

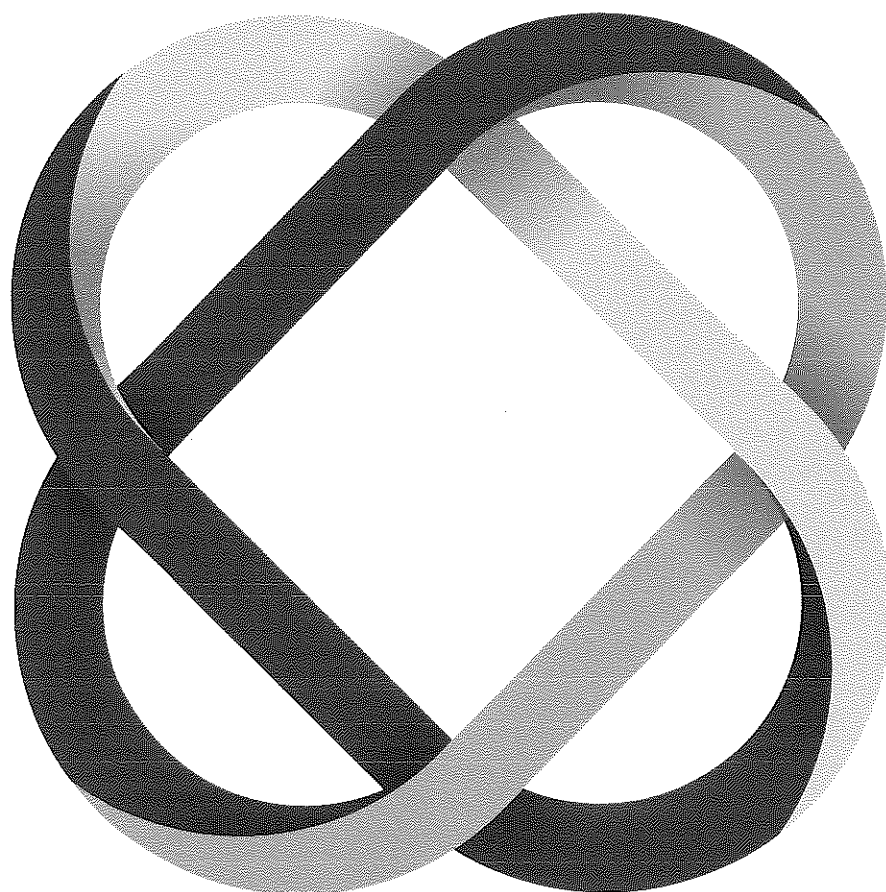


Joint-Stock Company RANBAXY

Independent Auditor's Report on the Financial Statements

for the period ended 31 December 2020

Moscow | 2021



Independent Auditor's Report [Translation from Russian original]

To the Shareholders of
Joint-Stock Company RANBAXY

Opinion

We have audited the accompanying financial statements of Joint-Stock Company RANBAXY (hereinafter - JSC RANBAXY), which comprise the balance sheet as at 31 December 2020, statement of financial results, supplements to the balance sheet and the statement of financial results, including the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements for 2020, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Joint-Stock Company RANBAXY as at 31 December 2020, its financial performance and its cash flows for the year then ended in accordance with Russian accounting standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 audited entity in accordance with the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Members of the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Russian accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Members of the Board of Directors are responsible for overseeing the entity'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 auditor's 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 judgement and maintain professional scepticism throughout the audit. We also:

- a) 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.
- b) 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 entity's internal control.
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- e) 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.

Engagement partner on the audit
resulting in this independent
auditor's report

Larisa Panfilova
Audit qualification certificate dated 18 April 2005
No. K 022777, registration number 22006035483

Date of the independent auditor's report: 24 March 2021

Audited entity

Name:

Joint-Stock Company RANBAXY (JSC RANBAXY).

Address of the legal entity within its location:

27/8 Elektrozavodskaya St., Room 14/1, Moscow, 107023, Russian Federation.

State registration:

Registered by Interdistrict Inspectorate of the Ministry of Taxes and Levies of the Russian Federation No. 46 for Moscow on 20 May 2004, registration number series 77 No. 006830744.

The registration entry was made in the Unified State Register of Legal Entities on 20 May 2004 under primary state registration number (OGRN) 1047796353846.

Auditor

Name:

FBK, LLC.

Address of the legal entity within its location:

44/1 Myasnitskaya St, Bldg 2AB, Moscow, 101990, Russian Federation.

