	<0,005	<0,005
1.4	Benz[ghi]perylene**		0,0082	µg / l	<0,005	<0,005
1.5	Indeno[1,2,3-cd]pyrene**		-	µg / l	<0,005	<0,005
1.6	Phenanthrene**		-	µg / l	< 0,002	0,024

2.1	Benzene	SR ISO	50	µg / l	<0,2	<0,2
2.2	Toluene	11423 - 1 :	-	µg / l	<1	<1
2.3	o-Xylene	2000	-	µg / l	< 1	< 1
2.4	m + p-Xylene	SR EN ISO	-	µg / l	< 2	< 2
3	Trichloromethane (Chloroform)	10301 :	-	µg / l	< 1	< 1
4	Dichloromethane	2003 PI-08 (v1, r1)	-	µg / l	< 1	< 1
5	Cd		< 0,45 - 1,5	µg / l	< 0,25	< 0,25
6	Cr. total	SR EN ISO	-	µg / l	< 1	5,4
7	Ni	15586:	34	µg / l	<2,5	14,3
8	Cu	2004	-	µg / l	3,8	20,2
9	Pb	PI-06	14	µg / l	< 2,5	9,8
10	Co	SR EN ISO	-	µg / l	<1,2	<2
11	V	11885:2009 PI-14(v1, r0)	-	µg / l	< 1	< 1
12	As	SR EN ISO	-	µg / l	<1	4,3
13	Se	15586: 2004 PI-06	-	µg / l	<2,5	<2,5
14	Hg	SR EN ISO 12846 : 2012 PI-06 (vl,rl)	0,07	µg / l	<0,2	<0,2
15	Ba	SR EN ISO 11885:2009 PI-14(v1, r0)	-	µg / l	< 25	127,0
16	Zn	SR ISO 8288: 2001 PI-06 (v1, r1)	-	mg/l	<0,1	0,408

Values marked with "<" are below the detection limit of the testing method.

\*The test is not covered by RENAR(Romanian Accreditation Association) accreditation.

\*\*The test is subcontracted and accredited by RENAR(Romanian Accreditation Association).

The results have been analyzed and comply with the requirements of the valid Environmental Authorization.

Zentiva collaborates with GIVAROLI IMPEX SRL, a RENAR (Romanian Accreditation Association)-accredited laboratory based in Bucharest, to ensure precise environmental monitoring and regulatory compliance for wastewater discharge. The laboratory performs accredited analyses using standardized methodologies, guaranteeing reliable and compliant results.

Wastewater monitoring is conducted monthly (R1/LUNAR) at the property boundary on Bulevardul Theodor Pallady, Sector 2, Bucharest, in accordance with the Evacuation Permit 1521/31.08.2012.

The laboratory applies rigorous sampling and testing procedures, following national and international standards, to measure key parameters such as pH levels, suspended solids, and chemical oxygen demand. These measurements are performed using validated methodologies to ensure precision and regulatory compliance.

Emissions testing follows strict measurement protocols to guarantee the accuracy of pollutant concentrations. Measurements are carried out in dispersion stacks and exhaust pipelines, with sampling conducted at pre-determined stable gas flow points. The selection of measurement locations is made in collaboration with authorized specialists to minimize external influences that could affect data reliability. The laboratory ensures that emissions data is collected in accordance with ISO-certified methodologies, national air quality regulations, and best industry practices.

All analyses conducted by GIVAROLI IMPEX SRL adhere to RENAR (Accreditation Association)-accreditation requirements, ensuring that measurement methodologies meet international quality and accuracy standards. Through this partnership, Zentiva maintains strict environmental compliance, continuous monitoring, and the highest level of data integrity, reinforcing its commitment to sustainable and responsible operations.



# SECTION 02

## ENVIRONMENT

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### 2.4. ESRS E3 – WATER AND MARINE RESOURCES

**[IRO-1] – DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL WATER RESOURCES-RELATED IMPACTS, RISKS AND OPPORTUNITIES**

**[E3-1] – POLICIES RELATED TO WATER**

**[E3-2] – ACTIONS AND RESOURCES RELATED TO WATER**

**[E3-3] – TARGETS RELATED TO WATER**

**[E3-4] – WATER CONSUMPTION**

# 1. DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL WATER RESOURCES-RELATED IMPACTS, RISKS AND OPPORTUNITIES

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## [IRO-1]

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Water is an essential resource for all life and business, both directly and indirectly. The development and production of high-quality medicines require high-quality ingredients, of which fresh, high-quality water is a key input. As a pharmaceutical company, having access to enough high-quality fresh water, both now and in the future, is critical to our business. Water is used throughout our value chain. We use it as a direct ingredient in many of our products and as a key utility in manufacturing, cleaning, and sanitation. Access to high-quality water is vital for maintaining the standards required for pharmaceutical safety and quality.

Water is sourced from the municipal potable water network of Bucharest and a groundwater source (Colentina Aquifer – ROAG03) via a 42-meter-deep well. Storage infrastructure includes two reinforced concrete reservoirs (1,000 m<sup>3</sup> capacity) for fire suppression and a 3 m<sup>3</sup> reservoir for groundwater used in irrigation.

Additionally, Zentiva operates a purified water production system ensuring a stable and efficient supply of water for operations while maintaining compliance with environmental standards.

According to ANNEX II of Commission Delegated Regulation (EU) 2023/2772, we define an area at water risk as a water catchment where various physical, regulatory, or reputational factors pose significant challenges related to water availability, quality, and quantity. These challenges may result in water bodies being in less than good status or deteriorating, and can include issues such as high water stress, accessibility constraints, regulatory restrictions, or conflicts over shared water use with communities. An area of high water stress is specifically defined by the level of water withdrawal relative to availability, where total water withdrawal is between 40-80% (high stress) or exceeds 80% (extreme stress), qualifying as supply-demand imbalance.

The screening, assessment and scoring of water-related IROs were conducted as part of a double-materiality analysis, ensuring that both financial and impact-related aspects were considered. To identify actual and potential water-related risks was initially related to the geographical position of the company, the expertise of key Zentiva S.A. employees, external stakeholders and online-available research tools, such as the Aqueduct Water Risk Atlas<sup>2</sup>, developed by the World Resources Institute (WRI). The tool defines baseline water stress as the ratio of total water demand to the available renewable surface and groundwater supplies. Water demand encompasses domestic, industrial, agricultural (irrigation), and livestock usage. Higher baseline water stress values indicate increased competition for water resources among users, classified as high stress (40-80%) or extremely high stress (>80%)

- According to the data from [WRI's Aqueduct platform](#), Bucharest is classified as a **high water stress area**, meaning that 40% to 80% of available water supply is withdrawn annually.
- This high level of water stress could indicate a significant competition for resources, making sustainable water management crucial for the company's long-term resilience.

The engagement with stakeholders was performed in accordance with the DMA process (further information presented in ESRS 2). Following the compiled information provided by Aqueduct Water Risk Atlas, further risks such as water depletion (medium-high), seasonal variability (low-medium) and drought risk (medium-high) were also identified for the geographical position of Zentiva S.A. Drought/Water stress was also included as a physical climate risk in ESRS - E1- Climate change.

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<sup>2</sup> [Aqueduct – Water Risk Atlas developed by World Resources Institute](#)

Furthermore, other publicly available information provided by WWF Risk Filter Suite<sup>3</sup> depict the geographical position of Zentiva S.A. (Bucharest, Romania) as having an overall low-medium water availability risk and a **high water quality risk**. These factors were considered in the Double Materiality Assessment (DMA) process, leading to Water being identified as one of our material topics.

## 2. POLICIES RELATED TO WATER

[E3-1]

Sub-topic	Sub-sub topic	Perimeter	I/R/O	IRO Description
Water	Water consumption Water withdrawals	Direct activities	Impact -	Water consumption in a high-water risk area.
Water	Water discharges	Direct activities / Value Chain	Impact -	Potential impact of water discharges from pharmaceutical manufacturing of introducing harmful chemicals into aquatic ecosystems, which may negatively affect water quality and biodiversity.
Water	Water consumption  Water withdrawals	Direct activities	Risk	<ol style="list-style-type: none"> <li>1. Increasing water prices and non-compliance with regulations may impact profitability and lead to financial penalties.</li> <li>2. Industrial location near competitors may limit access to water, especially during restrictions favoring local populations, despite pharma's priority classification</li> <li>3. Drought or water stress may cause supply shortages, leading to production halts, delivery delays, and reputational damage.</li> <li>4. Water shortages in supplier regions may impact raw materials or other inputs availability, affecting Zentiva's production capacity.</li> </ol>
Water	Water discharges	Direct activities / Value Chain	Risk	Regulatory non-compliance may lead to fines, reputational damage, and potential operational disruptions if water discharge restrictions impact production.

Currently, Zentiva S.A. does not have a policy specific to water consumption, withdrawals or discharges.

However, Zentiva actively manages water through :

- Monitoring and optimization of water consumption through a digital tracking system.
- Regulatory compliance with Water Authorization No. 205-B, ensuring responsible sourcing and use.
- Sustainable sourcing from municipal and groundwater sources (Colentina Aquifer – ROAG03).

<sup>3</sup> WWF Risk Filter Suite

Water remains a key focus within Zentiva's environmental strategy, and management practices will continue to evolve in line with regulatory requirements and sustainability goals, with our aim to tackle the materials impacts, and risks of this sustainability matter in future reporting. A policy has not yet been developed, as Zentiva S.A. adheres to the regulatory requirements outlined in Water Authorization No. 205-B. In 2025, the Company will update its internal policies to align with the Group Environmental Policy, which is scheduled for release at the beginning of the year.

### 3. ACTIONS AND RESOURCES RELATED TO WATER

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[E3-2]

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The Company has implemented in the past the following ongoing measures to manage water use efficiently:

- Water consumption monitoring via a digital tracking system that uses meters and server-based software to track usage in real-time.
- Process optimization to reduce unnecessary water waste in production and cooling processes.
- Compliance with Water Authorization No. 205-B, ensuring adherence to regulations regarding sourcing and water use.

Water conservation is integrated into our broader environmental and operational framework through monitoring and reduction of unnecessary water waste in our operations, although Zentiva does not have specific standalone actions or specific allocated budgets dedicated solely to water resource management.

Information on **water discharges and wastewater management** is already addressed under **E2-Pollution**.

### 4. TARGETS RELATED TO WATER

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[E3-3]

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Zentiva S.A. does not currently have specific water-related targets due to the fact that water use is related to our manufacturing process. Future targets are currently under review at the Group level. However, the company remains dedicated to responsible water management by continuously monitoring withdrawal, optimizing processes, and preventing unnecessary water consumption. Zentiva actively monitors key wastewater parameters, detailed further in ESRS E2 – Pollution and has implemented systematic wastewater treatment and monitoring protocols to ensure that all discharges comply with national regulations and environmental standards.

### 5. WATER CONSUMPTION

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[E3-4]

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Zentiva monitors and manages its water consumption as part of its broader environmental commitments, particularly given its operations in a high water-stress area (Bucharest), as identified by the Aqueduct Water Risk Atlas.

Water withdrawal is tracked through a digital monitoring system integrated into factory operations, which relies on direct measurements from water meters installed at key consumption points. This approach

provides accurate tracking of water use for our manufacturing process, supporting efficiency efforts and regulatory compliance.

Furthermore, our water withdrawal and discharge (m<sup>3</sup>) is provided in the below table, as presented to us by our supplier, Apa Nova, and based on primary data taken from meter readings and invoices. These values contain water consumption, withdrawals and discharges under our operational control (manufacturing, offices and other spaces). Our water consumption was calculated by subtracting water discharged from our own operations from our water withdrawals. Our discharged water incorporates both withdrawals and stormwater, collected from our premises, and, every month, it represents 62% of the withdrawal volume (m<sup>3</sup>) to which the meteoric volume (rainwater) of water is added, as assumed by our supplier. For rainwater, the volume (m<sup>3</sup>) is calculated using the following formula and assumptions provided by our supplier: Zentiva S.A. surface multiplied by a coefficient pre-set for business entities (0.5 m<sup>3</sup>/year) and by the number of days in the invoiced months and divided by the total number of days in the calendar year. To calculate the consumed water intensity ratio, we had used the revenue of 1,113,844,819 RON, available at the time of reporting (Link).

While Zentiva does not have specific water reduction targets in place, it remains focused on minimizing unnecessary water waste through ongoing monitoring and process optimization.

<b>Water consumption, withdrawals and discharges 2024</b>	<b>m<sup>3</sup></b>
<b>Water consumption</b>	35,977
<b>Water consumption in areas at material water risk</b>	35,977
<b>Water consumption in areas of high-water stress</b>	35,977
<b>Water recycled and reused</b>	0
<b>Water stored</b>	1,000
<b>Changes in water storage</b>	0
<b>Water withdrawals</b>	94,676
<b>Water discharges (from operations)</b>	58,699
<b>Water discharged (from rainwater)</b>	37,755
<b>Total water consumption in its own operations in m<sup>3</sup> per million RON net revenue</b>	32.29



# SECTION 02

## ENVIRONMENT

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### 2.5. ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

[IRO-1] – DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS, RISKS AND OPPORTUNITIES

[E5-1] – POLICIES RELATED TO WASTE MANAGEMENT

[E5-2] – ACTIONS AND RESOURCES RELATED WASTE MANAGEMENT

[E5-3] – TARGETS RELATED TO WASTE MANAGEMENT

[E5-5] – WASTE MANAGEMENT

As a pharmaceutical company, Zentiva recognizes its responsibility to integrate circular economy principles within its operations to minimize waste and optimize resource use. The pharmaceutical industry presents unique challenges in achieving circularity due to strict regulatory requirements for medical packaging and waste disposal. While replacing raw materials with recycled alternatives is currently unfeasible for pharmaceutical products, Zentiva is actively pursuing waste minimization strategies through packaging reduction, increased recyclability, and improved disposal systems.

## 1. DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS, RISKS AND OPPORTUNITIES

[IRO-1]

Zentiva integrates circular economy principles into its operations, focusing on waste reduction, recycling, and compliance with regulatory requirements. As part of its Double Materiality Assessment (DMA), the Company conducted a thorough evaluation of its waste management practices and circular economy-related risks and opportunities, applying a methodology aligned with the LEAP framework.

The assessment identified key waste generation points within Zentiva's operations and value chain, including expired medications and packaging.

The company analyzed dependencies and environmental impacts, assessing risks such as non-compliance with Extended Producer Responsibility (EPR) regulations, improper disposal leading to environmental contamination, and financial penalties from regulatory authorities.

Through a stakeholder consultation process, Zentiva gathered insights from suppliers, employees, local communities, public authorities, capital market participants, and end users. This engagement ensured a comprehensive understanding of the Company's impact and informed the development of waste reduction strategies. Zentiva remains committed to enhancing its circular economy performance by continuously assessing risks and implementing initiatives that contribute to sustainable waste management and resource optimization.

## 2. POLICIES RELATED TO WASTE MANAGEMENT

[E5-1]

### Material IROs

Material Subtopic	I/R/O	Description
Waste	Impact -	Zentiva generates waste, including expired medications and packaging, which must be managed to minimize pollution and comply with regulations.
Waste	Risk	Improper disposal of expired medications or packaging may contaminate ecosystems, harm public health, and lead to fines. Extended Producer Responsibility non-compliance due to unmet recycling targets may result in financial penalties.

The processes are formalized through the internal procedure **Waste Management**, which outlines specific measures for handling and minimizing waste.

This procedure ensures compliance with legal requirements and operational efficiency by setting guidelines for waste collection, sorting, storage, and disposal.

In accordance with national waste regulations, Zentiva ensures compliance with legal obligations related to waste tracking, reporting, and management. Each operational sector is responsible for monitoring generated waste, maintaining records, and directing waste to designated storage areas.

As part of its compliance strategy, Zentiva adheres to the recovery targets established by national legislation, including Law 249/2015, which sets mandatory waste recovery rates. Future regulatory updates, including targets applicable in 2025, will be integrated into the company's waste management practices.

Waste prevention measures are also outlined in the **Accidental Pollution Prevention Plan and Intervention in Case of Accidental Pollution**, which describe emergency actions to contain any potential waste-related environmental risks.

At the moment, waste management at Zentiva focuses on proper categorization and compliance with regulatory obligations, ensuring that hazardous and non-hazardous waste is managed in accordance with legal provisions. The Company collaborates with authorized recycling and disposal partners but does not yet have a structured policy covering waste reduction or reuse as it followed the Environment Authorization requirements and Zentiva Group's guidance.

No other specifications of the internal procedures were formalized.

### 3. ACTIONS AND RESOURCES RELATED TO WASTE MANAGEMENT

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[E5-2]

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Zentiva is taking concrete steps to support the circular economy through targeted waste management actions and resource allocation. The Company collaborates with Organizations for Implementing the Obligations regarding the Extended Responsibility of Producers (OIREP) to improve packaging, waste collection and recycling. This initiative involves plastic, paper/cardboard and wood, ensuring compliance with national recycling and recovery targets. At the end of each year, Zentiva receives reports confirming compliance with extended producer responsibility obligations.

In accordance with Environmental Authorization, Zentiva is required to comply with national waste management regulations. The Company adheres to H.G.R. nr. 856/2002 for waste tracking and reporting and OUG no. 92/2021, which governs national waste management. Waste transport is carried out by authorized service providers using appropriate means to meet public health and environmental protection standards, in compliance with H.G. nr. 1061/2008 regulating hazardous and non-hazardous waste transport across Romania.

To minimize environmental impact, Zentiva avoids excessive waste stockpiling and ensures that all waste types are processed through authorized partners. Additionally, the Company engages with external waste management service providers to optimize collection and sorting processes, for all waste generated types.

At the time of the assessment, the information related to financial resources (OPEX) allocated to post-consumer waste management and waste generated in our own operations was not available.

## 4. TARGETS RELATED TO WASTE MANAGEMENT

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[E5-3]

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We envision a future without waste: our Zentiva Group objective, cascaded to Zentiva Romania is to achieve zero landfill disposal from routine operations by 2030 and a complete repurposing of 100% of our plastic waste.

As a producer of medicines, we buy various elements, such as packaging, laboratory chemicals, and raw materials – encompassing API and excipients, among others. We aim to reduce and minimize waste through effective waste management practices.

Our waste management commitment includes promoting efficient waste management practices, maximizing the recyclability of our outputs and aiming to increase the amount of material and waste that can be brought back into the circular economy. This commitment was publicly communicated in the Zentiva Group Sustainability Report in 2023 ([Link](#)).

We embrace the principles of the circular economy by designing products and processes aiming to maximize resource efficiency and facilitate material recovery.

We prioritize waste reduction via efficient resource use and process optimization to reduce waste generation. Achieve zero waste to landfill disposal from routine operations by 2030.

Zentiva Group is committed to repurpose 100 % of our plastic waste by 2030. Other targets include:

- **Ensure Compliance and Regulations:** We will comply with all applicable laws, regulations, and international standards related to waste management and circularity impacting Zentiva operations and its products.
- **Stakeholder Engagement:** Provide training and awareness programs to empower employees to participate in waste reduction and recycling efforts. We partner with experts on the topic of circular economy and communities to ensure we address their views and concerns.
- **Continuous Improvement:** We are committed to regularly monitoring our performance and seeking opportunities to minimize the waste generation and find more efficient waste disposal strategies

Zentiva currently adheres to national waste management regulations and extended producer responsibility schemes.

Targets related to packaging extended producer responsibility are set by legislation, according to Law 249/2015, which transposes Packaging and Packaging Waste Directive 94/62/EC. This legislation has set specific waste recovery and recycling targets for packaging placed on the market in 2024, which the organization has met:

Targets are formulated as % recovered or recycled post-consumer waste of packaging placed on the market. For 2024, the targets were:

- Global recovery objective: 65%
- Global recycling target: 60%
- Recycling target paper - cardboard: 70%
- Recycling target materials (plastics): 40%
- Recycling target glass: 65%
- Recycling target metals - ferrous: 65%
- Recycling target wood: 20%

In 2024, the above targets were met. Zentiva follows the legal obligations set by OUG no. 92/2021 and H.G.R. nr. 856/2002, ensuring that all waste generated is properly recorded, reported, and disposed of

through authorized channels. In accordance with national updates, starting January 1, 2025, the packaging waste recovery target will increase from 65% to 70%, while the recycling target will rise from 60% to 65%. Zentiva is committed to meeting these updated regulations through continued collaboration with OIREP-certified organizations.

No other specifications of the internal targets were formalized.

## 5. WASTE MANAGEMENT

[E5-5]

Based on the environmental authorization, Zentiva S.A. generates and manages various types of waste, ensuring compliance with applicable regulations through appropriate recovery and disposal processes.

Actual waste quantities are directly weighed and recorded by authorized waste collection providers and reported back to Zentiva, which records them in the monthly waste management records, according to HG 856/2002. The quantities (kg) of waste reported in the table below are retrieved from supplier invoices (household waste) while construction waste quantities are retrieved from the forms approved by our waste supplier.

The company produces packaging waste, including paper and cardboard (R12 - recovery), plastic packaging (R12 - recovery), metal packaging (R12 - recovery), composite packaging (R12 - recovery), and mixed packaging (D15 - disposal). Additionally, wood waste (R12 - recovery) and glass waste (R12 - recovery) are processed accordingly.

Industrial waste streams include ferrous and non-ferrous metal waste (R12 - recovery), electrical cables (R12 - recovery), and absorbent materials, protective clothing, and filtering materials (D15 - disposal). Hazardous waste categories encompass waste containing hazardous substances, including contaminated packaging (D15 - disposal), solvent-containing waste (D15 - disposal), and pharmaceutical waste such as expired or discarded medicines (D15 - disposal).

*Management of waste generated from own operations (in kg) 2024*

<b>Waste generated (kg)*</b>	<b>1,294,080</b>
<b>Hazardous waste diverted from disposal (kg)</b>	0
<b>Hazardous waste diverted from disposal due to preparation for reuse (kg)</b>	0
<b>Hazardous waste diverted from disposal due to recycling<sup>4</sup> (kg)</b>	0
<b>Hazardous waste diverted from disposal due to other recovery operations (kg)</b>	0
<b>Non-hazardous waste diverted from disposal (kg)</b>	522,789

<sup>4</sup> Waste recovery and disposal codes are set by Law 211/2011, which transposes the Framework Waste Directive 2008/98/EC. Recovery code R12 represents Exchange of wastes for submission to any of the operations numbered R1 to R11. Disposal code D15 represents Storage pending any of the operations numbered D1 to D14 (excluding temporary storage, pending collection, on the site where it is produced).

Non-hazardous waste diverted from disposal due to preparation for reuse (kg)	0
Non-hazardous waste diverted from disposal due to recycling (kg)	522,789
Non-hazardous waste diverted from disposal due to other recovery operations (kg)	0
Hazardous waste directed to disposal (kg)	399,255
Hazardous waste directed to disposal by incineration (kg)	399,255
Hazardous waste directed to disposal by landfilling (kg)	0
Hazardous waste directed to disposal by other disposal operations (kg)	0
Non-hazardous waste directed to disposal (kg)	355,533
Non-hazardous waste directed to disposal by incineration (kg)	136,264
Non-hazardous waste directed to disposal by landfilling (kg)	219,269
Non-hazardous waste directed to disposal by other disposal operations (kg)	0
Non-recycled waste (kg)	754,788
Percentage of non-recycled waste (%)	58.3%

\* Waste quantities collected by authorized waste collectors (both for recovery and disposal) also contain waste stock from previous year. We have provided the above values under the assumption that non-hazardous waste collected by authorized waste collectors is considered to be recycled.

No radioactive waste is generated.

Zentiva follows strict waste management protocols to prevent environmental pollution, ensuring that all waste is either directed to authorized recovery facilities or disposed of according to legal requirements.



# SECTION 03

## SOCIAL

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### 3.1. ESRS S1 – OWN WORKFORCE

[S1-SBM3]– MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

[S1-1] – POLICIES RELATED TO OWN WORKFORCE

[S1-2] – PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS

[S1-3] – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

[S1-4] – TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

[S1-5] – TARGETS AND METRICS

[S1-6] – CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

[S1-10] – ADEQUATE WAGES

[S1-14] – HEALTH AND SAFETY INDICATORS

[S1-16] – COMPENSATION INDICATORS (PAY GAP AND TOTAL COMPENSATION)

# 1. MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

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[S1-SBM3]

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## Interests, views, and rights of people in our own workforce

At Zentiva S.A., our workforce is recognized as a vital stakeholder whose interests, rights, and perspectives are integral to shaping our overall business strategy and model. Each employee brings unique skills and perspectives to the table, yet all are working towards a shared goal: ensuring access to high-quality medicines at affordable prices for those who depend on them daily.

We ensure that every employee is informed of their rights and responsibilities through regular communication of our Staff Handbook and Code of Ethics, reinforced by mandatory annual training. Further, in 2023 we conduct the **Heartbeat Employee Survey**, an anonymous feedback tool that allows employees to express their perspectives on key topics such as:

- Alignment with the company's strategy and direction,
- Career development opportunities,
- Diversity, equity, and inclusion,
- Internal communication and collaboration,
- And other workplace aspects that impact engagement and satisfaction.

The insights gathered from this survey form the foundation for our annual strategic planning, guiding the Administrative, Management, and Supervisory Bodies in identifying key actions for organizational growth and employee well-being.

In addition, we maintain a strong ethical compliance culture through the Speak Up/Whistleblowing platform (<https://www.app.nntb.cz/ro>), a confidential reporting channel for employees to raise ethical concerns, misconduct, or workplace issues potentially leading to a breach of laws, internal rules or ethical codes. This platform allows employees to report matters such as:

- Fraud and corruption,
- Conflicts of interest,
- Harassment or discrimination,
- Privacy violations, and other compliance-related concerns.

Employees can submit reports securely and anonymously via multiple channels, including the Compliance Officer or Speak Up/Whistleblowing Line, without fear of retaliation. Each report undergoes a thorough assessment, and appropriate corrective or disciplinary measures are implemented where necessary to mitigate risks and enhance internal processes. Even in cases where no violations are confirmed, we proactively address operational weaknesses to strengthen compliance and governance practices.

All actions taken are in full compliance with local labor laws, ensuring fairness and protection for all employees.

## Third-party standards

Zentiva recognizes that transitioning to greener and climate-neutral operations may introduce new risks and challenges for its workforce. To manage any potential impacts, we rely on our Integrated Management

System (IMS), which incorporates quality, environmental, energy, and occupational health and safety (SSM) standards in line with ISO 9001, ISO 14001, ISO 45001, and ISO 50001.

### Consideration given to interests of key stakeholders in setting policy

Through continuous risk identification and evaluation, we proactively assess the impact of new or planned developments, ensuring that workplace conditions, processes, and responsibilities are adapted to maintain safety. The Health & Safety Committee plays a key role in monitoring workplace risks, ensuring compliance with safety regulations, and promoting initiatives to prevent occupational accidents and illnesses.

Furthermore, our commitment to diversity, non-discrimination, and robust human rights standards creates a work environment free from bias and unfair treatment, ensuring that our business decisions promote an inclusive, ethical, and innovative culture that drives financial performance and sustainable growth.

### Brief description of the types of employees and non-employees in our own workforce subject to material impacts

Our workforce consists mainly of employees, with some roles filled through third-party arrangements and, occasionally, self-employed personnel. Our Internal Regulation applies to all Zentiva S.A. employees, as well as delegated, seconded personnel, and collaborators (interns, students, or others under our supervision). This ensures that all individuals contributing to our operations are considered in our strategy, risk management, and business model. This comprehensive approach guarantees that the impacts, risks, and opportunities affecting our entire workforce are reflected in our strategy and business model.

### Focus on our material Impacts, Risks and Opportunities

Sub-topic	Sub-sub topic	I/R/O	Description
Working conditions	Secure employment	Impact +	Increased employee satisfaction as per our high survey results (assessed every 2 years) and Top Employer certification for the fourth consecutive year in 2024, reflecting Zentiva S.A.'s commitment to a supportive workplace, equal benefits for all employees, and long-term employee retention, with some employees staying for over 35 years.
Working conditions	Secure employment	Impact +	Zentiva S.A. also prioritizes its direct employees (versus contractors or independent workers), providing them with favorable working conditions and support.
Working conditions	Working time Work-life balance	Impact - Impact +	To meet production schedules, production staff work in shifts and on weekends, as stipulated in their labor contracts. However, despite receiving bonuses, they may experience lower morale due to missing family time. Office employees, whose work is not tied to production schedules, benefit from flexible arrangements, including remote work. Overall, employees have expressed satisfaction with the company's impact on their work-life balance.
Working conditions	Adequate wages	Impact +	Aligning salaries with market studies and providing equal benefits positively impacts employee morale and satisfaction, leading to higher engagement and productivity.

Sub-topic	Sub-sub topic	I/R/O	Description
Working conditions	Adequate wages	Risk	If Zentiva does not pay an appropriate level of salaries, this would translate into a high employee turnover. The performance-based nature of bonuses means that during downturns or unforeseen challenges, employees may experience significant reductions in their bonuses, potentially leading to dissatisfaction.
Working conditions	Social dialogue  Freedom of association, the existence of works councils and the information, consultation and participation rights of workers  Collective bargaining, including rate of workers covered by collective agreements	Impact +	Zentiva has established a collective agreement, negotiated every two years, which ensures fairness among employees through regular meetings between union representatives and management. Chapter 5 (Remuneration) is negotiated every year.
Working conditions	Health and safety	Impact -	Potential of occupational accidents.
Working conditions	Health and safety	Risk	Potential loss of productivity due to accidents, which can lead to significant operational disruptions and legal accountability. In the event of unforeseen situations, the company faces civil and administrative liability, exposing it to fines and legal repercussions.
Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Impact +	Zentiva's implementation of a unified salary grid, regardless of gender or age, promotes fairness and equity, while the focus on performance-based promotions has resulted in a significant presence of women in top management roles.
Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Impact +	The implementation of an Ethical Code and anti-harassment guidelines, along with the establishment of a monitoring forum, fosters a culture of awareness and respect, significantly reducing instances of violence and harassment in the workplace.
Equal treatment and opportunities for all	Training and skills development	Risk	Risk of losing skilled employees to competitors who may offer more attractive development opportunities. High costs associated with training programs pose a financial risk, while failure to complete mandatory training could lead to penalties and compliance issues, potentially harming the company's reputation.

## Our Health and Safety priority

Despite strong controls, we keep ourselves aware that incidents remain a possibility, highlighting the need for continuous employee awareness and vigilance.

Zentiva strictly adheres to the legal framework on health and safety, ensuring compliance with all applicable national and EU related regulations. The Company has established a dedicated Health and Safety Responsible in charge for risk assessment, preventive measures, and continuous monitoring of workplace conditions and it has implemented multiple specific channels for reporting risks and incidents (Health and Safety, ITS Incident Tracking System quality alerts, etc.)

### ○ Systemic Risks and Industry standards Compliance:

Zentiva operates in a highly regulated pharmaceutical industry, where health and safety risks are closely monitored. The Company ensures a safe working environment by implementing ISO 45001-certified Occupational Health and Safety Management Systems. Regular audits, employee training, and safety drills minimize widespread or systemic risks across operations. In 2024 there were 26 EHS audits and inspections, two ISO compliance audits (ISO 9001, 14001 and 45001), and one inspection from the Territorial Labor Inspectorate of Bucharest Municipality (ITM).

### ○ Incident Management and Response:

While Zentiva has not recorded major industrial accidents or systemic health and safety violations, the Company has strict protocols for managing individual incidents.

## Positive impacts on employees and Workforce Well-being

Zentiva actively promotes a positive and inclusive work environment, ensuring that both employees and non-employees in its workforce benefit from structured policies and external recognition of workplace standards.

- External Validation of Employee Practices: In addition to internal processes, Zentiva has been certified as a Top Employer for four consecutive years, reinforcing its commitment to high workplace standards and employee well-being.
- Ethical Conduct and Workplace Respect: The Code of Ethics provides employees with clear guidance on expected professional conduct, while the Anti-Harassment Guideline establishes a framework for maintaining a safe, respectful, and inclusive work environment.

## Dependencies

Zentiva has identified three material risks linked to its workforce impacts and dependencies: adequate wages and decent pay, employee health and safety, and training and skills development.

## Adaptability

As a Company dedicated to providing life-saving medicines, Zentiva ensures business continuity while transitioning to greener operations through a gradual and strategic workforce approach. Thus, the workforce adjustments are primarily managed through natural attrition—allowing for organic shifts in talent through hires and departures, ensuring stability in operations.

To prepare employees for an evolving industry and sustainability demands, Zentiva prioritizes upskilling initiatives. Employees receive targeted training in areas such as energy-efficient production methods, digitalization, and regulatory compliance related to pharmaceutical manufacturing. These programs enhance employee expertise, enabling them to adapt to new technologies, operational efficiencies, and environmental requirements.

Zentiva proactively adapts to health and safety risks through a structured medical surveillance program that ensures employees' well-being and compliance with occupational health regulations. The Company implements periodic medical examinations, including pre-employment screenings and routine health assessments, to identify and mitigate potential work-related risks. By continuously monitoring employees' health, Zentiva minimizes exposure to chemical hazards, physical strain, and workplace-related conditions, reinforcing its commitment to preventive safety measures. The Company also aligns its health and safety

practices with national regulatory requirements and international standards, ensuring that all employees operate in a safe and controlled environment.

### **Workforce Risk Assessment and Protection Measures**

Zentiva S.A. ensures that all employees operate under standard working conditions, with a structured approach to identifying and mitigating potential risks. As part of our Environmental, Health, and Safety (EHS) activities, we conduct role-specific assessments, analyzing working conditions for all job functions.

Our conduct in operations is validated by the relevant authorities, confirming compliance with workplace safety standards. Each role is accompanied by a risk sheet, which is regularly reviewed and managed by the EHS department to ensure ongoing protection

At Zentiva S.A., risks and opportunities affecting our workforce are managed across the company, not limited to any specific group. Our inclusive environment ensures that all employees—regardless of age, role, or employment type—are treated equally. While we recognize risks such as turnover from inadequate salaries, bonus reductions during downturns, accidents, and the potential loss of skilled talent, our policies address these challenges holistically. Our bonus system, which balances individual performance with overall company results, along with robust safety measures and comprehensive training programs, ensures that these risks are managed uniformly for everyone.

## **2. POLICIES RELATED TO OWN WORKFORCE**

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[S1-1]

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### **2.1. Secure Employment**

In Romania, secure employment is guaranteed by national legislation, eliminating the need for a separate company policy on this matter. Zentiva S.A. respects the Romanian Labour Code mandates that all individual employment contracts be concluded in writing and in the Romanian language, specifying essential terms such as job description, working hours, salary, and termination conditions. Additionally, collective labour agreements, also supported by the Trade Union, further regulate employment conditions by setting provisions that may enhance job security beyond legal requirements.

Moreover, our Internal Operating Rules detail the employer's key obligations: to clearly communicate working conditions, enforce strict health and safety protocols, provide timely access to necessary resources, and support employee development through regular training. In parallel, employee rights are comprehensively protected, including the right to fair remuneration, rest, safe working conditions, and the ability to participate in collective bargaining. This integrated approach guarantees a stable, supportive, and secure working environment for every member of our workforce.

Our Ethical Code and Internal Operating Rules apply to all employees of Zentiva S.A., as well as to delegated personnel, interns, students, and other collaborators.

Each employee is informed about the Internal Operating Rules. Zentiva's – Staff Handbook is shared with all employees upon hiring and whenever updates occur. Additionally, the Code of Ethics is communicated to all employees to ensure they understand their rights and responsibilities. All employment-related policies are accessible on the Intranet, providing employees with on-demand access to relevant information. The Code of Ethics is also publicly available on our website. ([Link](#)).

Our Code of Ethics and Internal Operating Rules provide the guidelines that enforce our workforce rights. They are implemented by our senior management and apply to all our employees, regardless if they conduct their activity within or outside Zentiva S.A.'s perimeter.

Additionally, through our Supplier Code of Conduct available at the Group level, Zentiva S.A. ensures that worker safety is prioritized, precarious work is prevented, and human trafficking, forced labour, and child

labour are strictly prohibited. The Code mandates that all employment be voluntary and legally recognized, with fair wages, lawful working hours, and safe working conditions. It also prohibits discrimination, inhumane treatment, and abusive behaviour, reinforcing ethical labour practices. Our Supplier Code is aligned with Zentiva's Human Rights & Anti-Modern Slavery Policy.

### 3.1 Work time and Work-life balance

Our Internal Operating Rules outline our worktime and work-life policies, which are applying to all employees. Each employee receives an Individual Employment Contract upon hiring, which legally guarantees daily and weekly rest, annual leave, and clear shift planning. These provisions, reinforced by the Collective Labor Agreement, promote a healthy work-life balance. Additionally, under the FlexWork – Work from Home policy (Ghidul „Biroul de Acasă”) overseen by our Human Resources Department, eligible employees have the right to work remotely for up to 10 days per month for Commercial and Product Supply functions, and up to 60% of working days per month for Global functions. Employees can enjoy the benefits of FlexWork by registering their remote workdays in advance in the Workday system, ensuring seamless coordination and alignment with their direct manager's approval. The FlexWork policy is outlined in our Internal Operating Rules and takes effect once additional agreements are established between the employee and the company. This ensures that employees are fully informed about the eligibility criteria, conditions, and applicable legal requirements.

Zentiva S.A. ensures that weekly rest standards align with international best practices. These aspects are clearly outlined in employment agreements and our Internal Operating Rules. Each Individual Employment Contract specifies the working schedule, and any overtime must be agreed upon in advance and approved by the manager in compliance with the maximum working hours and minimum rest required by applicable law. The monthly timesheet systematically monitors these elements.

### 3.2 Adequate wages

Our Human Rights and Anti-Modern Slavery Policy, available through our company's website, reinforces our commitment to fair and adequate wages. We ensure all employees receive competitive compensation that meets market standards and legal requirements, including base wages and benefits. Zentiva S.A. conducts an annual salary and benefits competitiveness review. Adjustments are determined through negotiations with the Trade Union, considering both market competitiveness and the company's budget constraints. Once an agreement is reached, salary and benefit updates are implemented accordingly.

For shift workers, particularly those on night shifts, we offer additional compensation for the standard salary per hour worked. Moreover, our bonus structure extends to overtime and special events (e.g., weddings, childbirth, adoption, funerals, and seniority milestones). Our retirement benefits are clearly defined within our Collective Labor Agreement: under the P1 and P2 Plans, bonuses vary according to length of service and include fixed benefit amounts. These measures are designed to reward long-term commitment and provide a comprehensive benefits package throughout an employee's career.

As per our Internal Operating Rules and Collective Labor Agreement, salaries are paid on time each month, ensuring consistency and reliability. Employees utilize benefits based on their personal preferences and planning. Monthly financial statements accurately reflect all labor-related costs, while the annual budgeting process ensures proactive planning and allocation for these expenses.

The Internal Operating Rules and Collective Labor Agreement apply universally to all individuals directly employed by Zentiva S.A., as well as to any delegated personnel, contractors, and interns operating under our supervision. It covers all aspects of compensation, including base pay, bonuses, and retirement benefits, and is fully integrated with our Collective Labor Agreement. However, they do not cover temporary or external arrangements.

Furthermore, the Performance Management Policy establishes a structured process for setting, evaluating, and improving employee performance, ensuring alignment with company objectives and linking performance to bonus allocation. Performance priorities are defined collaboratively between employees and

direct managers, following the S.M.A.R.T. methodology and reflecting both quantitative (numerical targets) and qualitative goals. Bonuses are awarded based on both individual and company performance indicators. The policy follows an internal framework and is designed to motivate employees, enhance engagement, and support career development.

In developing our wages and bonuses policies, we have actively incorporated the interests and feedback of our employees, and the requirements of law, company's and position's task description. Annual surveys conducted by leading market research firms enable us to compare our remuneration and benefits levels with market benchmarks. This ensures that our compensation remains competitive and equitable, supporting employee satisfaction and retention. Our inclusive approach guarantees that the policy addresses the needs of our entire workforce, from long-serving employees to newer team members.

The Performance Management Policy is internally communicated through company channels and is accessible to all employees via the company's internal SharePoint. Employees receive guidance and training on the policy during onboarding and performance review cycles. Managers are responsible for explaining performance expectations and evaluation criteria to their teams, ensuring clarity and consistency. In addition, employee representatives and trade unions have direct access to the policy, ensuring that everyone who plays a role in its implementation is fully informed and engaged.

#### 4. Social dialogue, Freedom of association and Collective bargaining

At Zentiva S.A., we are committed to ensuring that all employees have the right to collective and individual bargaining, participation in collective actions, and trade union membership. This commitment is embedded in our Internal Operating Rules and reinforced by our Human Rights & Anti-Modern Slavery Policy. We actively collaborate with trade unions to foster a fair and transparent working environment that benefits both employees and the company.

Trade Union Engagement and Governance

- **Employee Representation:** Trade union representatives are elected by employees for a two-year term, during which they benefit from job security protections, ensuring they cannot be dismissed by the company.
- **Regular Dialogue:** The Trade Union Committee holds regular meetings with a designated employer representative to address workforce concerns and negotiate employment conditions.
- **Workplace Involvement:** As outlined in Chapter 2 of the Collective Labor Agreement, the company allows the Trade Union to operate within the factory and use company resources for its activities.
- **Transparency and Communication:** The Trade Union receives ongoing updates and selects its members exclusively from the company's workforce.
- **Structured Consultations:** Both company and trade union representatives hold quarterly and annual meetings to review and improve employee rights, benefits, and working conditions.

Zentiva S.A. actively collaborates with employee representatives to ensure that employee rights, job security, health and safety, and benefits are upheld. A structured ongoing dialogue is central to this approach, promoting a balanced and fair outcome for both employees and the company.

As part of our Double Materiality Assessment (DMA) process, employee representatives participated in both the IRO identification workshop and the IRO evaluation workshop, alongside management representatives. This inclusive approach ensures that employee perspectives are integrated into the company's sustainability strategy and decision-making processes.