State registration:

Registered by the Moscow Registration Chamber on 15 November 1993, registration number 484.583.

The registration entry was made in the Unified State Register of Legal Entities on 24 July 2002 under primary state registration number 1027700058286.

Membership in a self-regulatory organization of auditors:

Member of the Self-regulatory organization of auditors Association "Sodruzhestvo".

Primary number of registration entry in the register of auditors and audit organizations of the self-regulatory organization of auditors 11506030481.

Balance Sheet
as at 31 December 2020

Entity Joint-Stock Company RANBAXY
 Taxpayer identification number _____
 Type of economic activity Wholesaling of pharmaceutical and medical products
 Organizational legal form / form of ownership Ownership of foreign legal entities
Joint-Stock Company / _____
 Measurement unit: thousand rubles
 Location (address) 27 Elektrozavodskaya ul., bldg. 8, room 14/1, Moscow, 107023, Russia

| | | | | | |
|-------------------------|------------|----|---------|--|--|
| Form on OKUD | | | Codes | | |
| | | | 0710001 | | |
| Date (day, month, year) | 31 | 12 | 2020 | | |
| OKPO | 72983356 | | | | |
| INN | 7720508094 | | | | |
| OKVED 2 | 46.46.1 | | | | |
| OKOPF/OKFS | 12267 | 23 | | | |
| OKEI | 384 | | | | |

The financial statements are subject to statutory audit YES NO
 Name of the audit firm/full name of the individual auditor **FBK, LLC**

Taxpayer identification number of the audit firm/individual auditor INN **7701017140**
 Primary state registration number of the audit firm/individual auditor OGRN/OGRNIP **1027700058286**

| Notes | Item | Code | As at 31 December 2020 | As at 31 December 2019 | As at 31 December 2018 |
|--------|--|------|---------------------------|---------------------------|---------------------------|
| | ASSETS | | | | |
| | I. NON-CURRENT ASSETS | | | | |
| 6.1.1 | Intangible assets | 1110 | 14 829 | 7 442 | 15 126 |
| | Results of research and development | 1120 | - | - | - |
| | Intangible development assets | 1130 | - | - | - |
| | Tangible development assets | 1140 | - | - | - |
| 6.1.2 | Fixed assets | 1150 | 7 433 | 3 158 | 4 164 |
| | Income-bearing investments into tangible assets | 1160 | - | - | - |
| 6.1.3 | Financial investments | 1170 | 550 000 | - | - |
| 6.1.4 | Deferred tax assets | 1180 | 143 007 | 81 030 | 78 531 |
| | Other non-current assets | 1190 | - | - | - |
| | Total for Section I | 1100 | 715 270 | 91 630 | 97 821 |
| | II. CURRENT ASSETS | | | | |
| 6.1.5 | Inventories | 1210 | 1 184 707 | 2 446 667 | 1 069 518 |
| 6.1.6 | Input value-added tax | 1220 | 197 | 46 397 | 258 |
| 6.1.7 | Accounts receivable | 1230 | 3 026 081 | 2 993 593 | 2 580 421 |
| 6.1.8 | Financial investments (excluding cash equivalents) | 1240 | 525 000 | 281 022 | 480 340 |
| 6.1.9 | Cash and cash equivalents | 1250 | 200 662 | 78 999 | 91 161 |
| 6.1.9 | including: Cash on hand | | 10 | 16 | 16 |
| 6.1.9 | Operating accounts | | 180 958 | 78 983 | 91 143 |
| 6.1.9 | Foreign currency accounts | | 19 695 | - | 1 |
| 6.1.10 | Other current assets | 1260 | 5 961 | 3 513 | 825 |
| | Total for Section II | 1200 | 4 942 608 | 5 850 192 | 4 222 523 |
| | BALANCE | 1600 | 5 657 878 | 5 941 822 | 4 320 344 |