To ensure all stakeholders remain informed, our Human Rights & Anti-Modern Slavery Policy and Code of Ethics are publicly available on the Zentiva S.A. website, providing direct access to our commitments and principles. For employees, the Internal Operating Rules are shared upon hiring, establishing clear expectations from the start. Additionally, any updates, key provisions, or decisions are communicated through internal channels.

## 5. Health and Safety

The Zentiva S.A. Health, Safety, and Environment (HSE) Policy provides a structured framework for managing HSE aspects, reinforcing our commitment to continuous improvement, risk elimination, and the protection of employees, and the environment.

The policy establishes overall guidelines for accident prevention, risk reduction, and efficient resource use, ensuring compliance with applicable laws and regulations. It also promotes transparent communication with stakeholders and requires that all HSE cases be reviewed collaboratively with employees and their representatives.

Additionally, detailed procedures outline HSE requirements and best practices for each role within the Company. These guidelines are communicated to employees alongside dedicated training, ensuring alignment with workplace safety and environmental standards.

Furthermore, Zentiva S.A. has established a robust framework of health and safety measures to protect employees across various work environments. These include protocols for safe equipment handling, fire prevention, emergency response, personal protective equipment use, and workplace ergonomics. Specialized guidelines address teleworking, night shifts, hazardous substance management, and maternity protection. The Company has dedicated safety committees and response plans for emergencies, ensuring compliance with occupational health and safety regulations.

The Health, Safety, and Environment (HSE) Policy applies to all employees and governs all aspects of HSE management across industrial, development, and commercial activities. It covers hazard identification, risk classification, energy efficiency measures, and environmental impact reduction. The HSE department and senior management oversee the implementation and monitoring of Zentiva S.A.'s HSE Policy. All the risk assessments are performed in transversal teams, led by the site HSE specialist, together with representatives from the assessed area, and with the site Occupational Doctor.

Our HSE Policy is aligned with and regularly audited against internationally recognized standards. We commit to maintaining compliance with ISO 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems), and ISO 45001 (Occupational Health and Safety Management Systems). Our Integrated Management System is certified by Lloyd's and the manual establishes a system that unifies quality, environmental stewardship, occupational health and safety, and energy management. It is designed to consistently satisfy customer and regulatory requirements, reduce risks, and promote continuous performance improvements through clear policies, staff awareness, regular internal audits, and thorough process management.

Zentiva's HSE Policy aligns with regulatory changes and stakeholder expectations by incorporating employee and representative interests. Their perspectives are reflected in the Integrated Management System (IMS) which contains the HSE and Energy components of the policy, developing a safe workplace. The scope of the Integrated Management System (IMS) is defined by internal and external factors, compliance obligations from stakeholder analysis, and the organizational structure, functions, and physical boundaries. It also considers Zentiva's authority and control over operations, the specific activities, products, and services covered, and the reference standards and any applicable exclusions to ensure effective system implementation. Through this, Zentiva S.A. is committed to meeting customer requirements while ensuring full compliance with pharmaceutical quality regulations. All manufactured and marketed products adhere to approved regulatory documentation and comply with Romanian (Farmacopeea Română) and international standards, including the British Pharmacopoeia (BP), United States Pharmacopoeia (USP), and European Pharmacopoeia (EP), as applicable. Zentiva obtained Occupational Health & Safety and Environmental Management certifications in 2006 and 2007, in compliance with OHSAS 18001:2004 and ISO 14001:2005, and has maintained recertifications through 2010, 2013, 2016, 2019, and 2022. Additionally, the Energy Management System was certified in 2015, with renewals in 2018 and 2021, ensuring thus that its integrated management system aligns with industry best practices, continuously improving compliance, efficiency, and stakeholder engagement.

The HSE policy is made readily accessible to all potentially affected stakeholders. It is published on the Zentiva website and communicated through internal channels such as training sessions, safety meetings, and the company intranet. Furthermore, our real-time emergency reporting system, periodic risk

assessments, and dedicated communication sessions ensure that employees, their representatives, and other stakeholders are fully informed and actively involved in the implementation and continuous improvement of our HSE practices.

## 6. Gender equality and equal pay for work of equal value

We do not have a policy that directly addresses gender equality and equal pay for work of equal value, as per our Code of Ethics, applicable to all employees, we ensure fair compensation for our employees in compliance with applicable legal requirements and take pride in fostering a diverse work environment.

Our Code of Ethics underscores our commitment to gender equality and equal pay for work of equal value. We ensure fair remuneration for all employees in compliance with applicable legal requirements. We take pride in fostering a diverse and inclusive workplace where each individual is valued and respected. Discrimination based on gender, gender identity, age, culture, religion, sexual orientation, physical appearance, ability, union affiliation, or political and other opinions is not tolerated.

At Zentiva, we believe that gender diversity strengthens our teams and drives our success. Regardless of gender or sexual orientation, our people work side by side with the same passion to fulfill our commitments. By embracing diverse perspectives, we bring Zentiva Values to life. Our external partners are also made aware, during contracting, of our Code of Ethics, ensuring a fair and compliant value chain.

Furthermore, Zentiva's Diversity, Equity, Inclusion & Belonging Policy, rooted in principles of equity and belonging, sets forth a comprehensive framework that ensures every team member is treated fairly and with respect. Together with our Code of Ethics and Internal Operation Rules, they prohibit any form of harassment, discrimination, retaliation, intimidation, humiliation, bullying, or unfair treatment. We commit to developing an inclusive environment where all employees are educated and informed about their rights and responsibilities. This policy applies to all employees within Zentiva across every level of the organization. The Diversity, Equity, Inclusion & Belonging Policy is made readily available to all stakeholders via the Zentiva website (Link) and is incorporated into the company's Code of Ethics, thus communicated through regular training sessions (every two years for Code of Ethics), HR onboarding programs, and internal communications channels, which ensure that employees are fully aware of the policy's provisions and their roles in upholding them. Moreover, the company promotes fairness, equal opportunity, and equitable wages through systematic benchmarking and external market research. We evaluate compensation by employee grade—ensuring that gender does not influence these assessments—and apply the same methodology in our salary studies at Zentiva.

## 7. Measures against violence and harassment in the workplace

Zentiva has a zero-tolerance stance against workplace violence, harassment, and discrimination, as stated in several guiding documents, including the Code of Ethics, the Internal Regulation, and the Group Diversity, Equity, Inclusion and Belonging Policy. These policies prohibit any form of harassment, intimidation, humiliation, bullying, retaliation, or unfair treatment. The Code of Ethics also details reporting mechanisms for employees who believe they have experienced or witnessed such behaviours, ensuring that all reported concerns are thoroughly investigated. The Internal Regulation, for example, dedicates an entire chapter to non-discrimination and the prevention of any violation of employee dignity, while the Code of Ethics emphasizes respect for human rights and the importance of fostering a respectful workplace culture.

The measures against violence and harassment in the workplace apply to all Zentiva employees, contractors, and any third parties interacting with the company. They cover all work-related environments, whether on-site, off-site, or virtual. These policies do not exclude any particular employee group or function; rather, they are designed to protect every individual associated with Zentiva. Furthermore, the same standards are upheld when cooperating with external partners, with contractual clauses that reflect the company's commitment to maintaining a safe, respectful work environment.

Zentiva's measures align with relevant national labour laws and international human rights principles, including the prohibition of any form of violence or harassment in the workplace. Zentiva actively involves employees, managers, and stakeholders in shaping and improving its policies. Through regular training and open dialogue forums, employees are informed about their rights and responsibilities, while their feedback helps refine policies to meet evolving workplace needs.

Zentiva's measures against violence and harassment are communicated through multiple channels:

- **Code of Ethics:** Accessible online, it outlines expected behaviours and the prohibition of any form of harassment or violence.
- **Internal Regulation:** Available on the company intranet, detailing reporting procedures (e.g., how to file complaints related to discrimination or harassment).
- **Group Diversity & Inclusion Policy:** Published on our website to ensure clarity on equity, belonging, and respectful conduct.
- **Speak-Up/Whistleblowing Platform:** A nominal/ anonymous channel that encourages employees to report concerns related to ethical concerns, misconduct, or workplace issues potentially leading to a breach of laws, internal rules or ethical codes.

By using these diverse communication platforms, Zentiva ensures that all potentially affected stakeholders—employees, contractors, and external partners—are fully aware of the policy and have the necessary tools to uphold it.

## 8. Training and skills development

As outlined in our Code of Ethics, Zentiva is committed to ensuring fair professional development for its employees. The company invests in training and awareness programs designed to embed environmental protection and the prevention of health and safety risks across all operations. Each job role has an established training matrix, ensuring that employees continuously receive the necessary skills. Additionally, the company supports employees' professional development through formal training programs, with costs fully or partially covered by the company. This applies to all employees across various roles within Zentiva, ensuring that they receive job-specific training to enhance their competencies. There are no specific exclusions mentioned in the policy; however, the exact terms and conditions of training-related agreements are determined through additional acts to individual employment contracts.

In addition to our policy framework, Zentiva S.A. has been recognized as a Top Employer for the fourth consecutive year in 2024, with our scores increasing from year to year. This certification underscores our commitment to fulfilling the needs and aspirations of our workforce while upholding industry-leading best practices. Regular employee surveys, conducted every two years, consistently indicate high satisfaction levels, with all employees receiving equal benefits—including those who have remained with the company for over 35 years. Moreover, we prioritize our direct employees by providing them with favourable working conditions, trainings and comprehensive support.

Zentiva aligns its training and compensation policies with industry standards, ensuring compliance with legal requirements and best practices in employee development.

The Company actively supports employee development through structured programs and transparent discussions on career progression. The Zentiva Talent and Development Program enables employees to engage in regular 1:1 conversations and team reviews, ensuring alignment with their career goals and organizational objectives. This approach allows Zentiva to consider employee needs and aspirations while maintaining a skilled and well-trained workforce.

Our Code of Ethics is available online and the employees' rights to training and skill development are communicated through the company's internal regulations and employment contracts.

### 3. PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS

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[S1-2]

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Zentiva has established internal processes to ensure continuous engagement with its workforce and workers' representatives. These processes include regular interactions, formalized meetings, and dedicated communication channels to discuss actual and potential impacts on employees. In this context, our General Manager plays a pivotal role in overseeing these engagement mechanisms, ensuring that employee feedback directly informs our strategic decision-making. Key engagement mechanisms include:

- **Trade Union Dialogue:** Regular quarterly and annual meetings are held between the Trade Union Committee and Company Representatives to maintain a constructive dialogue and review employee rights and benefits. These meetings are supported by the provisions of the Collective Agreement (Chapter 2), which grants the Trade Union the right to operate within the Company's facilities and use its resources.
- **Company-wide Communications:** Official announcements and updates are disseminated through a dedicated communication hub, followed by meetings, training sessions, and direct interactions to ensure workforce awareness and participation.
- **Speak-Up/Whistleblowing Line:** Employees have access to a confidential Speak-Up Line to report concerns related to discrimination, harassment, or other ethical issues. These reports are handled by the Compliance Officer/Designated Person, in accordance with the local Standard Operating Procedure related to Reporting of Concerns. **Health, Safety, and Environmental (HSE) Communication:** Employees are regularly informed about incidents, accidents, and potential hazardous situations during training sessions to ensure workplace safety.

Zentiva actively integrates workforce perspectives into its decision-making processes through structured engagement mechanisms. The Company employs multiple communication formats to gather and address employee concerns, including weekly 1-on-1 meetings to discuss individual feedback, quarterly business updates to inform employees about company developments, and annual negotiation meetings between Trade Union representatives and company leadership to review employee rights and benefits. Feedback from these engagements, including Trade Union meetings and training sessions, is documented, analysed, and communicated back to employees through company-wide updates and follow-up meetings. We assess the effectiveness of our workforce engagement primarily through negotiations that lead to a Collective Labour Agreement.

Workforce engagement occurs at both the organizational and site/project levels, ensuring concerns are escalated to senior management for strategic alignment. To support these processes, Zentiva allocates financial and physical resources and invests in HSE training programs and the Speak-Up/Whistleblowing Line, reinforcing its commitment to workforce engagement and well-being.

Zentiva develops an inclusive workplace by ensuring equal career opportunities, with hiring and promotions based on skills, expertise, experience, and ethical standards. To ensure fairness, we conduct annual salary and benefits benchmarking surveys with top market research firms. This process helps us maintain competitive and equitable compensation while gaining valuable insights into employee perspectives.

## 4. PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS

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[S1-3]

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Zentiva has established structured processes to remediate negative impacts on its workforce and provide employees with multiple channels to raise concerns and have them addressed. Quarterly and annual meetings between Trade Union representatives and company leadership facilitate constructive dialogue, allowing for the review and improvement of employee rights and benefits.

To further support ethical compliance and workforce protection, the Company has implemented a Code of Ethics and an Anti-Bribery Policy, with employees receiving regular training on these standards. Additionally, Zentiva has in place the local Standard Operating Procedure on Reporting of Concerns. We made available multiple confidential channels for employees to raise concerns and have them addressed effectively. Employees can report issues directly to their direct manager or use the company's Speak-Up/Whistleblowing platform (Reporting of concerns channel), ensuring a safe and transparent reporting process. The Reporting of Concerns Standard Operating Procedure encourages employees to report concerns confidentially through various channels, including mobile ballot boxes, dedicated phone lines, email, and an electronic platform. These mechanisms ensure that employees can safely voice their concerns and that appropriate actions are taken to address and remediate any negative impacts. Zentiva ensures the tracking, monitoring, and effectiveness of its reporting channels through structured processes managed by the Compliance Officer/Designated Person. Complaints, including those related to discrimination or harassment, are thoroughly reviewed, with disciplinary actions enforced as needed.

To maintain trust and impartiality, the Compliance Officer/Designated Person operates independently and, if necessary, having the right to report to authorities.

In addition to these general engagement mechanisms, Zentiva has processes in place to prevent workplace accidents and improve occupational safety. Risk assessments for processes and installations are conducted according to internal standards (based on internationally recognized standards, e.g. ISO), which incorporate international safety guidelines and market benchmarks. Special attention is given to changes that introduce new risks, such as modifications in processes, production scale adjustments, and transfers between industrial or research units.

To enhance workplace safety and incident response, Zentiva's manufacturing plant has implemented a real-time emergency reporting system that immediately notifies management and relevant authorities after an accident occurs. The incident is thoroughly investigated, and root cause analysis is conducted to implement appropriate corrective measures. Additionally, internal communications about safety incidents are issued through dedicated sessions to ensure company-wide awareness.

A monthly safety report with key performance indicators is provided to management, and Environmental, Health, and Safety (EHS) deviations are monitored daily in leadership meetings, followed by corrective actions as necessary. To streamline data collection, Zentiva has developed an internal tool within the local intranet, where all EHS deviations are recorded and monitored daily to ensure timely intervention:

- the Learning from Experience (LEX) process focuses on identifying root causes of incidents, implementing corrective actions, and sharing lessons learned to prevent recurrence. By adjusting methods, adopting best practices, and considering technical, human, and organizational factors, the Company continuously improves safety performance. The LEX Alert system serves as a dedicated reporting tool, documenting incidents, analysing causes, and outlining preventive measures.

The Company ensures accessibility, clear procedures, transparency, and compliance with human rights standards while continuously improving the reporting system based on insights from employee feedback. Whenever a new ethical compliance is published, employees receive official updates and training in the local language. . Mandatory training on ethical compliance is available for the Code of Ethics, Anti-bribery,

sanctions, conflict of interest, due diligence and data privacy. Additionally, the Company organizes an annual Compliance Week, dedicating time for employees to engage with these topics, ask questions, and deepen their understanding of compliance-related matters.

Policy / Procedure	Applicability (stakeholder)	Responsible for implementation and monitoring
<b>Code of Ethics</b>	All employees and any other third party operating in the name, on behalf or at the direction of Zentiva.	Senior management in cooperation with the Compliance Officer
<b>Internal Operating Rules</b>	All employees, delegated personnel, interns, students, and other collaborators	Senior management
<b>Human Rights and Anti-Modern Slavery Policy</b>	All employees and value chain	Senior management
<b>Collective Labour Agreement</b>	All employees	Senior management, Head of P&O
<b>Performance Management Policy</b>	All employees, including temporary workers and contractors	Top management
<b>Integrated Management Manual</b>	Employees, Clients, Investors	Management positions at all levels within the company
<b>Diversity, Equity, Inclusion &amp; Belonging</b>	All employees	Senior management
<b>Standard operating procedure on Reporting of Concerns</b>	All employees and other reporters which fall under the definition of whistleblowers in the public interest.	Senior Management in cooperation with the Compliance Officer/Designated Person
<b>Health, Safety, and Environment (HSE) Policy</b>	All employees and value chain	Senior management

## 5. TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

[S1-4]

The Company is committed to ensuring that its business operations, policies, and practices do not cause or contribute to material negative impacts on its own workforce. We ensure that our practices do not cause or contribute to material negative impacts on our workforce by upholding fair employment conditions, maintaining strict health and safety standards, and enforcing ethical procurement, sales, and data use policies. The company conducts regular audits, risk assessments, and due diligence to ensure compliance with labour laws and ethical standards. Training programs promote ethical business conduct, and a speak-up / whistleblowing system allows concerns to be reported and addressed. Zentiva ensures employee health

100

and safety through regular medical surveillance, risk prevention measures, and regulatory compliance. Periodic health assessments help detect and mitigate workplace hazards, while preventive strategies minimize exposure to chemical and physical risks.

## 1. Secure Employment

Zentiva is committed to ensuring ongoing secure employment through structured engagement, training programs, and long-term employee retention initiatives such as offering training and skill set enhancement which can further enhance their remuneration and extra annual leave days based on age and time spent in our company, annual salary reviews, performance-based bonuses, a competitive benefits package, annual negotiations with the union and well-being initiatives such as the Well-being Factory (Fabrica de Buna Stare). These are applicable to all our employees, based on the Internal Operational Code. Apart from maintaining our Collective Labour Agreements, following the Romanian Labour Code, and enforcing an Internal Operating Rules that safeguards employee rights, we do not have specific actions or allocated resources for this material topic.

## 2. Work time and Work-life balance

Zentiva recognizes that a **healthy work schedule and work-life balance** are essential for both employee well-being and company success. To support this, we have implemented the following actions:

Offer work flexibility through our “FlexWork-Home office” policy for employees that fit the scope of the policy, ensuring that Commercial and Product Supply division employees can opt to work for 10 days per month from home, and our Global functions for up to 60% of time per month. This action is already implemented in Zentiva S.A. and has been positively received by our workforce.

- ✓ Recognizing the impact of 3-shift schedules on employees, Zentiva has established, within our Internal Operating Rules, HSE documentation and Collective Labour Agreement, clear regulations to ensure their well-being and adequate rest. Shift schedules are announced at the beginning of each month, with confirmation provided at least 3 days in advance, or 7 days for roles requiring continuous activity. We recognize that our continuous operations rely heavily on the commitment of our shift-working employees. To support this, we provide salary bonuses tailored to their unique working conditions. The approach applies to overtime and special events—such as weddings, births, adoptions, funerals, and significant milestones in company tenure—ensuring that our employees are duly rewarded for their vital contributions

Further well-received actions took place during the reporting year. Zentiva promoted work-life balance through various initiatives that support employees in managing their professional and personal lives. Educational seminars provide guidance on parenting, emotional resilience, and building strong relationships, helping employees navigate family responsibilities while maintaining well-being. Additionally, engagement activities, such as the Ice Cream Truck at our office, create opportunities for relaxation and team interaction.

These actions have been already implemented through the provisions within our Internal Operating Rules, and other internal agreements. Current and future OPEX allocated resources are aligned with our financial records and based on our business objective and the expectations set through contracts and internal policies,

Additionally, resources were allocated to employee well-being initiatives, including 24 events under our "Fabrica de bunăstare" ("The Well-being Factory") program. These activities covered emotional resilience, stress management, sleep science, nutrition, workshops, family engagement, and awareness campaigns.

## 3. Adequate wages

Our key action is to ensure that all employees receive competitive and fair wages, aligned with our values, legal requirements, and market standards. This is achieved through regular audits and market analyses, as well as adherence to our Human Rights & Anti-Modern Slavery Policy. We actively collaborate with Employee Representatives to maintain fair compensation practices, ensuring compliance the UN Guiding Principles on Business and Human Rights.

This action is part of an ongoing process, and it applies universally to all employees across all legal entities of Zentiva S.A., including direct hires, delegated personnel, contractors, and interns. It covers all components of our remuneration system—base wages, shift premiums (including a special 25% bonus for night shifts), overtime and special event bonuses, as well as retirement benefits defined in our Collective Labor Agreement.

In addition to legal compliance, Zentiva offers a comprehensive benefits package, exceeding statutory requirements, to support employee well-being and satisfaction. By maintaining an ongoing dialogue with Employee Representatives, we ensure that our remuneration practices remain equitable, competitive, and responsive to workforce needs.

#### 4. Social dialogue, Freedom of association and Collective bargaining

We continuously aim to strengthen fair labour practices and promote robust social dialogue. Trade Union representatives are elected by company employees for a two-year term, during which they enjoy guaranteed job security and cannot be dismissed by the Company. To facilitate this process, regular meetings are held between the Trade Union Committee and employee representatives. Moreover, through the Collective Agreement (2nd Chapter), Zentiva S.A. enables the Trade Union to conduct its activities at the plant and use the company's physical resources. Trade Union is constantly informed and retains the right to select its members from among our employees and every employee benefits from secure and effective representation. This approach has led to enhanced employee relations and the prompt delivery of remedial actions where necessary. To encourage this, in September 2024, we had our Sustainability corner event, which was aimed at fostering discussions about ethical and sustainable business practices.

#### 5. Health and Safety

Zentiva S.A. is providing a safe and healthy workplace through the comprehensive implementation of our HSE policy, anchored in our October 2023 declaration on Quality, Environment, Health, Safety, and Energy. This initiative integrates systematic training, continuous employee engagement, and a structured risk management process as following:

##### Risk Management and Compliance

- **Ongoing Risk Assessments:** Evaluations are conducted whenever significant changes occur, with a detailed risk assessment every three years, discussed with stakeholders to develop an action and risk management plan.
- **Regulatory Compliance:** The program aligns with Law 319/2006 and ISO standards (9001, 14001, 45001), ensuring full compliance through related audits, inspections, and periodic reviews.
- **Risk Coverage:** Assessments address process safety, explosion and fire hazards, workstation safety, road safety, asphyxiation risks, occupational diseases, and environmental risks.

##### Employee Engagement and Well-being Initiatives

- In 2024, employees participated in health-focused discussions, preventive healthcare programs, and awareness campaigns.
- Educational seminars on sleep, nutrition, and disease prevention equip employees with knowledge to maintain overall well-being.
- Campaigns like Pink October reinforce preventive measures and early detection approaches.

##### Implementation and Monitoring

- HSE training is delivered to 100% of new employees, ensuring role-specific safety awareness.
- Corrective and preventive actions (CAPA) are implemented based on insights from the LEX Alert incident analysis system.

- Progress is tracked through quantitative and qualitative indicators, with annual audits and third-party inspections every three years.

We conducted 26 HSE audits and inspections, 2 ISO surveillance audits (9001, 14001, and 45001), and 1 inspection from the Labor Inspectorate (ITM).

Our HSE action plan is supported by dedicated financial resources, with current investments allocated to both CAPEX (safety infrastructure enhancements) and OPEX (training, audits, and monitoring activities). Future financial resources will continue to be allocated in a similar balanced manner to ensure ongoing improvements in our HSE systems.

## 6. Gender equality and equal pay for work of equal value

At Zentiva, performance-based promotions are already embedded within our Performance Management Policy, eliminating the need for separate and specific actions, metrics, or targets in this area. The Policy establishes a structured and transparent approach by defining individual performance priorities with clear evaluation criteria and timeframes. It also includes Performance Improvement Plans (PIP) and performance-based indicators to support continuous development and ensure fairness in career advancement. This integrated approach reinforces our commitment to meritocracy and equal opportunities, ensuring that all employees have a clear and objective path for professional growth. While no dedicated resources were specifically allocated, these actions are embedded in our overall workforce development strategy.

## 7. Measures against violence and harassment in the workplace

Zentiva's primary action involves the ongoing implementation of its Code of Ethics and anti-harassment guidelines, supported by the establishment of a dedicated monitoring forum. This framework is further reinforced by the Group-level Diversity and Inclusion Policy, which states that Zentiva does not tolerate any form of harassment, discrimination, retaliation, intimidation, humiliation, bullying, or unfair treatment. Additionally, the Company actively educates and informs all team members through mandatory ethics compliance training, promoting a respectful work environment and addressing any policy breaches that may occur. In these cases, the Human Resources Department, Company Management, or the Compliance Officer carefully review and oversee the resolution of any reported complaints. If an investigation confirms harassment, violence or discrimination, the Company enforces disciplinary measures in accordance with established regulations, ensuring a safe and respectful workplace for all employees.

Zentiva's measures against workplace violence and harassment are ongoing, with periodic policy updates, including the 2023 review of the Code of Ethics and related training.

**To uphold these standards**, mandatory ethics compliance training is provided to all employees, covering the Code of Ethics, anti-bribery rules, conflict of interest sanctions and due diligence policies, guidelines, standard operating procedures, and personal data protection. Employees are encouraged to report concerns confidentially via the Speak Up / Whistleblowing channels, ensuring a transparent and accountable process.

The monitoring forum, along with regular reviews by the Ethical Compliance Committee, helps to ensure that any reported incidents are thoroughly investigated and remedied. While no dedicated resources were specifically allocated in 2024, these actions are embedded in our overall workforce development strategy.

## 8. Training and skills development

Zentiva S.A. is providing continuous employee training and development, ensuring that all employees have access to learning opportunities tailored to their evolving needs. While some of our trainings apply to all employees, we constantly aim to discover new areas where our employees wish to improve and offer them the necessary support in gaining those skills. Our training programs are structured around core

competencies, specialized skills, and employee-requested topics, with new training modules planned for 2025, based on ongoing feedback and business priorities.

The Company allocates both current and future financial OPEX resources by aligning them with our remuneration amounts, ensuring that employee compensation remains fair and consistent with our financial statements, as negotiated through our Collective Labor Agreements

In 2024, we allocated a specific OPEX budget for employee training, with annual budget adjustments based on workforce needs and business objectives.

## 6. TARGETS AND METRICS

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### [S1-5]

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As our general approach, Zentiva ensures alignment with its policies and objectives by continuing to run major annual actions according to well-established calendars.

Due to the activity sector in which we operate, our main target relates to Health and Safety incidents related to our workforce. We strive for zero accidents with victims each year. These are outcome-based, quantitative objectives that focus on reducing risk exposure and enhancing overall HSE performance, reflecting both safety and environmental priorities, for employees in all of our manufacturing and operational sites. We report no Health and Safety incidents in 2024, whereas in 2023, we had two reported incidents, one related to a sprained ankle on our premises and another occurring on the way home.

More specifically, our HSE targets for 2025 are directly linked to the objectives of our HSE policy. These targets aim to encourage a change in safety attitudes—ensuring that every employee enjoys a safe working environment and returns home safely—as well as to create a healthy community and strengthen HSE as a strategic partner within our business operations.

Zentiva ensures fair and competitive wages by aligning salaries with market standards and legal requirements while maintaining balanced gender representation across all levels and enforcing a zero-tolerance policy for discrimination. The company follows a well-structured annual process, ensuring that all workforce-related actions, including performance reviews, merit increases, and bonus allocations, are aligned with approved budgets and year-end results. These processes are governed by KPIs (applying the same global process and same approval flows), set timeframes, and multi-level approvals, ensuring transparency and oversight.

To maintain market competitiveness, Zentiva integrates budget planning, objective updates, training adjustments, and policy revisions into its annual cycle, using market studies to enhance decision-making. The Company works closely with employee representatives to ensure the best outcomes for both employees and the business. A structured training matrix is in place for all roles, with 100% HSE training completion to ensure workplace safety. Additionally, Zentiva monitors and updates workforce processes, dedicating resources to address gaps and continuously improve operational efficiency, while securing its workforce through attraction, development, and retention initiatives.

#### Time frame:

Zentiva follows a continuous, annual cycle where workforce-related targets are linked to annual objectives.

Performance is reviewed in line with established business planning timelines. In addition, we are leveraging on the market studies to improve decision-making and diagnose trends, ensuring that workforce planning aligns with industry benchmarks and stakeholder expectations.

#### Setting targets and performance monitoring:

We follow a structured, multi-level target-setting process. Objectives are first established at the group level, then cascaded to the country level and further complemented with individual objectives. Each employee

actively participates in the process by defining and agreeing on their objectives with their manager, ensuring alignment with both corporate goals and personal development plans.

Performance is monitored through a mid-year and annual review process, allowing for regular assessment and necessary adjustments. The progress of objectives is tracked using established KPIs, ensuring employees and managers have a clear framework for evaluating achievements and areas for improvement.

Objective progress is regularly monitored through structured meetings between employees and managers. These discussions provide an opportunity to identify challenges, refine targets, and implement necessary improvements. By integrating feedback and insights from employees at all levels, Zentiva continuously enhances its performance management approach and workforce development strategies.

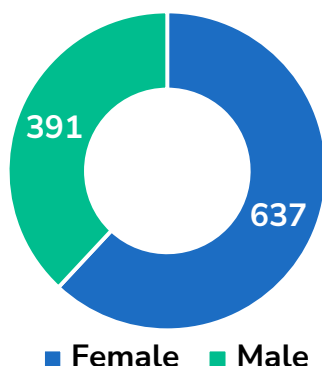
This structured process ensures that workforce engagement remains central to target-setting, tracking, and continuous improvement, reinforcing transparency, accountability, and alignment with business objectives.

## 7. CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES

[S1-6]

Our monthly average head count of employees is presented in the table below. The total number of employees can be related to our financial statements. The total number (head count) of permanent employees was 963 out of which 596 were females and 367 males.

### Male vs Female Employees



Our temporary employees in 2024 were 65, out of which 41 were female and 24 male. We do not have any non-guaranteed hours employees.

Gender	Number of employees (head count)
Male	391
Female	637
Other	0
Not reported	0
Total Employees	1028

114 employees have left during the reporting period and the employee turnover rate in the period is 9%.

The workforce data is compiled using information from our payroll database. Depending on the type of report, data is calculated in both headcount and full-time equivalent (FTE). The numbers provided are an average, across the reporting period, with employees only in Romania. We define our full-time employees as those working 8 hours per day, 40 hours per week.

## 8. ADEQUATE WAGES

[S1-10]

All salaries at Zentiva are competitive and reviewed annually based on employee performance and market standards. Additionally, no employee received wages below the adequate level. As per our Collective Labor Agreement, all employees are paid an adequate wage that consists of the base pay which follows minimum requirements set by law and a variable component depending on the grade, with the variable component calculated in line with our market benchmark.

## 9. HEALTH AND SAFETY INDICATORS

[S1-14]

Zentiva operates under normal working conditions, ensuring a safe and structured work environment. Each position is assigned a risk assessment document, which is reviewed by the HSE physician to determine job-related risks and ensure appropriate classification of both the job role and the future employee.

The below incident data is compiled through a structured reporting and investigation process, according to our Procedure: Workplace Accident Investigation. Any incident is immediately reported by employees to their direct superior via phone, message, or email. The site supervisor then informs the EHS department, and if a company vehicle is involved, the police are also notified. The OHS Specialist formally reports the incident to ITM and submits an incident notification form. An on-site investigation is conducted, with findings documented in a report, and for serious cases, an investigation committee is formed. All relevant data, including witness statements, medical reports, and photographic evidence, is compiled into a Workplace Accident Registration Form (FIAM) and submitted to ITM within 5 days. Once reviewed, corrective and preventive measures are defined, communicated across departments, and their implementation is monitored by EHS and OHS specialists.

	2024
Percentage of own workers who are covered by health and safety management system based on legal requirements and (or) recognized standards or guidelines	100%
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	0
Number of fatalities in own workforce as result of work-related injuries	0
Number of fatalities in own workforce as result of work-related ill health	0

106

Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	0
Number of fatalities as result of work-related injuries of other workers working on undertaking's sites	0
Number of fatalities as result of work-related ill health of other workers working on undertaking's sites	0
Number of recordable work-related accidents for own workforce	0
Rate of recordable work-related accidents for own workforce	0%
Number of cases of recordable work-related ill health of own workforce	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	0

## 10. COMPENSATION INDICATORS (PAY GAP AND TOTAL COMPENSATION)

[S1-16]

The data in the table below presents the pay gap between male and female employees, expressed as a percentage of the average pay level of male employees. This data was compiled by using our Workday database and payroll system. The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees is 11.37. The data was compiled from multiple budget databases, Payroll included, which contain the number of employees, associated salaries and other benefits.

			Male-female pay gap 2024
<b>Country</b>	Operating segment	Employee Category	
<b>Romania</b>	Company-wide	Company-wide (% of the average gross hourly pay level)	8.4%
<b>Romania</b>	Grades/ Seniority level	Calculated per category (category = comparison at grade level)	2.59%



# SECTION 03

## SOCIAL

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### 3.2. ESRS S4 – CONSUMERS AND END-USERS

**[S4-SBM3] – 1. MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL**

**[S4-1] – POLICIES AND INTERNAL PROCEDURES RELATED TO CONSUMERS AND END-USERS**

**[S4-2] – PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS**

**[S4-3] – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS**

**[S4-4] – TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND THE EFFECTIVENESS OF THOSE ACTIONS**

**[S4-5] – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES (CONSUMERS AND END-USERS)**

# 1. MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

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[S4-SBM3]

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## How the Interests, Views, and Rights of Consumers and End-Users Inform Zentiva's Strategy and Business Model

At Zentiva, our commitment to quality and patient safety is at the core of our strategy and business model. We ensure that all our medicines meet the highest quality and safety standards, as required by regulatory authorities and expected by our stakeholders. This commitment guides our approach to providing high-quality, affordable medicines to the people who depend on them daily. Our business model is designed to increase access to essential medicines while maintaining affordability, ensuring that more patients can access high quality and effective therapies. The portfolio comprises both prescription (Rx) and over the counter (OTC) medicines, with Rx products accounting for 85% of primary sales to wholesalers, while OTC brands make up 15%. Zentiva has a strong presence in both hospital and retail sales channels, with a leading position in hospitals, where it holds a 24% market share in units (IQVIA sell-in data, MAT December 2024). One in four drugs administered in hospitals is a Zentiva product, making it the top-ranked manufacturer in hospital Rx sales by volume.

Our representatives interact with doctors, pharmacists, wholesalers, distributors, and hospital procurement teams to promote Zentiva products while recognizing that our strategy and business model have a direct impact on end users (patients). We actively listen to feedback from patients, healthcare professionals, and regulatory bodies. For this purpose, Zentiva provides multiple channels for stakeholders to reach out and share their feedback, including our **Quality Complaint Management System, Pharmacovigilance and Medical Information Enquiries processes**. These channels ensure that any comments, enquiries, or safety-related reports can be communicated to us efficiently.

- **Quality Complaint Management and Product Quality Assurance** process ensures that all product-related complaints are systematically recorded, investigated, and resolved through the Quality Forward system. Employees are required to report complaints immediately, triggering an investigation by the Quality, Pharmacovigilance, and Supply Chain teams, depending on the nature of the issue. The Complaints Manager oversees case resolution, while Quality Assurance and Pharmacovigilance representatives reconcile product complaints with safety reports to identify potential risks. Escalation protocols are in place for suspected counterfeit or non-compliant products, ensuring prompt action.
- The **Pharmacovigilance process** ensures the systematic collection, processing, and reporting of adverse drug reactions in compliance with global regulations. Employees and third-party contractors must report safety concerns within one working day to the local Pharmacovigilance (PV) department, which monitors safety data through dedicated email inboxes. Zentiva has a third-party agreement with Healthcare Digital Info for a 24/7 Call Center for Adverse Event Reporting, Quality Complaints, Medical Information Enquiries and Availability Information Enquiries enabling real-time reporting of safety concerns from healthcare professionals and consumers. The PV team reconciles safety reports with product complaints to detect potential adverse and special PV events and ensure timely regulatory reporting.
- **Quality Risk Management and Corrective and Preventive Actions (CAPA)** processes ensure product quality, compliance, and continuous improvement. The quality risk management procedure identifies, evaluates, and mitigates risks in product storage, transportation, complaints, recalls, and counterfeit detection, using a structured framework based on severity, probability, and detectability. Meanwhile, the CAPA process, managed through the Quality Forward system, ensures that nonconformities (e.g., deviations, audit findings, quality alerts, and complaints) are systematically investigated, documented, and corrected. Effectiveness is monitored through follow-ups, ensuring

that corrective actions prevent recurrence and drive continuous quality improvement and regulatory compliance.

- Zentiva's **general Risk Management Process** prioritizes the health and safety of end-users by systematically identifying and addressing risks that could impact product quality, patient safety, and regulatory compliance. Critical risks, such as potential contamination, or packaging errors, are immediately investigated and mitigated through strict quality control measures, supplier audits, and regulatory reporting. Preventive actions, including batch testing, pharmacovigilance monitoring, and traceability systems, help detect and eliminate safety hazards before products reach patients. The company follows a risk-based decision-making approach, ensuring immediate corrective action for any issue that could compromise patient health. Compliance with national and international health regulations is reinforced through continuous monitoring, documentation, and safety assessments to prevent incidents.

### Our Impacts, Risks and Opportunities related to End Users

Zentiva recognizes that actual and potential impacts on consumers and end-users originate from our business model and strategy in multiple ways, particularly through our value chain, cost structure, and revenue model. To drive forward and ensure our positive impacts, we safeguard that our operations align with strict EU and Romanian regulations to provide safe, high-quality, and affordable medicines while upholding responsible business practices.

### Health and Safety

[SASB HC]

Operating within a strict regulatory framework, we are committed to the highest standards of quality and patient safety. By ensuring full compliance with Good Manufacturing Practices (GMP) and pharmacovigilance regulations (including Good Pharmacovigilance Practices), we maintain the integrity, efficacy and safety of our products.

As a result of our rigorous safety and quality assurance measures, no critical observations were received from the Health Authorities during the reporting period.

### Access to products and services

Ensuring access to medicines is another fundamental aspect of our strategy. Our focus on generic and value-added medicines supports healthcare affordability and accessibility, enabling a greater number of patients to receive the treatments they need while contributing to the financial sustainability of healthcare systems. Through strategic partnerships with hospitals and healthcare providers, we further ensure that our medicines are widely available where they are needed most, reinforcing our commitment to public health.

To maintain affordability without compromising quality, we invest in modern technology and process optimization, improving efficiency and reducing production costs. Additionally, as part of our long-term strategy, as detailed in the ESRS 2 Chapter, we periodically expand our product portfolio to include new generic medicines that address emerging public health needs. This proactive approach ensures that we continue meeting market demands while providing high-quality and affordable treatments.

### Access to information, Responsible marketing practices and Freedom of expression

Furthermore, many consumers and end-users rely on accurate and accessible product information to ensure the safe and effective use of medications. Patients (end-users) require clear, comprehensible, and up-to-date information about their medications to avoid misuse and ensure adherence to treatment plans. Accurate product labels and patient information leaflets help prevent incorrect usage, adverse events, or unintended health risks. Healthcare Professionals (HCPs) depend on accurate product information to make informed

prescribing decisions and provide correct guidance to patients. They must stay updated with regulatory-approved information to ensure compliance with medical standards and avoid prescribing errors. All information we provide (whether printed, electronic or verbal) is accurate, objective, balanced, substantiated, scientifically up-to-date, reliable and compliant with current scientific data and applicable laws. Information is made available in the local language and presented in a clear, understandable format for its intended audience.

Our local procedure for Managing Promotional and Non-promotional Materials covers all marketing, advertising, and communication materials used to promote Zentiva products and applies to both internal teams and third-party agencies involved in material development. All promotional materials must undergo a multi-stage review by the Regulatory Affairs, Medical, and Legal teams and the approval process ensures that they adhere to national and international regulations governing pharmaceutical advertising. Regulatory Bodies play a key role in compliance oversight, ensuring that Zentiva provides accurate and legally compliant product information. Their oversight is essential for maintaining public trust, preventing misinformation, and ensuring the safe distribution of pharmaceuticals. Additionally, we provide multiple communication channels, including whistleblower and medical information enquiries systems, where consumers and health care professionals can report concerns or address questions. The whistleblower mechanism is further detailed in the G1 chapter.

### Interactions with Health care professionals

[SASB HC]

When interacting with healthcare professionals, Zentiva S.A. adheres to the Code of Ethics issued by the professional associations the company is a member of, respectively:

- (i) The Association of Generic Medicine Manufacturers in Romania (A.P.M.G.R.), whose Code of Ethics can be accessed online (<https://apmgr.org/cod-de-conduita-etica-al-apmgr>), which transposes, at its turn, the ethical principles contained in the Code of Ethics of the Association Medicines for Europe (<https://www.medicinesforeurope.com/who-we-are-code-of-conduct>);
- (ii) The Romanian Association of Over-the-Counter Medicine, Food Supplements, and Medical Devices Manufacturers (RASCI) whose Code of Ethics can be further accessed online (<https://rasci.ro/etica/>);

Such ethical provisions are also transposed in the internal Code of Ethics and other policies and standard operating procedures like Interactions with the Healthcare Community, Government Officials and Selected Third Parties and Zentiva and Third-Party Events.

### Our impacts related to end-users

Our strategy and business model continuously evolve based on regulatory requirements, consumer feedback, and emerging healthcare needs. We regularly review and update our policies and procedures to align with evolving compliance frameworks, including GDPR, GMP, and responsible marketing regulations. These ongoing adjustments help us mitigate risks and ensure that our operations remain in full regulatory compliance.

Material Sub-subtopic	Impact	Description
Privacy	Impact +	Zentiva S.A. complies with the GDPR rules. The company has limited contact with the final customer and/or end-user.
Access to (quality) information	Impact +	Zentiva S.A. adheres, under EU and Romanian law, to multiple mechanisms of providing high quality access to information to end users and responsible marketing.  Zentiva S.A. follows the APMGR (The Association of Generic Medicine

Material Sub-subtopic	Impact	Description
		<p>Manufacturers in Romania ) and the RASCI (The Romanian Association of Over-the-Counter Medicine, Food Supplements, and Medical Devices Manufacturers) code of conduct on interactions with healthcare professionals and the general public. Approved and verified information about products is clearly provided to end-users on the leaflet of the products. Communication and marketing towards end users is transparent, allowing the end user to make their own decision regarding the benefits of the product.</p> <p>Freedom of expression - Confidential Speak-Up line/Whistleblowing line, Pharmacovigilance, Quality Complaints, Medical Information Enquiries and Availability Enquiries and other means of communication with end-users.</p>
Freedom of expression	Impact +	<p>Onto or within the product's packaging, as mandated by law, Zentiva provides the contact details towards official monitors (e.g. ANMDMR) for safety reports. The company has in place procedures that allow end users to communicate with the company, submit concerns, complaints or report side effects. The company has 2 departments (Quality Commercial and QA Product Supply) for quality controls - one Medical Department for management of medical information enquiries, a PV Department for collecting of adverse and special events related to medicines administration- while the PV Department further ensures data detection, evaluation, understanding and prevention of side effects caused by the products.</p> <p>Zentiva S.A. analyses all feedback, complain and comments of end-users, as part of their mission, in order to build a trustful relationship and a good reputation. In justifiable cases, corrective and preventive actions can be initiated.</p>
Health and safety	Impact - Impact +	<p>Zentiva S.A. adheres to strict EU and Romanian regulations, following Good Manufacturing Practices (GMP) to ensure high product quality and safety.</p> <p>While highly unlikely, future breaches of quality standards or regulations could occur. Manufacturing errors, such as missing active ingredients or contamination in injectables, may impact consumer health and safety. The absence of a critical API in life-saving medication or the use of non-compliant active substances could lead to reduced efficacy or adverse reactions.</p>
Responsible marketing practices	Impact - Impact +	<p>Zentiva S.A. follows strict responsible marketing guidelines regulated by local authorities (CNA, Consiliul Concurenței, ANMDMR) and does not engage in misleading advertising, aggressive sales tactics, or direct influence on end-user prescriptions.</p> <p>While highly unlikely, future breaches in marketing compliance could occur.</p>
Access to products and services	Impact +	<p>Affordability: Zentiva S.A. is producing lifesaving generic drugs at accessible prices, ensuring that they are available for a wide range of users, and especially, in hospitals.</p> <p>Widespread public-inclusion: Each new drug launched by Zentiva lowers the reference price of that medication in the healthcare systems of each country. There is overwhelming evidence that as competition increases and drug prices decrease, more people gain access to that gold standard medication. Access to healthcare products for priority diseases in priority countries (for example Republica Moldova)</p>

## Consumers and End-Users of our products

As a pharmaceutical company, our main focus is on the development, manufacture and distribution of medicines, always adhering to the quality guidelines and regulations (GxP) applied in the pharmaceutical industry and actively striving to minimize any risks by strictly following these regulations. Zentiva S.A.'s portfolio primarily consists of pharmaceutical products designed to improve health outcomes, prevent disease progression, and enhance quality of life. End-users of these medicines include:

- Patients requiring prescription (Rx) medicines for chronic and acute conditions.
- Healthcare professionals who administer hospital-based and outpatient treatments.
- General consumers who rely on Consumer Healthcare (CHC) products, such as over the counter (OTC) products, for health maintenance and symptom management.

We do not provide direct services to end-users, yet, as further detailed in ESRS-2 [SBM-1, sections 4.1.1-4.1.3], our products are directly linked to treating, managing, and reducing the risks associated with chronic diseases and life-threatening conditions of consumers. Our Company plays a critical role in addressing public health challenges, particularly for end-users with cardiovascular disease, oncology, respiratory conditions, pain management, and metabolic disorders. Through our products, we improve patient outcomes across multiple therapeutic areas and consumer health segments, ensuring at the same time that end-users who may be particularly vulnerable from a financial point of view, have access to, and receive the treatments they need.

We are fully committed to ensuring the highest level of safety and quality for our end-users, including patients and healthcare professionals. Zentiva S.A. implements rigorous quality control measures, comprehensive supplier audits, and real-time safety monitoring to guarantee that every product meets the strictest regulatory and safety standards. Our proactive approach prevents potential issues such as contamination, missing active ingredients, or non-compliant substances, ensuring that treatments remain effective and safe, particularly for those relying on life-saving medications. Through continuous improvement and strict adherence to industry best practices, we strive to eliminate risks and uphold the trust of those who depend on our products.

## Specific process put in place in case a product recall would be needed

In case of **recall events**, the Quality Manager at Zentiva SA is responsible for overseeing product recalls, ensuring that they align with corporate standards and regulatory requirements. To guarantee compliance, they must implement and monitor recall processes while maintaining complete documentation of all activities. When a recall is necessary, a dedicated risk management team ensures that all relevant information and supporting documentation are gathered before initiating the withdrawal. This includes a clear identification of the affected product, batch numbers, and distribution records, allowing the Supply Chain Analyst to trace and manage the recall efficiently.

To **prevent counterfeit products** from infiltrating the supply chain, Zentiva SA has established strict verification protocols for medicines. These measures ensure that only authentic and compliant products enter distribution. As part of this process, the logistics service provider performs random scans of newly received shipments and thoroughly checks all returned products. The results are then cross-referenced with the National Medicines Verification System (SNVM) to confirm authenticity and detect potential anomalies. If a product is suspected of being counterfeit or fraudulently diverted, the Responsible Person initiates an immediate investigation. Should suspicions be confirmed, a formal recall is triggered, in accordance with Zentiva's standard recall procedures, and authorities are notified to prevent further risks to public health.

Furthermore, Zentiva's Customer Management Procedure ensures that our customers, who receive or distribute our products, meet regulatory and quality requirements before being approved for product distribution. The process includes initial qualification, where customers must provide licenses, certifications,

and regulatory authorizations, followed by annual evaluations to assess compliance with contractual obligations, business performance, and distribution standards. Customers are requalified every three years or sooner if major changes occur, and weekly compliance checks verify the validity of regulatory authorizations. Customer performance data is analysed within the Quality Management System (QMS) to identify potential risks and areas for improvement.

## Data Privacy

Our focus on health and safety is strongly tied to data protection and privacy, as we ensure compliance with GDPR regulations and maintain open communication about personal data protection measures. More details on our GDPR rules can be found on our website (<https://www.zentiva.ro/gdpr>) and further detailed below. Zentiva's Policy on Personal Data Processing ensures GDPR compliance, safeguarding personal data through annual training, access controls, and adequate security standards. While we have limited direct interaction with end-users, our responsible data management benefits end-users by ensuring their information is handled securely and transparently.

## Our risks related to end-users

For the identified risks, our strategy and business model prioritize regulatory compliance, quality assurance, and consumer trust. Failure to meet manufacturing, distribution, and pharmacovigilance standards could lead to operational restrictions and financial penalties. Additionally, insufficient traceability in the value chain may require additional quality checks and recalls, affecting consumer confidence and sales.

To mitigate these risks, we integrate strict compliance measures, including quality assurance, structured product recall procedures, traceability systems (SNVM), counterfeit product prevention protocols, and secure electronic quality management systems (Quality Forward). Continuous quality monitoring ensures that any potential deviations in clinical, manufacturing, distribution, and pharmacovigilance processes are promptly identified and addressed, minimizing regulatory and safety risks. Robust complaint management and risk-based decision-making allow us to act swiftly on product quality concerns, ensuring regulatory compliance and patient safety. Additionally, we invest in employee and partner training programs on responsible marketing compliance, data protection (GDPR), and ethical business practices, ensuring all stakeholders understand and comply with legal and industry standards.

Material Sub-subtopic	R/O	Description
Privacy	Risk	GDPR data breaches can result in severe penalties, as high as €20 million or 4% of global revenue (whichever is higher). In addition, data subjects have the right to seek compensation for damages.
Health and safety	Risk	<p>Failure to comply with clinical, manufacturing, distribution, and pharmacovigilance standards may lead to fines or operational restrictions (Art. 875, Law 95/2006). While highly unlikely, quality issues could arise, potentially affecting patients, healthcare professionals, and regulatory compliance.</p> <p>Limited traceability and transparency in the value chain may require additional quality checks, investigations, or recalls, impacting sales and consumer trust</p>

## 2. POLICIES AND INTERNAL PROCEDURES RELATED TO CONSUMERS AND END-USERS

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[S4-1]

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### Product Quality and Accessibility

At Zentiva, quality is at the core of our operations and is essential to ensuring patient safety, regulatory compliance, and maintaining trust with consumers, healthcare professionals, and regulatory authorities. Our global Quality Policy outlines our commitment to delivering high-quality, safe, and effective medicines, which directly impacts consumers and end-users. This policy is publicly displayed in all our operational sites and is supported by further commitments such as our assumed Role as Responsible Citizen detailed below, Code of Ethics detailed in the ESRS G1 chapter, Corporate Policy on Marketing and Sales Practices, quality evaluation, pharmacovigilance procedures and employee training. Every employee at Zentiva plays a role in upholding quality assurance, following our Quality System, procedures, and standards to maintain compliance with regulatory frameworks.

Product quality and safety are further ensured through our annual Evaluation of the Quality System, which applies to Zentiva SA's Commercial Division and covers Good Practice activities. Senior management is responsible for ensuring the availability of adequate resources to support continuous quality improvement across operational units. Meanwhile, the Quality Department oversees periodic evaluations of quality processes, ensuring that the quality system is effectively implemented, continuously improved, and compliant with international and local regulatory requirements.

This procedure highlights key topics discussed during Quality Management System Review Meetings, which take place at least once per year. These meetings assess quality system objectives, process effectiveness, and performance trends, identifying opportunities for improvements or optimizations where relevant. As part of this process, global and local quality performance indicators are evaluated, including deviations, rejected product batches, corrective and preventive actions, quality-related risks, change control, Good Practice training, product quality assessment, and customer satisfaction metrics. Additional factors such as quality complaints, product recalls, regulatory inspections, internal audits, regulatory commitments, document status, and supplier performance are also reviewed to ensure full compliance and operational excellence.

Zentiva enhances patient access to affordable medicines by providing generic, biosimilar and value-added medicines, which generate significant savings for healthcare systems. By increasing competition for off-patent medicines, we help lower costs and expand access to high-quality treatments. Our medicines are essential for sustainable healthcare systems, helping manage ageing populations, chronic diseases, and financial constraints.

### Training and Business Continuity in Pharmacovigilance

Zentiva's Local Standard Operating Procedure on Business Continuity for Pharmacovigilance (PV) ensures that critical safety monitoring activities continue without disruption and maintaining regulatory compliance. This procedure defines the decision-making process necessary to uphold PV obligations at the local level, ensuring that even in the event of operational disruptions, essential safety measures remain intact.

To safeguard these functions, as well as the entire business operation, a Business Continuity and Recovery Plan (BCP) is in place, also ensuring the integrity of PV operations and compliance with regulatory standards. The Local PV BCP Committee, consisting of the Country General Manager, Country Medical Manager, and Local PV Contact Persons, oversees business continuity measures to ensure ongoing adherence to local pharmacovigilance regulations.

**[SASB HC]** All adverse events reported in Romania have been collected and transmitted to Global PV for being processed and submitted to Eudra-Vigilance, the official system for collecting and analysing reports of suspected adverse reactions to medicines authorized or under clinical investigation in the European Economic Area (EEA). This system, managed by the European Medicines Agency (EMA), supports the EU medicines regulatory network in monitoring drug safety.

Furthermore, Zentiva S.A.'s pharmacovigilance training ensures that all employees and external partners handling safety data are properly trained to comply with regulatory and internal requirements. Training is mandatory for new employees before they begin their roles and must be renewed annually, with additional ad-hoc sessions when regulations or procedures change. Key topics include adverse event classes, minimum criteria and data contact for reporting, and compliance with pharmacovigilance regulations. Training records are documented in a centralized system, and employees must pass assessments to confirm their understanding. The Pharmacovigilance Manager oversees implementation, while HR and line managers ensure team compliance. This structured approach helps maintain regulatory readiness, patient safety, and audit preparedness.

### Interactions with the Healthcare Professionals and Responsible Marketing

Our interactions with healthcare professionals—our key link to end-users, including doctors, pharmacists, wholesalers, and hospital procurement teams—are conducted with integrity, transparency, and full compliance with industry regulations. As outlined in our **Corporate Policy on Marketing and Sales Practices**, we strictly prohibit aggressive sales tactics, dishonest practices, or misleading information.

All promotional materials adhere to regulatory requirements, including marketing authorizations and reference documents. Our representatives are also required to safeguard confidentiality and data privacy, ensuring compliance with data protection regulations when handling personal information. Additionally, any conflicts of interest must be disclosed immediately, and customer and healthcare professional feedback is actively encouraged to drive continuous improvement in our engagement practices.

### Zentiva's role as Responsible Citizen

The Responsible Citizen Policy outlines Zentiva's commitment to public health, sustainability, ethical business conduct, and corporate social responsibility. It covers patient safety, responsible sourcing, environmental impact reduction, employee well-being, and community engagement. The policy also integrates our corporate values and ethical principles into our operations and prioritizes patients, employees, business partners, and communities.

Through our publicly available Human Rights and Anti-Modern Slavery Policy, Zentiva is committed to upholding the UN Guiding Principles on Business and Human Rights and integrating internationally recognized human rights, including those outlined in the International Covenants on Civil, Political, Economic, Social, and Cultural Rights.

These principles guide every aspect of our business, from sourcing and manufacturing to distribution and consumer interactions, ensuring that end-users receive safe, high-quality, and ethically produced medicines. We expect all team members to uphold these values, as outlined in our Code of Ethics and embedded in function-specific policies across our operations. Both policies can be viewed on our website, on Our Commitments page (<https://www.zentiva.ro/our-commitments>).

### Privacy

Our Policy on Personal Data Protection and Security defines the principles and guidelines we follow when processing personal data at Zentiva S.A. We ensure compliance with the General Data Protection Regulation (GDPR) (EU 2016/679) and other relevant data protection laws. In this policy, we explain how we obtain personal data, the types of data we process, the purposes and legal bases for processing, and the conditions under which we may disclose data. We also outline our approach to data security, accuracy, minimization,

and retention. Additionally, we inform individuals about their rights regarding their data, our direct marketing practices, and how they can contact us for further information. Our policy applies to all personal data processing activities we conduct, whether we collect data directly from individuals or indirectly, from other sources (e.g. the affiliated entities within the Zentiva group, public institutions, business partners, or public sources). However, there are certain exclusions. Our policy does not apply to data processing that falls outside the scope of our business operations. We also do not process personal data of individuals under the age of 16 without parental consent. Additionally, our policy does not cover data collected via third-party platforms over which we do not have control. We handle personal data the same for everyone and we ensure the secure handling of health-related data, especially in medical reporting and pharmacovigilance. Employees and job applicants benefit from data privacy measures that protect their personal information throughout the recruitment and employment process. We also work closely with business partners and suppliers, ensuring that our contractual agreements reflect our commitment to data protection. Additionally, we maintain transparency with regulatory authorities, ensuring that our data processing activities comply with legal and industry requirements.

We make our policy accessible to all relevant stakeholders through multiple channels. It is publicly available on our official website, allowing individuals to easily access information about our data protection practices. Internally, we provide training and awareness programs to employees, ensuring that they understand their role in implementing the policy. Zentiva employs adequate software security measures, including encryption and firewalls, to protect data from unauthorized access. Regular risk assessments help identify vulnerabilities and enhance security controls, ensuring continuous improvement in data protection standards.

All data subjects, consumers and end-users included, can access detailed information on Zentiva's data protection practices through the company's official online GDPR policy at <https://www.zentiva.ro/gdpr>. Additionally, the Personal Data Protection and Security Policy outlines the company's compliance approach, ensuring that all personal data processing activities align with GDPR and national personal data regulations. The **Data Protection Officer (DPO)** holds the highest responsibility for overseeing compliance with GDPR rules.

### 3. PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

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[S4-2]

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Zentiva is committed to respect all international and local regulations related to pharmacovigilance by actively engaging with consumers, healthcare professionals, and regulatory authorities. This engagement plays a crucial role in identifying, assessing, and mitigating risks related to the use of our medicines.

Under **Law 95/2006**, marketing authorization holders, including **Zentiva**, must record suspected adverse reactions reported in the **EU or third countries**, whether spontaneously reported by patients and healthcare professionals or observed in post-authorization studies (**Article 835**).

Additionally, the **National Agency for Medicines and Medical Devices of Romania (ANMDMR)** records the suspected adverse reactions reported to them, ensuring that the reports can be submitted via the national medicines' web portal or other channels. When necessary, ANMDMR involves patients and healthcare professionals in monitoring reported cases (**Article 836**).

Additionally, ANMDMR may involve patients and healthcare professionals in monitoring and assessing reports to ensure compliance with regulatory obligations.

### Zentiva's Pharmacovigilance Reporting Channels

Patients experiencing adverse effects are advised to consult their doctor or pharmacist while also having the option to report adverse reactions through multiple official channels. These include:

- Zentiva Pharmacovigilance Department – PV reports can be submitted via email (PV-Romania@zentiva.com) or by calling (+40) 021.304.7597.
- Product Leaflets – Patients and healthcare professionals are encouraged to report any adverse effects using the national reporting system as outlined in Annex V of product documentation. It also contains the Marketing Authorization Holder full contact information where the adverse events can be reported.

### Responsible Marketing and Compliance Measures

Zentiva follows strict responsible marketing principles, ensuring compliance with local regulations (e.g., CNA, Consiliul Concurenței, ANMDMR). The company does not participate in direct-to-consumer prescription drug advertising and refrains from aggressive sales techniques. However, recognizing the potential risk of future marketing breaches, Zentiva maintains a strong compliance framework, which includes:

- Regular reviews of marketing materials to ensure accuracy, objectivity, and compliance.
- Employee training on ethical marketing practices and adherence to industry codes.
- Strict internal controls, including adherence to the Code of Ethics and the Marketing & Sales Practice Code, to prevent unethical marketing practices.

Reasonable marketing practices are monitored by the Head of RX Marketing, Head of Specialty/Hospital Sales Force Operations & Public Affairs and the Head of Marketing CHC (Consumer Healthcare).

### Assessing the Effectiveness of Consumer and End-User Engagement

Zentiva evaluates its engagement with consumers and end-users through compliance monitoring, stakeholder feedback, transparency initiatives, and strict regulatory adherence. The Company ensures GDPR alignment and transparency in data processing, allowing consumers to exercise their data rights, while regular reviews by the Data Protection Officer maintains compliance with GDPR. The company prioritizes clear product information and structured feedback mechanisms, such as the Speak-Up/Whistleblowing Line and Quality Complaint Management, Pharmacovigilance Reporting and Medical Information Enquiries processes, enabling stakeholders to report concerns. Pharmacovigilance plays a key role in monitoring adverse reactions and product safety, ensuring consumer trust and product reliability.

These engagement efforts have led to improved product safety, enhanced transparency, and full regulatory compliance. Zentiva continually invests in quality assurance, GMP, and ISO 9001 certifications, while consumer insights shape marketing campaigns, product development, and market expansion.

## 4. PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

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[S4-3]

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Potential negative impacts, though highly unlikely, could arise from breaches in quality standards or regulatory compliance, such as manufacturing errors (e.g., missing active ingredients or contamination in

injectables) that may affect consumer health and safety. Additionally, the absence of a critical API in life-saving medications or the use of non-compliant active substances could lead to reduced efficacy or adverse reactions. Similarly, while Zentiva strictly adheres to responsible marketing guidelines regulated by public institutions such as CNA and ANMDMR, there remains a potential risk of future marketing compliance breaches. The identification and assessment of these impacts is an ongoing process. To mitigate and address these impacts, Zentiva has in place robust manufacturing testing processes and procedures, a comprehensive pharmacovigilance system and multiple contact lines for end users that experience adverse reactions, as described above, and a whistleblowing system publicly available and explained on our website and further detailed 4.1. ESRS G1 – Business Conduct.

Zentiva ensures consumers and end-users are aware of and trust its reporting channels by providing clear information on its website, product leaflets, and packaging. The Company maintains whistleblowing channels, with information publicly available on our website, to allow concerns about product quality, safety, and compliance to be raised easily. To protect individuals using these channels, Zentiva enforces a strict non-retaliation policy. Whistleblowers and those reporting concerns in good faith are legally protected and exempt from liability if their disclosures comply with legal requirements. This procedure is further detailed in 4.1. ESRS G1 – Business Conduct. Retaliation, threats, or intimidation against reporters are strictly prohibited, reinforcing Zentiva's commitment to transparency, compliance, and ethical business practices. While we ensure that our own structured mechanisms are in place for end-users to raise concerns, we do not impose specific requirements on its business relationships for providing such channels.

Additionally, these processes undergo at least an annual review as part of our Evaluation of the Quality System, where key performance indicators (KPIs) such as end-user satisfaction, product deviations, quality complaints, rejected or returned products, and product availability are assessed. This review also identifies opportunities for system improvement and optimization.

## 5. TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND THE EFFECTIVENESS OF THOSE ACTIONS

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[S4-4]

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### Access to (quality) information and Freedom of Expression

Zentiva ensures accurate and transparent product information by complying with APMGR Code of Conduct and RASCI Code of Ethics which require all promotional materials to be scientifically supported and free from exaggeration, EU regulations, and Romanian law. Additionally, detailed medical leaflets provide end-users with clear, validated, and regulatory-approved information on product use and safety. As required by law, product packaging includes contact details for official regulatory bodies (e.g., ANMDMR) and our own contact details (as a Marketing Authorization Holder), allowing end-users to submit complaints and express concerns directly. These measures help prevent misinformation, enabling consumers and healthcare professionals to make informed healthcare decisions while ensuring their right to express concerns and provide feedback is upheld.

Zentiva evaluates the effectiveness of its actions through regular internal audits, compliance reviews, and risk assessments to ensure adherence to quality, safety, and data protection standards. Compliance with GDPR and legal requirements is continuously monitored and updated, while employee training and awareness programs reinforce responsible data handling. Additionally, sustainability initiatives and

structured reporting help track improvements and ensure transparency in delivering quality information to consumers and end-users.

### Health and safety

Zentiva ensures the safety, efficacy, and quality of its medicines by working closely with regulatory authorities, inspectors, and quality organizations to maintain continuous oversight. The company implements rigorous quality control measures at every stage of the manufacturing process, ensuring that all products meet or exceed industry standards.

Zentiva identifies necessary actions through a comprehensive compliance, risk management, and quality assurance framework. Internal and external audits ensure compliance with industry standards, while the Corrective and Preventive Actions (CAPA) process systematically addresses product quality issues, manufacturing errors, and supply chain disruptions

We have incorporated **health and safety regulations and best practices** into our processes and are aligned with applicable laws, regulations, and internal policies. At this stage, no additional risk mitigation actions are planned beyond maintaining compliance and ongoing monitoring.

### Responsible marketing practices

Zentiva strictly follows APMGR Code of Conduct and RASCI Code of Ethics, EU regulations, and Romanian law to ensure transparent, accurate, and ethical marketing. Promotional materials must be scientifically supported and include essential product details while complying with local regulations.

Marketing for dietary supplements is approved by the Ministry of Health, while medication advertising is regulated by ANMDMR. Internally, all content is reviewed by Regulatory Affairs, Medical, and Legal departments before release. To identify and manage marketing-related concerns, Zentiva reviews its marketing strategies, consults industry and regulatory experts, and updates internal policies and procedures to ensure compliance and prevent future violations. Effectiveness is measured through regulatory compliance checks, brand loyalty assessments, and audits, while feedback mechanisms help identify areas for improvement. These measures have been highly effective, with no fines or penalties recorded until this date.

### Access to products and services

With a strong market presence in Romania and exports to other European countries, the company plays a key role in public health sustainability. In 2022, Zentiva S.A. has started working with distributors in the Republic of Moldova. This year, Zentiva contributed indirectly to improving access to healthcare products in Moldova through broader initiatives aligned with digitalization and affordability: The Republic of Moldova adopted automated tools for monitoring drug prices based on European reference countries. These tools helped set maximum prices for medicines, ensuring affordability for patients. While Zentiva did not directly implement this initiative, its alignment with EU standards and affordable generics supported Moldova's efforts. Furthermore, Zentiva financially supports patient organizations upon prior request by redirecting a percentage of its income tax from the previous financial year. In 2024, 11 NGOs received such funding, with transparency reports to be submitted to ANMDS and ANAF.

### Data security

Apart from integrating personal data security into our processes in accordance with GDPR, we have no additional actions planned to mitigate potential risks related to GDPR data breaches beyond strict compliance with applicable laws, regulations, and internal policies and procedures.

### Preventing Material Negative Impacts on Consumers and End-Users

As outlined in our Code of Ethics, we review all feedback from partners and individuals, including comments, complaints, and claims, as part of our Pharmacovigilance and Safety Monitoring. We work closely with regulatory authorities in Europe and beyond to address emerging issues and newly identified data within the healthcare system, allowing us to conduct risk assessments and implement agreed corrective actions. Furthermore, there were no reported incidents related to severe human rights issues or incidents connected to consumers and/or end-users during the reporting period.

There is no further data to disclose regarding the resources allocated to the management of material impacts.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (consumers and end-users).

## 6. TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES (CONSUMERS AND END-USERS)

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[S4-5]

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Having been in the market for a long time, our processes have naturally evolved and matured. We remain committed to continuously improving them by incorporating feedback and adapting to regulatory changes. These processes serve as a strong foundation, and we diligently follow them to ensure we continue to support and positively impact our end users.



# SECTION 04

## GOVERNANCE

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### 4.1. ESRS G1 – BUSINESS CONDUCT

[GOV-1] – ESRS 2 –THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

[IRO-1] – ESRS 2 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

[G1-1] – BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

[G1-3] – PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

[G1-4] – INCIDENTS OF CORRUPTION OR BRIBERY

## 1. ESRs 2 –THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

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### [GOV-1]

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The **Board of Directors** is responsible for overseeing business conduct, ensuring compliance with corporate governance principles, and maintaining ethical and regulatory standards. It plays a key role in strategic decision-making, risk management, financial oversight, and corporate responsibility. Board members bring expertise in finance, commercial strategy, regulatory compliance, marketing, and human resources, contributing to the company's ethical business practices and regulatory adherence.

The Board meets at least once every three months or as needed, either in person or remotely. Meetings are chaired by the President, and decisions require a majority vote, with the President holding the casting vote in case of a tie. Key responsibilities include appointing company executives, approving financial and investment strategies, overseeing research and development programs, and managing corporate governance matters such as compliance, reporting, and partnerships. The Board ensures financial integrity and strategic alignment by submitting annual reports and financial statements for shareholder approval.

More information on the experience of Administrative, management and supervisory bodies can be found in the Annual Financial Report ([LINK](#)).

## 2. ESRs 2 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

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### [IRO-1]

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When describing the process to identify material impacts, risks and opportunities in relation to business conduct matters, the undertaking shall disclose all relevant criteria used in the process, including location, activity, sector and the structure of the transaction.

Our core values—responsibility, authenticity, courage, collaboration, and trust—along with our mission and Code of Ethics, guide our decision-making and reinforce our commitment to ethical business practices. Responsibility is embedded in our corporate culture, and we expect all employees and partners to align with our values and operational principles.

With specific focus on Corporate Conduct, the Compliance Officer participated to the workshop organised to identify and assess IROs.

Also, we have performed a preliminary review of the Governance and business conduct related policies and procedures (for example the Compliance Monitoring Policy and the Code of Ethics). We are fully aware of our responsibility toward our people, those we serve, our partners, and the planet. At the core of this responsibility lies our commitment to "doing the right thing"—the essence of our Code of Ethics.

*[Further details on identification and assessment of material impacts, risks, and opportunities (IROs) are available in Chapter ESRs 2]*

Sub-topic	Sub-sub topic	Perimeter	I/R/O	IRO Description
<b>Protection of whistle-blowers</b>		Direct activities	Impact +	Zentiva S.A. is fostering a transparent and ethical work environment by ensuring whistleblower protection through internal reporting channels aligned with the provisions of Law 361/2022 regarding the protection of whistleblowers in the public interest. The Speak Up initiative allows employees and stakeholders to report any ethical concern confidentially. Employees can also raise concerns directly with their manager, higher-level management, HR, or the Executive Committee, ensuring multiple safe reporting channels. All employees are required to comply with the local Standard Operating Procedure on Reporting Concerns.
<b>Corruption and bribery</b>	Prevention and detection including training  Incidents	Direct activities	Impact +	Zentiva S.A. is fostering ethical business practices by upholding a strict Anti-Bribery policy and is committed to preventing all forms of corruption, including indirect and passive corruption. This commitment aligns with the company's core values of responsibility, trust, integrity, and transparency.
<b>Corruption and bribery</b>	Prevention and detection including training  Corporate Culture	Value Chain	Impact +	Zentiva S.A. monitors the activities of third parties with whom they wish to collaborate to ensure that they do not engage in activities that could be perceived as bribery or corruption.

### 3. BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

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[G1-1]

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The Code of Conduct serves as the primary policy guiding business conduct and corporate culture at Zentiva. To ensure ethical compliance, Zentiva has established two key policies for identifying, reporting, and investigating concerns related to unlawful behavior or violations of the Code of Conduct:

1. Corporate Policy on Compliance Monitoring – Oversees adherence to ethical compliance standards.
2. The Standard Operating Procedure on Reporting of Concerns – Provides secure and confidential Speak-Up and Whistleblowing channels for reporting concerns, reinforced by our local procedure on Concern Reporting.

Both policies are internally communicated (by e-mail and published on the internal SharePoint), with further information provided by email to employees when updates are made.

#### Code of Ethics

The Code of Ethics establishes the Company's commitment to ethical business conduct, legal compliance, and corporate integrity. It outlines fundamental principles in key areas such as business ethics, human rights, anti-corruption, conflict of interest, compliance with laws and regulations, workplace safety, sustainability, fair competition and data privacy. The Code is publicly available on our website, for all our stakeholders, and serves as a guideline to make ethical decisions and uphold Zentiva's values of responsibility, authenticity, courage, collaboration, and trust and it applies to all employees, managers, and individuals acting on behalf of the company, regardless of their role or location. Internally, we conduct Code of Ethics training for all employees every two years, followed by a quiz that requires 100% results accuracy to pass, which assesses their understanding and integration of our core values.

The Code covers essential topics including:

- Quality and safety of medicines
- Diversity, non-discrimination, and human rights
- Workplace safety and employee well-being
- Sustainability and environmental responsibility
- Ethical interactions with healthcare professionals and third parties
- Anti-bribery, anti-corruption, and anti-money laundering policies
- Data privacy, cybersecurity, and responsible social media use
- Financial transparency and internal reporting

The Code also establishes mechanisms for reporting concerns, including the Speak Up Initiative and the Whistleblowing in the Public Interest Reporting Mechanism, ensuring that ethical violations can be addressed confidentially and without retaliation.

Our Compliance Officer oversees its enforcement, ensuring adherence to legal and ethical standards across all business operations. Furthermore, managers at all levels are responsible for promoting compliance within their teams, addressing ethical concerns, and fostering a culture where employees feel empowered to report concerns without fear of retaliation.

As we operate in strict compliance with all applicable laws and industry standards in the countries where we conduct our business and adhere to the codes of practice relevant to our operational region, we trust

that we actively align with industry best practices. Additionally, Zentiva S.A. is a member of the industrial association Medicines for Europe and follows its Code of Conduct. This affiliation reinforces Zentiva's commitment to ethical business practices, transparency, and compliance within the pharmaceutical sector. The company's policies and operational guidelines reflect these commitments, ensuring that all employees and business partners adhere to high ethical and compliance standards.

Our corporate policies are designed with a strong focus on the interests of our key stakeholders, including our employees, patients, healthcare professionals, business partners, regulatory authorities, and society. We prioritize quality, safety, and accessibility in our operations, ensuring that we deliver high-quality, affordable medicines to over 100 million people. Transparency and ethical collaboration are at the core of how we engage with stakeholders, always adhering to legal and industry regulations. Our Sustainability Strategy is shaped through continuous dialogue with stakeholders and aligns with the United Nations Sustainable Development Goals (SDGs). Additionally, we foster a culture of integrity by maintaining robust internal and external reporting mechanisms, enforcing a strict no-retaliation policy to protect whistleblowers and those who speak-up, and promoting transparency across our organization.

### Corporate Policy on Ethical Compliance Monitoring Process

On a local level, we have adhered to the corporate policy on ethical compliance monitoring. Therefore, we fully comply with the Corporate Policy on Ethical Compliance Monitoring. As part of this commitment, a local language translation of the corporate policy is available and is currently undergoing updates. The Policy outlines a structured monitoring process designed to detect systemic and individual compliance breaches and address areas requiring further analysis and corrective measures.

A risk-based approach prioritizes high-risk activities such as sanctions, third-party engagements, financial transactions, and interactions with healthcare professionals. It addresses the steps of our ethical compliance monitoring process, which includes regular monitoring, integration of risk assessments to ensure that ethical compliance risks are proactively identified, evaluated and addressed, investigation, reporting and measure implementation.

This Policy applies globally across all Zentiva operations, covering employees and third-party interactions, including engagements with healthcare professionals, patient advocacy groups, government officials, and scientific experts, including those associated with Zentiva Ro.

However, it does not apply to areas such as promotional materials, record management, pricing policies, health and safety regulations, employee compensation, or internal financial controls, as these are governed by separate internal compliance processes.

At the local level, the Compliance Officer, is responsible for overseeing the enforcement of this policy. This includes monitoring compliance performance, directing investigations, and enforcing corrective measures when breaches occur.

Our Corporate Policy on Compliance Monitoring is reinforced by a set of internal policies that establish clear ethical and regulatory expectations for both our employees and third parties, such as the Corporate Policy on Sanctions.

In developing our Corporate Policy on Compliance Monitoring, we have carefully considered the interests of key stakeholders by ensuring that high-risk categories are subject to continuous monitoring and risk assessment. These include fees for services, sponsorships for healthcare professionals and events, donations, and other financial contributions, ensuring that all payments and financial support are transparent and compliant with ethical and legal standards. Additionally, travel agency expenses, expense reports, and third-party audits are monitored to prevent misuse and ensure alignment with compliance regulations. Interactions with patients, patient advocates, and patient groups, as well as Patient Support Programs, are closely reviewed to maintain ethical engagement and regulatory adherence. Other transfers of value to external entities are also subject to strict oversight to mitigate compliance risks. By continuously evaluating

these areas, we proactively identify potential risks, enhance transparency, and uphold ethical business practices, ensuring that our compliance framework aligns with stakeholder expectations and regulatory obligations.

The Legal Department, led by the Head of Legal Compliance, is responsible for overseeing the enforcement of this policy. This includes monitoring compliance performance, directing investigations, and enforcing corrective measures when breaches occur. Local Compliance Officers in each country implement the policy, adjusting it to regional risks and reporting issues to the Compliance Committee or senior management. Failure to comply may result in disciplinary action or legal consequences, reinforcing Zentiva's commitment to ethical business practices. As this is a continuous monitoring process, it consists of real-time oversight, data analysis, and compliance evaluations to detect both individual and systemic violations. To facilitate this direct input of information, any stakeholder has access to our speak-up/whistleblower channels and reporting mechanisms, which allows both internal and external parties to confidentially report compliance concerns.

### **Our Corporate Policy on Anti-Bribery is further detailed in G1-3.**

#### **Reporting of concerns – Whistleblowing and Speak-Up channels**

At Zentiva S.A., we foster a culture of integrity and ethical business conduct by providing accessible and secure channels for reporting concerns. Employees and stakeholders can report any suspected violations of laws, internal policies, and ethical standards through the Speak-Up Initiative or the Public Interest Reporting Mechanism, in accordance with our Standard Operating Procedure on Reporting of Concerns. . The company established internal dedicated whistleblower reporting channels, which have been internally communicated and posted in visible places on 24.08.2023. Information about the whistleblowing process is publicly available on a dedicated webpage ([www.zentiva.ro/whistleblowing](http://www.zentiva.ro/whistleblowing)). Additionally, the local Standard Operating Procedure on Reporting of Concerns was internally communicated and published on SharePoint in 2024.

#### **Public Interest Reporting Mechanism - Whistleblowing**

Zentiva has established a Whistleblowing in the Public Interest Reporting Mechanism, accessible through our webpage (<https://www.zentiva.ro/whistleblowing>) in compliance with national legislation and the EU Whistleblower Protection Directive (2019/1937). This structured process allows legally recognized whistleblowers to report concerns related to, amongst others, fraud, corruption, regulatory violations, and data protection breaches through a dedicated reporting channel.

While reports are typically non-anonymous, whistleblowers may remain anonymous in specific cases. To maintain integrity and prevent misuse, false or misleading reports may result in disciplinary actions, financial penalties, or legal consequences.

Zentiva guarantees a retaliation-free environment for those reporting in good faith. All submissions are confidential and handled in full compliance with data protection laws.

#### **Speak-Up initiative**

Beyond the Whistleblower mechanism, Zentiva S.A. has implemented the Speak Up Initiative, also available through our website (<https://www.zentiva.ro/speak-up-initiative>), providing employees and stakeholders with a confidential and, if preferred, anonymous channel to report concerns related to compliance, ethical behavior, and workplace integrity. The initiative covers, amongst others, issues such as fraud, financial misconduct, corruption, workplace harassment, privacy violations, and misuse of company resources. Information about this procedure is detailed in Zentiva's Internal Code of Order and is accessible via the intranet and company website. Employees are also encouraged to seek guidance or provide input on legal regulations, industry codes, and company policies.

Reports can be submitted through various confidential channels, ensuring accessibility for all employees and stakeholders. Once a report is submitted, the Compliance Officer or a delegated investigator conducts an internal investigation to assess its severity and credibility. Findings are documented, and if a violation is confirmed, corrective or disciplinary actions are proposed based on risk impact. If no violation is found, process improvements may still be implemented.

All disciplinary measures are proportionate and compliant with local labor laws, and final decisions are recorded to ensure impartiality, confidentiality, and legal compliance.

### Corporate Policy on Conflict of Interest

Zentiva S.A. has established the Corporate Policy on Conflicts of Interest to proactively identify, disclose, and manage conflicts of interest among employees, ensuring the company's integrity and ethical business practices.

These policies are available to all employees on the local intranet and provide clear guidelines and a structured methodology for detecting, assessing, and addressing potential, real/actual and perceived conflicts of interest.

The Policy covers various conflict situations, including external engagements, personal relationships, and receiving gifts or items of value. It outlines strict limitations on gifts, except for symbolic items, and provides examples of prohibited or restricted gifts. Employees are required to report potential conflicts before engaging in transactions, activities, or work relationships that may create a conflict of interest. The Policy also establishes evaluation and remediation procedures, ensuring that conflicts are addressed effectively. Each employee is responsible for acting in Zentiva's best interests, avoiding personal benefits from their professional role, consulting the policy, and seeking guidance from their supervisor or the Compliance Officer when in doubt. Employees must disclose conflicts through designated reporting forms and submit them to the Compliance Officer for review.

This Policy applies to all Zentiva S.A. employees, establishing a minimum compliance standard. We further follow our local laws, regulations, or contractual obligations if they require stricter standards. The Policy covers internal operations and external interactions, ensuring that employees do not misuse their position for personal gain in dealings with suppliers, customers, competitors, or government authorities. However, the Policy does not apply to the speak-up/whistleblowing reporting process, which is covered under our Standard Operating Procedure on reporting of Concerns. The Compliance Officer, is responsible for ensuring the effective enforcement of this policy. The Compliance Officer, in collaboration with local affiliate leaders, oversees the assessment, reporting, and resolution of conflicts of interest.

To ensure proper implementation, the Compliance Officer, manages the communication of this policy and provides employee training to reinforce compliance.

There are no further third-party standards or initiatives involved through these procedures.

Zentiva's Conflict of Interest Policy is designed to safeguard integrity, ensure fair business practices, and prevent conflicts that could negatively impact stakeholders. The Policy addresses key risk areas, such as external commitments that may compromise impartiality, personal relationships that could influence business decisions, the acceptance of gifts or items of value that may create bias, and financial transactions that require full transparency. Employees are encouraged to seek guidance from supervisors and Compliance Officer whenever uncertainty arises, reinforcing a transparent and accountable work environment.

Our training on our business conduct is delivered in accordance with our **Corporate Policy on Ethical Compliance Monitoring Process**, detailed above, through which we acknowledge that employee training is one of our mitigation measures, alongside corrective and disciplinary actions, management adjustments and process improvements. The following further procedures are referenced within this procedure:

- ✓ Zentiva Code of Ethics
- ✓ Anti-Bribery Policy,

- ✓ Policy on Reporting Concerns
- ✓ Policy on Zentiva and Third-Party reporting Events
- ✓ Policy on Interactions with the Healthcare Community, Government Officials and Selected Third Parties
- ✓ Policy on Due Diligence Process
- ✓ Policy on Interactions with Patients, and Patient Organizations
- ✓ Guideline on Management in Patient Support Programs
- ✓ Guideline on Service Engagement with External Healthcare Professions Experts
- ✓ Corporate Guideline and Contract and Signing Procedure Rules

At the local level, employee training on ethical compliance is governed by the System Procedure on Employee Training (PS-IP Code). The mandatory ethical compliance training sessions cover key topics, including the Code of Ethics, Anti-Bribery Regulations, Conflict of Interest, Due Diligence Process, Sanctions, and Personal Data Processing. These training sessions are conducted upon hiring, annually, or every two years, depending on the requirements.

The Commercial Unit – operational functions are identified as the most at-risk areas for corruption and bribery within the organization, by informal assessment and decision, as interactions with external stakeholders, such as **suppliers, clients, and regulatory bodies**, may create opportunities for unethical practices. On an annual basis, there is a recertification of all Commercial Unit of the company on the ethical codes of the professional associations (A.P.M.G.R. & R.A.S.C.I.) that Zentiva is a member of.

A further mandatory training program ensures that all employees receive education on anti-bribery regulations and ethical compliance standards. All applicable anti-bribery and anti-corruption trainings should be completed by an employee within 3 months upon assignment or onboarding, and training completion is closely monitored by the Compliance Officer, reinforcing accountability across the organization.

## 4. PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

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### [G1-3]

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Zentiva has a comprehensive system to prevent, detect, investigate, and respond to corruption and bribery allegations, ensuring a zero-tolerance approach as outlined in Zentiva’s Code of Ethics and the Corporate Policy on Anti-Bribery Rules (POL-Compliance-00004-CORP). This Policy clearly defines anti-bribery rules for employees and third parties, providing examples of bribery-related misconduct to ensure awareness and compliance.

### Corporate Policy on Anti-Bribery Regulations

At Zentiva, we maintain a zero-tolerance policy toward bribery and corruption in all its forms. Our Anti-Bribery and Anti-Corruption Policy applies to all Zentiva Employees and Third Parties engaged in activities with Zentiva. This Policy is fundamental to protecting Zentiva’s reputation, ensuring compliance with legal and ethical standards, and fostering a culture of integrity within our organization. We are committed to competing fairly by offering high-quality products and services, never through unethical or illegal business practices.

The Policy applies to all of Zentiva S.A., including our employees and any third parties acting on our behalf, such as contractors, consultants, suppliers, distributors, agents, and other business partners. It strictly

prohibits offering or promising anything of value—whether cash, gifts, job offers, donations, contributions, or other benefits—with the intent to influence an individual's or entity's actions or decisions to gain an improper advantage or retain business for Zentiva. This prohibition extends to indirect payments made through intermediaries or relatives.

The Policy is enforced across all levels, with the Legal Department and Compliance Officer responsible for monitoring compliance. Senior management and local leadership are accountable for promoting ethical conduct and ensuring employees understand how to prevent bribery. We ensure that our Anti-Bribery and Anti-Corruption Policy is effectively communicated and accessible to all relevant stakeholders. All Employees must complete mandatory anti-bribery training within three months of joining Zentiva and participate in annual refresher courses, during which they receive detailed guidance on identifying, preventing, and reporting bribery risks. This Policy is further available on our website, accessible to any stakeholder. Failure to comply may result in disciplinary action or legal consequences.

As this policy is designed to protect the interests of employees, business partners, regulators, and society, it ensures transparency, aligns with global anti-corruption and anti-bribery laws, and contracts third parties only if they meet ethical standards. Bribery and corruption have severe economic and social consequences worldwide, posing a major obstacle to development. Zentiva enforces a strict zero-tolerance policy against bribery and has long been dedicated to fostering a strong ethical culture. Furthermore, the Policy is designed to protect Zentiva's reputation and that of its employees while mitigating the risk of civil and criminal penalties. Employees are supported with whistleblower protection, ensuring they can report concerns without fear of retaliation. We further conduct a risk-based due diligence audits on Third Parties to identify and mitigate corruption risks. As outlined in the Due Diligence Process, a thorough anti-bribery and anti-corruption assessment is required before engaging with any Third Party.

To prevent bribery, Zentiva has incorporated anti-bribery and conflict-of-interest clauses into all commercial agreements, requiring third-party contractors to adhere to Zentiva's Code of Ethics. Zentiva also ensures that all financial records, registers, and transactions are maintained at a reasonable level of detail to accurately reflect all financial activities. Strong internal controls are in place to provide reasonable assurance that the company's leadership is informed and that all transactions are conducted ethically and in compliance with Zentiva's internal policies and standards.

To detect and investigate corruption risks, Zentiva follows the Corporate Policy on Compliance Monitoring, which ensures continuous oversight, internal controls, and reporting mechanisms for suspected misconduct. The Internal Code of Conduct and Anti-Bribery Policy provide employees and third parties with detailed guidance on prohibited practices, supported by real-world examples of bribery and corruption. Any allegations or incidents are thoroughly investigated, and appropriate actions are taken based on findings, ensuring that all compliance violations are addressed and mitigated effectively.

Zentiva prioritizes ongoing annual employee training to reinforce compliance with anti-bribery and anti-corruption policies. The training is 1h long and is provided on an internal e-learning platform and face-to-face to our manufacturing and production employees. Covered topics include the definition of corruption, the contents of the anti-bribery and anti-corruption policy and the procedures on suspicion or detection.

All employees, including functions-at-risk and administrative, management and supervisory bodies, must complete applicable anti-bribery training within three months of onboarding or assignment, followed by a quiz which requires 100% accuracy rate to complete the evaluation. Our annual training target is thus 100%, which is closely monitored by the Compliance Office, on a monthly basis. The training however does not apply to the shareholders, the independent non-executive administrators and independent external financial auditors. A monthly follow-up on the training status is provided by the Compliance Officer. Furthermore, every Zentiva employee has a duty to prevent breaches of this policy by reporting any questionable situation through the Zentiva S.A. local Standard Operating Procedure on Reporting of Concerns, ensuring that concerns are raised and addressed in a secure and confidential manner. All Ethical Compliance Policies are internally communicated, by e-mail, to all Zentiva employees by the Compliance Officer and uploaded on internal public SharePoint, available to all employees.

The lead investigator in cases of corruption and bribery is the Compliance Officer, who operates independently from the management chain involved in the matter to ensure an unbiased and objective

investigation. By maintaining this independent investigation structure and integrating proactive risk assessments, we strengthen our ability to detect, respond to, and prevent corruption and bribery incidents. Our efforts are also supported by the possibility of having these corruption and bribery incidents reported to Zentiva S.A. by means of the internal reporting channels established pursuant to Law 361/2022, on the protection of whistleblowers in the public interest.

As part of Zentiva's risk evaluation process, the Compliance Officer conducts regular risk assessments to identify the real/actual, potential and perceived compliance risks (POL-Compliance-00010-CORP). This process includes identification, evaluation, prioritization, and mitigation of risks, ensuring that any compliance concerns are addressed in a timely and effective manner. Risk assessments and related reporting activities are carried out using a structured Risk Evaluation Tool, which supports data-driven decision-making and ensures that appropriate corrective measures are implemented promptly.

Any high-risk violations or cases where there is a suspicion that the recipient of the report may be directly or indirectly involved must also be reported to the Head of Compliance without undue delay. Additionally, the Compliance Officer monitors the implementation of corrective actions in collaboration with process owners, ensuring that the adopted measures effectively address and prevent compliance breaches.

Under the Speak-Up procedure, the full investigation report is accessible only to the Head of the Legal Department and the Head of Internal Control at Zentiva HQ. The Compliance Officer or delegated investigator may share relevant sections with those responsible for corrective and disciplinary actions, ensuring compliance with data protection and confidentiality regulations. This structure maintains independence, transparency, and accountability, preventing undue influence on investigations.

For the Whistleblower policy, investigations are conducted by the Designated Person, appointed by the General Director of Zentiva. This individual is responsible for receiving, recording, reviewing, investigating, and resolving whistleblower reports while maintaining communication with the whistleblower and ensuring restricted access to the report.

Once an investigation is completed, the Designated Person reports the resolution to Zentiva's governing bodies. Additionally, an annual statistical analysis of whistleblower reports is compiled and presented to Zentiva's leadership, reinforcing transparency and accountability in handling concerns.

The annual or ad-hoc ethical compliance monitoring report is presented by the local Compliance Officer to the Local Compliance Committee, which includes the General Manager, Chief Financial Officer, Legal Director, Medical Director, Human Resources Director, and Compliance Officer. The committee's primary mission is to foster a culture where doing the right thing, acting with integrity, and complying with legal and regulatory requirements, industry standards, and internal policies are deeply embedded within Zentiva's operations. It plays a key role in ensuring the effectiveness and implementation of Zentiva's Ethical Compliance Program by overseeing all its components and recommending actions to enhance its application. Additionally, it is responsible for risk management, systematically evaluating internal control issues, prioritizing them, and ensuring their timely resolution. The proposed mitigation measures aim to prevent recurrence of the identified issue and may include corrective or disciplinary actions, management changes, process adjustments, or employee training, depending on the severity of the violation.

## 5. INCIDENTS OF CORRUPTION OR BRIBERY

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[G1-4]

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For 2024 we report 0 convictions and 0 RON amount of fines for violation of anti-corruption and anti-bribery laws. In 2024 we had 0 breaches in our procedures and standards of anti-corruption and anti-bribery for our company and our employees. This data is recorded and extracted from the Lex Force software, it was extracted from our system and validated by the Legal, Financial, and Compliance representatives, without the validation of an external body at the time of the reporting.

## APPENDIX 1 | APPENDIX B OF ESRS 2 – LIST OF DATAPPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

Short name used in other worksheets	SFDR	PILLAR 3	BENCHMARK	CL	Page/Not material/Not applicable
<b>Full reference</b>	<i>Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation)</i>	<i>Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation “CRR”)</i>	<i>Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014</i>	<i>Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999</i>	
<b>Disclosure Requirement and related datapoint</b>	<b>SFDR reference</b>	<b>Pillar 3 reference</b>	<b>Benchmark Regulation reference</b>	<b>EU Climate Law reference</b>	
<b>ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)</b>	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		8
<b>ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)</b>			Delegated Regulation (EU) 2020/1816, Annex II		8
<b>ESRS 2 GOV-4 Statement on due diligence paragraph 30</b>	Indicator number 10 Table #3 of Annex 1				13

<b>ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i</b>	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		N/A
<b>ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii</b>	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		N/A
<b>ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii</b>	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
<b>ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv</b>			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
<b>ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14</b>				Regulation (EU) 2021/1119, Article 2(1)	58

<b>ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)</b>		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		N/A
<b>ESRS E1-4 GHG emission reduction targets paragraph 34</b>	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book - Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		62
<b>ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38</b>	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				62
<b>ESRS E1-5 Energy consumption and mix paragraph 37</b>	Indicator number 5 Table #1 of Annex 1				62
<b>ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43</b>	Indicator number 6 Table #1 of Annex 1				63

<b>ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44</b>	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book - Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		64
<b>ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55</b>	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book - Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		66
<b>ESRS E1-7 GHG removals and carbon credits paragraph 56</b>				Regulation (EU) 2021/1119, Article 2(1)	67
<b>ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66</b>			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased-in

<p>ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).</p>		<p>Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.</p>			<p>Phased-in</p>
<p>ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).</p>		<p>Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral</p>			<p>Phased-in</p>
<p>ESRS E1-9 Degree of exposure of the portfolio climate-related to opportunities paragraph 69</p>			<p>Delegated Regulation (EU) 2020/1818, Annex II</p>		<p>Phased-in</p>

<b>ESRS E2-4 Amount of each pollutant listed in Annex E-PRT II of the Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28</b>	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				73
<b>ESRS E3-1 Water and marine resources paragraph 9</b>	Indicator number 7 Table #2 of Annex 1				78
<b>ESRS E3-1 Dedicated policy paragraph 13</b>	Indicator number 8 Table 2 of Annex 1				78
<b>ESRS E3-1 Sustainable oceans and seas paragraph 14</b>	Indicator number 12 Table #2 of Annex 1				78
<b>ESRS E3-4 Total water recycled and reused paragraph 28 (c)</b>	Indicator number 6.2 Table #2 of Annex 1				80
<b>ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29</b>	Indicator number 6.1 Table #2 of Annex 1				80
<b>ESRS 2- SBM 3 - E4 paragraph 16 (a)</b>	Indicator number 7 Table #1 of Annex 1				Not material
<b>ESRS 2- SBM 3 - E4 paragraph 16 (b)</b>	Indicator number 10 Table #2 of Annex 1				Not material
<b>ESRS 2- SBM 3 - E4 paragraph 16 (c)</b>	Indicator number 14 Table #2 of Annex 1				Not material
<b>ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)</b>	Indicator number 11 Table #2 of Annex 1				Not material
<b>ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)</b>	Indicator number 12 Table #2 of Annex 1				Not material
<b>ESRS E4-2 Policies to address deforestation paragraph 24 (d)</b>	Indicator number 15 Table #2 of Annex 1				Not material

<b>ESRS E5-5 Non-recycled waste paragraph 37 (d)</b>	Indicator number 13 Table #2 of Annex 1				86
<b>ESRS E5-5 Hazardous waste and radioactive waste paragraph 39</b>	Indicator number 9 Table #1 of Annex 1				86
<b>ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)</b>	Indicator number 13 Table #3 of Annex I				N/A
<b>ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)</b>	Indicator number 12 Table #3 of Annex I				92
<b>ESRS S1-1 Human rights policy commitments paragraph 20</b>	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				N/A
<b>ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21</b>			Delegated Regulation (EU) 2020/1816, Annex II		N/A
<b>ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22</b>	Indicator number 11 Table #3 of Annex I				92
<b>ESRS S1-1 workplace accident prevention policy or management system paragraph 23</b>	Indicator number 1 Table #3 of Annex I				92
<b>ESRS S1-3 grievance/ complaints handling mechanisms paragraph 32 (c)</b>	Indicator number 5 Table #3 of Annex I				99
<b>ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)</b>	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		106
<b>ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)</b>	Indicator number 3 Table #3 of Annex I				107

<b>ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)</b>	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		107
<b>ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)</b>	Indicator number 8 Table #3 of Annex I				107
<b>ESRS S1-17 Incidents of discrimination paragraph 103 (a)</b>	Indicator number 7 Table #3 of Annex I				Not material
<b>ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)</b>	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Not material
<b>ESRS 2- SBM3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)</b>	Indicators number 12 and n. 13 Table #3 of Annex I				Not material
<b>ESRS S2-1 Human rights policy commitments paragraph 17</b>	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Not material
<b>ESRS S2-1 Policies related to value chain workers paragraph 18</b>	Indicator number 11 and n. 4 Table #3 of Annex 1				Not material
<b>ESRS S2-1 Non-respec of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19</b>	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
<b>ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19</b>			Delegated Regulation (EU) 2020/1816, Annex II		Not material

<b>ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36</b>	Indicator number 14 Table #3 of Annex 1				Not material
<b>ESRS S3-1 Human rights policy commitments paragraph 16</b>	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material
<b>ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17</b>	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
<b>ESRS S3-4 Human rights issues and incidents paragraph 36</b>	Indicator number 14 Table #3 of Annex 1				Not material
<b>ESRS S4-1 Policies related to consumers and end-users paragraph 16</b>	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material
<b>ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17</b>	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		115
<b>ESRS S4-4 Human rights issues and incidents paragraph 35</b>	Indicator number 14 Table #3 of Annex 1				N/A
<b>ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)</b>	Indicator number 15 Table #3 of Annex 1				125
<b>ESRS G1-1 Protection whistleblower of paragraph 10 (d)</b>	Indicator number 6 Table #3 of Annex 1				127

ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		131
ESRS G1-4 Standards anti-corruption of and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				131

## APPENDIX 2 – EU GREEN TAXONOMY REGULATORY TEMPLATES

### Turnover

Financial Year 2024	2024			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")					Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover. 2023 (18)	Category (enabling activity) (19)	
	Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)				Circular Economy (15)
Text		RON	%	Y: N: N/EL	Y: N: N/EL	Y: N: N/EL	Y: N: N/EL	Y: N: N/EL	Y: N: N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
			0.00%															
			0.00%															
			0.00%															
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0.00%	0.00%														
of which enabling		0.00	0%	0%														E
of which transitional		0.00	0%	0%														
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																		
				EL: N/EL (7)	EL: N/EL (7)	EL: N/EL (7)	EL: N/EL (7)	EL: N/EL (7)	EL: N/EL (7)									
Manufacture of medicinal products	PPC 1.2.	843,151,916	75.68%	N/EL	N/EL	N/EL	EL	N/EL	N/EL									
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		843,151,916	75.68%															
Total (A.1+A.2)		843,151,916.00	75.68%															
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																		
Turnover of Taxonomy-non-eligible activities		270,913,097.00	24.32%															
Total (A+B)		1,114,065,013.00	100.00%															

	Proportion of turnover/ Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	75,68%
BIO	0.00%	0.00%

# CAPEX

Financial Year 2024	2024			Substantial Contribution Criteria							DNSH criteria ("Does Not Significantly Harm")					Minimum Safeguards (17)	Taxonomy aligned proportion of total CapEx, year 2023 (18)**	Category (enabling activity) (19)	Category (transitional activity) (20)		
	Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)					Biodiversity (16)	
<i>Text</i>		<i>RON</i>	%	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	%	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>				91.61%																	
<b>A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)</b>																					
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)				-	0.00%														0%		
of which enabling				-															0%	E	
of which transitional				-	0.00%	0%															T
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)</b>																					
				EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)	EL, N/EL (7)				
Renovation of existing buildings	CCM 7.2/ EC 3.2	26,175,122	45.13%	EL	N/EL	N/EL	N/EL	EL	N/EL												
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2,806,094	4.84%	EL	N/EL	N/EL	N/EL	N/EL	N/EL												
Manufacture of medicinal products	PPC 2.1	24,150,104	41.64%	N/EL	N/EL	N/EL	N/EL	EL	N/EL												
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)				53,131,319	91.61%																
Total (A.1+A.2)				53,131,319	91.61%																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
Capex of Taxonomy-non-eligible activities				4,868,329	8.39%																
Total (A+B)				57,999,648	100.00%																

	Proportion of CAPEX/ Total CAPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	49.97%
CCA	-	
WTR	-	
CE	-	45.13%
PPC	-	41.64%
BIO	-	

Financial year 2024	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)						Minimum Safeguards (17)	Taxonomy aligned proportion of total OpEx, year 2023 (18)**	Category (enabling activity) (19)	Category (transitional activity) (20)
	Code (a) (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Economic Activities (1)		RON	%	Y: N: N/EL	Y: N: N/EL	Y: N: N/EL	Y: N: N/EL	Y: N: N/EL	Y: N: N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			0.00%	0.00%												0%			
of which enabling		0	0.00%	0.00%												0%	E		
of which transitional		0	0.00%	0%														T	
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
					EL: N/EL (f)	EL: N/EL (f)	EL: N/EL (f)	EL: N/EL (f)	EL: N/EL (f)	EL: N/EL (f)									
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 CCM	427,272	1.22%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Data processing, hosting and related activities	8.1 CCM	845,822	2.42%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									
Manufacture of medicinal products	2.1 PPC	29,830,063	85.26%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL									
Renovation of existing buildings	7.2 CCM/ 3.2 EC	3,883,620	11.10%	EL	N/EL	N/EL	EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		34,986,776	100.00%	100%	0%	0%	0%	0%	0%	0%									
Total (A.1+A.2)		34,986,776	100.00%																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OpEx of Taxonomy-non-eligible activities		0.00	0.00%																
Total (A+B)		34,986,776	100.00%																

	Proportion of OPEX/ Total OPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.00%	14.74%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	11.10%
PPC	0.00%	85.26%
BIO	0.00%	0.00%

## Specific details

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the Section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

For example, the Activity "Afforestation" would have the Code: CCM 1.1

Where activities are eligible to make a substantial contribution to more than one objective, the codes for all objectives should be indicated.

For example, if the operator reports that the activity "Construction of new buildings" makes a substantial contribution to climate

change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.

The same codes should be used in Sections A.1 and A.2 of this template

(b) Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective

(c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall **indicate, in bold**, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below:

(f) EL - Taxonomy eligible activity for the relevant objective

N/EL - Taxonomy non-eligible activity for the relevant objective

(g) Activities shall be reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template.

## APPENDIX 3 – SCOPE 3 DATA, METHODOLOGY AND ASSUMPTIONS

Scope 3 category	Description of the types and sources of data used to calculate emissions	Description of the methodologies, allocation methods, and assumptions used to calculate emissions
<b>1 (purchased goods and services)</b>	<p>100% is represented by secondary data, in the form of financial/spend data. In terms of boundaries, there were no exclusions.</p> <p>To calculate these emissions, data was extracted from the procurement/accounting system.</p>	<p>Category 1 includes all upstream (i.e., cradle-to-gate) emissions from the extraction, production, and transportation of products purchased by the reporting company in the reporting year.</p> <p>Spent-based emission factors from EXIOBASE database were primarily used given the higher regional/country-specific granularity level. DEFRA spent-based database was used for industry-specific emission factors: "Basic pharmaceutical products and pharmaceutical preparations", Excipients (via PSCI guidance) and "Scientific research and development services", alongside other scientific literature.</p> <p>19% of the Scope 3.1 data was extrapolated. Together with Category 2- Capital Goods, this data represents 11M actual financial spent amounts and one estimate, covering our cradle-to-gate value chain estimated emissions.</p>
<b>2 (capital goods)</b>	<p>100% is represented by secondary data, in the form of financial/spend data. In terms of boundaries, there were no exclusions.</p> <p>To calculate these emissions, data was extracted from the procurement/accounting system.</p>	<p>Category 2 includes all upstream (i.e. cradle-to-gate) emissions from the extraction, transportation and production of capital goods purchased by the company in 2024. Capital goods were considered as follows: laboratory equipment, hardware, mix machinery and equipment for our production sites and office equipment.</p> <p>EXIOBASE database of emission factors was used as it is more representative and suitable to map to our internal CAPEX categories, with the added advantage of providing regional and country-specific factors. The extrapolation percentage for this category was 0%. Together with Purchased Goods and Services, this data represents 11M actual financial spent amounts and one estimate, covering our cradle-to-gate value chain estimated emissions.</p>
<b>3 (fuel- and energy-related activities)</b>	<p>This data is based on primary data, represented by energy activity data recorded for Scope 1 and Scope 2 (own operations).</p>	<p>Category 3 covers emissions associated with the production of fuel and energy purchased and consumed by the reporting company during the reporting year, excluding those accounted for in Scope 1 or Scope 2. Upstream GHG emissions are calculated for the fuels and energy consumed and reported under Scope 1 and Scope 2.</p>

Scope 3 category	Description of the types and sources of data used to calculate emissions	Description of the methodologies, allocation methods, and assumptions used to calculate emissions
	Activity data (primary data): The quantities of fuel and energy (electricity) purchased and consumed in the reporting year were obtained from invoices and internal business data management systems.	Emission factors for fuels were sourced from DEFRA, while emission factors from the IEA database were used to estimate upstream emissions and transport and distribution (T&D) losses for purchased electricity. These databases were selected based on the availability of relevant emission factors. Specifically, the IEA Total Upstream Greenhouse Gas Emissions per kWh of Electricity was applied for upstream emissions, and the IEA Lifecycle T&D Factor was used to assess T&D losses.
<b>4 (upstream transportation and distribution)</b>	100% is represented by secondary data, in the form of financial/spend data related to purchased services for transportation.	<p>Category 4 encompasses the transportation and distribution of products purchased in 2024 between our Tier 1 suppliers and our own operations, using vehicles and facilities that are not owned or controlled by the company. This includes inbound and outbound logistics, as well as transportation and distribution between the company's facilities under similar conditions. Shipments from suppliers where transportation costs are not covered by Zentiva S.A. are excluded. No data was extrapolated.</p> <p>Emission factors are selected and applied based on data from the EXIOBASE database, considering the mode of transportation and the location of the paying entity. These factors are adjusted for exchange rates and the consumer price index (inflation rates) before being multiplied by the expenditure for each transportation method.</p>
<b>5 (waste generated in operations)</b>	<p>Primary data: quantity and type of waste generated during the reporting year, as reported to local authorities.</p> <p>Secondary data: the emission factors used represent industry-averages.</p>	<p>Category 5 represents the upstream emissions of waste management suppliers that occur during disposal or treatment.</p> <p>Waste type and treatment-specific emission factors were sourced from ADEME and DEFRA databases, based on the availability and specificity of emission factors. Treatment of wastewater was also considered in this category</p>
<b>6 (business travel)</b>	<p>Primary data: distance travelled by airplane</p> <p>Secondary data: financial/spent for land-based business travel</p>	<p>Category 6 refers to indirect GHG emissions from employee travel for business purposes in vehicles and transportation modes not owned or controlled by the reporting company (air travel, rail, bus, rental cars, and other third-party transportation services).</p> <p>DEFRA air-travel emission factors were used, with radiative forcing, including the indirect effects of non-CO<sub>2</sub>eq emissions; emissions were calculated based on the distance travelled (km). EXIOBASE emission factors were used for land-based business travel, applied to the amount spent. There was no further division of land travel into specific means (taxi, rail, other means) due to lack of information.</p>

Scope 3 category	Description of the types and sources of data used to calculate emissions	Description of the methodologies, allocation methods, and assumptions used to calculate emissions
<b>7 (employee commuting)</b>	Secondary data: distance and means of commuting collected via 2023 employee survey	<p>Category 7 includes indirect GHG emissions from employee commuting using transportation methods not owned or controlled by the company, such as personal vehicles, public transportation, and carpools.</p> <p>Activity data was collected through a 2023 employee survey, which was distributed to all employees. The same distribution of transportation modes and commuting distances was assumed for 2024, based on internal survey data.</p> <p>Emission factors for cars, motorcycles, trains, and other public transport were sourced from the DEFRA and ADEME databases. Homeworking emissions were not included in the calculations.</p>
<b>8 (upstream leased assets)</b>	N/A	Zentiva S.A. does not lease any assets. Under operational-control, these emissions are already captured in our Scope 1 and 2.
<b>9 (downstream transportation and distribution)</b>	N/A	There is no data available on downstream transportation, as this is not paid by Zentiva S.A. All transportation organized by Zentiva S.A. is captured in Category 4-Upstream Transport and Distribution.
<b>10 (processing of sold products)</b>	N/A	Category 10 represents emissions arising from the processing of products sold by Zentiva S.A. by third-party businesses before being used by the end consumer. As these emissions occur outside the reporting company's operational control and result from energy use and other processing activities required to transform sold products into final goods, there was no available data to calculate this category.
<b>11 (use of sold products)</b>	Primary data: product specific (inhalers) quantities and HFC gas type	<p>Category 11 emissions stem from HFC gases used in our inhalers, with the assumption that 100% of the gas contained in the canister is released during use. The quantity and type of gas are determined based on product dossier consumption data.</p> <p>The emission factors were sourced from IPCC databases due to their higher specificity.</p>
<b>12 (end-of-life treatment of sold products)</b>	Primary data: product sales amounts and type of material	Category 12 represents emissions from the disposal and waste treatment of products sold by the Zentiva S.A., at the end of their life. These emissions arise from landfilling, incineration, recycling, composting, or other waste management processes and occur outside the reporting company's operational control but are influenced by product design and material composition.

Scope 3 category	Description of the types and sources of data used to calculate emissions	Description of the methodologies, allocation methods, and assumptions used to calculate emissions
		Emission factors were sourced from the DEFRA database due to their higher level of representativeness. The quantities for each type of waste were based on an averaged modelled packaging composition and Destination of waste is based on municipal waste data from Eurostat. Scientific studies which investigated the life cycle assessment of pharmaceutical packaging were consulted for our assumptions (Bassani et al., 2024). This category excludes emissions of all products which were physically returned to Zentiva S.A. as these were captured under Category 5 - Waste produced in our own operations.
<b>13 (downstream leased assets)</b>	N/A	Zentiva S.A. does not lease any of its assets to third parties.
<b>14 (franchises)</b>	N/A	Zentiva S.A. does not have franchises.
<b>15 (investments)</b>	N/A	Zentiva S.A. does not engage in investment activities.

## Appendix 4 – DISCLOSURE REQUIREMENTS COMPILED FOLLOWING THE OUTCOME OF THE MATERIALITY ASSESSMENT

Code of ESRS	Name of ESRS standard	Code of Disclosure Requirement	Name of Disclosure Requirement	Page
ESRS 2	General disclosure	BP-1	General basis for preparation of the sustainability statement	4
		BP-2	Disclosures in relation to specific circumstances	5

		<b>GOV-1</b>	The role of the administrative, management and supervisory bodies	8
		<b>GOV-2</b>	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	11
		<b>GOV-3</b>	Integration of sustainability-related performance in incentive schemes	12
		<b>GOV-4</b>	Statement on due diligence	13
		<b>GOV-5</b>	Risk management and internal controls over sustainability reporting	15
		<b>SBM-1</b>	Strategy, business model and value chain	16
		<b>SBM-2</b>	Interests and views of stakeholders	24
		<b>SBM-3</b>	Material impacts, risks and opportunities and their interaction with strategy and business model	28

		<b>IRO-1</b>	Description of the process to identify and assess material impacts, risks and opportunities	37
		<b>IRO-2</b>	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	37
<b>ESRS E1</b>	<b>Climate Change</b>	<b>ESRS 2 GOV-3</b>	Integration of sustainability-related performance in incentive schemes	46
		<b>E1-1</b>	Transition plan for climate change mitigation	58
		<b>ESRS 2 SBM-3</b>	Material impacts, risks and opportunities and their interaction with strategy and business model	46
		<b>IRO-1</b>	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	47
		<b>E1-2</b>	Policies related to climate change mitigation and adaptation	59

		<b>E1-3</b>	Actions and resources in relation to climate change policies	61		
		<b>E1-4</b>	Targets related to climate change mitigation and adaptation	62		
		<b>E1-5</b>	Energy consumption and mix	62		
		<b>E1-6</b>	Gross Scopes 1, 2, 3 and Total GHG emissions	64		
		<b>E1-7</b>	GHG removals and GHG mitigation projects financed	66		
		<b>E1-8</b>	Internal carbon pricing	67		
		<b>ESRS E2</b>	<b>Pollution</b>	<b>IRO-1</b>	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	69
				<b>E2-1</b>	Policies related to pollution	69
<b>E2-2</b>	Actions and resources related to pollution			71		
<b>E2-3</b>	Targets related to pollution			72		
<b>E2-4</b>	Pollution of air, water and soil			72		

ESRS E3	Water and marine resources	IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	77
		E3-1	Policies related to water and marine resources	78
		E3-2	Actions and resources related to water and marine resources	79
		E3-3	Targets related to water and marine resources	79
		E3-4	Water consumption	80
ESRS E5	Resource use	IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	82
		E5-1	Policies related to resource use and circular economy	82
		E5-2	Actions and resources related to resource use and circular economy	83

		<b>E5-3</b>	Targets related to resource use and circular economy	84
		<b>E5-5</b>	Resource outflows	85
<b>ESRS S1</b>	<b>Own workforce</b>	<b>SBM-2</b>	Interests and views of stakeholders	88
		<b>SBM-3</b>	Material impacts, risks and opportunities and their interaction with strategy and business model	88
		<b>S1-1</b>	Policies related to own workforce	92
		<b>S1-2</b>	Processes for engaging with own workers and workers' representatives about impacts	98
		<b>S1-3</b>	Processes to remediate negative impacts and channels for own workers to raise concerns	99

		<b>S1-4</b>	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	100
		<b>S1-5</b>	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	104
		<b>S1-6</b>	Characteristics of the undertaking's employees	105
		<b>S1-10</b>	Adequate wages	106
		<b>S1-14</b>	Health and safety indicators	106
		<b>S1-16</b>	Compensation indicators (pay gap and total compensation)	107
<b>ESRS S4</b>	<b>Consumers and end-users</b>	<b>SBM-2</b>	Interests and views of stakeholders	109

		SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	109
		S4-1	Policies related to consumers and end-users	115
		S4-2	Processes for engaging with consumers and end-users about impacts	117
		S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	118
		S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities	119

		S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	121
ESRS G1	Business Conduct	GOV-1	The role of the administrative, management and supervisory bodies	123
		IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	123
		G1-1	Business conduct policies and corporate culture	125
		G1-3	Prevention and detection of corruption and bribery	129
		G1-4	Incidents of corruption or bribery	131
SASB	HC			110, 111, 116



## **STATEMENT**

The undersigneds hereby declare that, to the best of their knowledge, the financial statement for 2024 has been prepared in accordance with applicable accounting standards and provides an accurate and compliant representation of Zentiva SA'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 SA'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 undersigneds assume responsibility for the preparation of the financial statements for the year 2024 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 mentioned above carries out its activity in conditions of continuity.

**General Manager**

**SIMONA COCOȘ**

**CFO**

**DANIEL NIȚULESCU**



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zentiva S.A.

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Zentiva S.A (the Company) with official head office in 50, Theodor Pallady Blvd, District 3, Bucharest, identified by sole fiscal registration number 336206, which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
<i>Rebates and discounts related to sales</i>	
<p>The Company sells both products manufactured locally or abroad mainly to group companies or to local distributors, which can fall under certain commercial and reimbursement arrangements. These arrangements could result in deductions to gross sales in arriving at net sales and give rise to obligations for the Company to provide customers with rebates, discounts and returns, which for unsettled amounts are recognised as an accrual at the end of the financial year.</p> <p>We have focused on this area because the computation of rebates and discounts is complex, the determination of the accrual requires a continuous revising and adjusting process based on the most recent available known information by the Management.</p> <p>Given the complexity, manual inputs in the process and the multiple sources of information used for the calculation of the accrued discount and rebates, a significant part of the overall audit effort was concentrated in this area. We therefore consider that this area represents a key audit matter.</p> <p>The Company’s disclosures about the rebates and discounts are included in Note 3 and Note 13 to the financial statements.</p>	<p>Our audit procedures focused on the Management’s process for setting discounts and rebates accruals, including regular revising of initial estimates correlated with the provided supporting documents.</p> <p>Our audit procedures with respect to the accrued discounts and rebates included, but were not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>• A detailed understanding of the revenue recognition processes, accounting policies and methodologies used by management in respect of revenue recognition, including rebates, discounts and returns;</li> <li>• Considered the appropriateness of the process adopted by management in assessing the values and accounting for rebates and other sales deductions and understood which are the key elements of the calculation in terms of product, portfolio, sales channel;</li> <li>• Obtained discounts calculations for the last month of the year for the significant type of commercial discounts, reconciled the evidence received for completeness to the operational sales database used for computation of discounts and to the accounting records; moreover, we assessed for reasonableness key assumptions against sales activity, customer arrangements and, on a samples basis, we assessed reasonability of data inputs of the calculation against multiple sources.</li> </ul>

Key Audit Matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Circularized a sample of trade receivables balances at year end, including discounts and rebates offered throughout the year, reconciled with the Company’s recorded amounts and obtained supporting evidence or explanations for any material unreconciled differences;</li> <li>• Checked subsequent settlement of discounts and rebates accrued at year end through the subsequent events period and correlated with the above information;</li> <li>• Undertaken an analysis of the historical accuracy of assumptions and revisions applied by management in setting the accruals by reference to actual rebates and discounts vs. accruals made in prior year.</li> </ul> <p>We also evaluated the presentation and disclosure of rebates and discounts within the Company’s financial statements</p>

Other information

The other information comprises the Annual report of the Board of Directors (which includes the Sustainability report) and the Remuneration Report, but does not include the financial statements and our auditors’ report thereon. Management is responsible for the other information.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

## Report on Other Legal and Regulatory Requirements

### Reporting on Information Other than the Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Annual Report of the Board of Directors and Remuneration Report, we have read these reports and report that:

- a) in the Annual Report of the Board of Directors we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at December 31, 2024;
- b) the Annual Report of the Board of Directors, except the Sustainability statement which is subject to a separate assurance reporting, includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, Annex 1 articles 15 – 19;
- c) based on our knowledge and understanding concerning the Company and its environment gained during our audit of the financial statements as at December 31, 2024, we have not identified information presented in the Annual Report of the Board of Directors, except the Sustainability statement which is subject to a separate assurance reporting, that contains a material misstatement of fact.
- d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

### Appointment and Approval of Auditor

We were appointed as auditors of the Company by the General Meeting of Shareholders on 27 April 2017 to audit the financial statements for the financial year end December 31, 2024. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 20 years, covering the financial periods end from December 31, 2005 till December 31, 2024.

#### Consistency with Additional Report to the Audit Committee

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the March 26, 2025.

#### Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the financial statements, no other services which were provided by us to the Company.

#### Report on the compliance of the electronic format of the financial statements, with the requirements of the ESEF Regulation

We have performed a reasonable assurance engagement on the compliance of the financial statements presented in XHTML format of Zentiva S.A (the Company) for the year ended 31 December 2024, with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation").

These procedures refer to testing the format and whether the electronic format of the financial statements (XHTML) corresponds to the audited financial statements and expressing an opinion on the compliance of the electronic format of the financial statements of the Company for the year ended 31 December 2024 with the requirements of the ESEF Regulation. In accordance with these requirements, the electronic format of the financial statements should be presented in XHTML format.

#### Responsibilities of the Management and Those Charged with Governance

The Management of the Company is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the financial statements in XHTML format and for ensuring consistency between the electronic format of the financial statements (XHTML) and the audited financial statements.

The responsibility of the Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process for the preparation of financial statements, including the application of the ESEF Regulation.

#### Auditor's Responsibility

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the financial statements with the requirements of the ESEF Regulation.

We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the financial statements of the Company is prepared, in all material respects, in accordance ESEF regulation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

#### Our Independence and Quality Management

We apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires that we design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

#### Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic reporting format (XHTML) of the financial statements of the Company, we have maintained professional skepticism and applied professional judgement. We have also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the financial statements of the Company, including the preparation of the financial statements of the Company in XHTML format
- tested the validity of the applied XHTML format
- checked whether the electronic format of the financial statements (XHTML) corresponds to the audited financial statements

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Opinion on the compliance of the electronic format of the financial statements with the requirements of the ESEF Regulation

Based on the procedures performed, our opinion is that the electronic format of the financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

On behalf of,

Ernst & Young Assurance Services SRL  
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

Name of the Auditor / Partner: Sandu Mihaela Elena  
Registered in the electronic Public Register under No. AF1610

Autoritatea pentru Supravegherea Publică a  
Activității de Audit Statutar (ASPAAS)  
Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.  
Registrul Public Electronic: FA77

Autoritatea pentru Supravegherea Publică a  
Activității de Audit Statutar (ASPAAS)  
Auditor financiar: Sandu Mihaela Elena  
Registrul Public Electronic: AF1610

Bucharest, Romania  
28 March 2025



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## INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT FOR THE FINANCIAL YEAR 2024

To the Shareholders of Zentiva S.A

### Limited assurance conclusion

We have conducted a limited assurance engagement on the Sustainability Report included in Annex 2 of the Annual Report of the Board of Directors as at 31 December 2024 and for the period from 1st of January to 31st of December 2024, of Zentiva S.A ("the Company") with official head office in 50, Theodor Pallady Blvd, District 3, Bucharest /Fiscal Identification Number 336206.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Report of the Company as at 31 December 2024 and for the period from 1st of January to 31st of December 2024 is not prepared, in all material respects, in accordance with the applicable statutory sustainability reporting framework foreseen in Ministry of Finance Order 2844/2016, Chapter 7<sup>1</sup>, section 7<sup>1.2</sup>, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Report (the "Process") is in accordance with the description set out in Section 01 ESRS 2 General Disclosures, subsection ESRS 2 IRO-1; and
- compliance of the taxonomy disclosures detailed in Section 02 Environment, subsection 2.1 EU Green Taxonomy of the Sustainability Report with the applicable reporting requirements of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulations").

### Basis for conclusion

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information".

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the Auditor's Responsibilities section of our report.



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We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements that are relevant to our assurance engagement of the Sustainability Report in Romania, including Law 162/2017 with subsequent amendments ("The Law"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters – comparative information

Our assurance engagement does not extend to information in respect of earlier periods.

Responsibilities for the sustainability report

Administrators of the Company are responsible for designing, implementing and maintaining a process to identify the information reported in the Sustainability Report in accordance with the ESRS and for disclosing this process in Section 01 ESRS 2 General Disclosures, subsection ESRS2 IRO-1, of the Sustainability Report.

This responsibility include:

- understanding the context in which the Company's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Administrators of the Company are further responsible for the preparation of the Sustainability Report, in accordance with the applicable statutory sustainability reporting framework foreseen in Ministry of Finance Order 2844/2016, Chapter 7<sup>1</sup>, section 7<sup>1</sup>.2, including:

- compliance with the European Standards for Reporting on Sustainability;



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- preparing the taxonomy disclosures of the Sustainability Report, in the Section 02 Environment, subsection 2.1 EU Green Taxonomy in compliance with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”); and
- designing, implementing and maintaining such internal controls that are necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Company sustainability reporting process.

#### Inherent limitations in preparing the Sustainability Report

In reporting a forward-looking information in accordance with European Standards for Reporting on Sustainability, the administrators of the Company are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Report, the administrators of the Company interpret undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

#### Auditor’s Responsibilities for the limited assurance engagement

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Report as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Report, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;



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- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process, as disclosed in Section 01 ESRS 2 General Disclosures, subsection ESRS 2 IRO-1.

Our other responsibilities in respect of the Sustainability Report include:

- Obtaining an understanding of the entity's control environment, processes, and information systems relevant to the preparation of the Sustainability Report but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error.
- Designing and performing procedures responsive to disclosures in the Sustainability Report where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Report.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Report.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - Inspecting/Examining the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process of the Company was consistent with the description of the Process set out in Section 01 ESRS 2 General Disclosures, subsection ESRS 2 IRO-1.



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In conducting our limited assurance engagement, with respect to the Sustainability Report, we have:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Sustainability Report;
- Evaluated whether material information identified by the Process to identify the information reported in the Sustainability Report is included in the Sustainability Report;
- Evaluated whether the structure and the presentation of the Sustainability Report is in accordance with the European Standards for Reporting on Sustainability;
- Performed inquires of relevant personnel and analytical procedures on selected disclosures in the Sustainability Report;
- Performed substantive assurance procedures based on a sample basis on selected disclosures in the Sustainability Report;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and evaluated the regulatory compliance with of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulations") of the information provided in the Sustainability Report.

In numele,  
On behalf of,

Ernst & Young Assurance Services SRL  
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

Name of the Auditor/ Partner: Sandu Mihaela Elena  
Registered in the electronic Public Register under No. AF1610

Autoritatea pentru Supravegherea Publică a  
Activității de Audit Statutar (ASPAAS)  
Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.  
Registrul Public Electronic: FA77

Autoritatea pentru Supravegherea Publică a  
Activității de Audit Statutar (ASPAAS)  
Auditor financiar: Sandu Mihaela Elena  
Registrul Public Electronic: AF1610

Bucharest, Romania  
28 March 2025