| Notes | Item | Code | As at 31 December 2020 | As at 31 December 2019 | As at 31 December 2018 |
|--------|--|------|---------------------------|---------------------------|---------------------------|
| | EQUITY AND LIABILITIES | | | | |
| | III. CAPITAL AND RESERVES | | | | |
| 5.1 | Authorized capital (contributed capital, charter capital, contributions of partners) | 1310 | 163 000 | 163 000 | 163 000 |
| | Treasury shares | 1320 | - | - | - |
| | Revaluation of non-current assets | 1340 | - | - | - |
| | Additional capital (without revaluation) | 1350 | - | - | - |
| 5.1 | Reserve capital | 1360 | 40 750 | 40 750 | 40 750 |
| 5.1 | Retained earnings (uncovered loss) | 1370 | 812 543 | 985 754 | 983 631 |
| | Total for Section III | 1300 | 1 016 293 | 1 189 504 | 1 187 381 |
| | IV. LONG-TERM LIABILITIES | | | | |
| 6.1.11 | Borrowings | 1410 | 433 885 | - | 408 013 |
| 6.1.12 | Deferred tax liabilities | 1420 | 13 531 | 16 462 | 7 729 |
| | Estimated liabilities | 1430 | - | - | - |
| | Other liabilities | 1450 | - | - | - |
| | Total for Section IV | 1400 | 447 416 | 16 462 | 415 742 |
| | V. CURRENT LIABILITIES | | | | |
| 6.1.13 | Borrowings | 1510 | 3 185 | 367 936 | 5 256 |
| 6.1.14 | Accounts payable | 1520 | 3 932 152 | 4 120 379 | 2 398 928 |
| | Deferred income | 1530 | - | - | - |
| 6.1.15 | Estimated liabilities | 1540 | 258 832 | 247 540 | 313 037 |
| | Other liabilities | 1550 | - | - | - |
| | Total for Section V | 1500 | 4 194 169 | 4 735 856 | 2 717 221 |
| | BALANCE | 1700 | 5 657 878 | 5 941 822 | 4 320 344 |

Director _____
(signature)

Artur Vaiev
(print name)

22 March 2021 _____

Statement of Financial Results
for January-December 2020

Entity Joint-Stock Company RANBAXY
 Taxpayer identification number _____
 Type of economic activity Wholesaling of pharmaceutical and medical products
 Organizational legal form / form of ownership _____
Joint-Stock Company / Ownership of foreign legal entities
 Measurement unit: thousand rubles

| | | | | | |
|-------------------------|------------|----|---------|--|--|
| Form on OKUD | | | Codes | | |
| | | | 0710002 | | |
| Date (day, month, year) | 31 | 12 | 2020 | | |
| OKPO | 72983356 | | | | |
| INN | 7720508094 | | | | |
| OKVED 2 | 46.46.1 | | | | |
| OKOPF/OKFS | 12267 | 23 | | | |
| OKEI | 384 | | | | |

| Notes | Item | Code | For January-December 2020 | For January-December 2019 |
|-------|---|------|---------------------------|---------------------------|
| 3.1.1 | Revenue | 2110 | 5 390 338 | 5 005 806 |
| 6.7.1 | Cost of sales | 2120 | (3 715 589) | (3 559 028) |
| 3.1.1 | Gross profit (loss) | 2100 | 1 674 749 | 1 446 778 |
| 3.1.3 | Selling expenses | 2210 | (1 544 036) | (1 442 577) |
| | Administrative expenses | 2220 | - | - |
| 3.1.2 | Profit (loss) on sales | 2200 | 130 713 | 4 201 |
| | Income from participation in other entities | 2310 | - | - |
| 3.1.6 | Interest receivable | 2320 | 32 380 | 26 173 |
| 3.1.5 | Interest payable | 2330 | (15 691) | (19 316) |
| 3.1.7 | Other income | 2340 | 258 967 | 137 985 |
| 3.1.7 | Other expenses | 2350 | (613 656) | (138 755) |
| 3.1.9 | Profit (loss) before tax | 2300 | (207 287) | 10 288 |
| | Income tax | 2410 | 34 075 | (8 165) |
| | including: | | | |
| 3.1.9 | current income tax | 2411 | (30 833) | (1 931) |
| | deferred income tax | 2412 | 64 908 | (6 234) |
| | Other | 2460 | - | - |
| | including: | | | |
| 6.11. | Net profit (loss) | 2400 | (173 212) | 2 123 |

| Notes | Item | Code | For January-December 2020 | For January-December 2019 |
|-------|--|------|---------------------------|---------------------------|
| | Result of revaluation of non-current assets not included in net profit (loss) for the period | 2510 | - | - |
| | Result of other operations not included in net profit (loss) for the period | 2520 | - | - |
| | Income tax from operations whose result is not included in net profit (loss) for the period | 2530 | - | - |
| 6.11. | Total financial result for the period | 2500 | (173 212) | 2 123 |
| | FOR REFERENCE ONLY | | | |
| 6.11. | Basic earnings (loss) per share | 2900 | (1) | - |
| | Diluted earnings (loss) per share | 2910 | - | - |

Director _____
(signature)

Artur Valiev

(print name)

22 March 2021

Statement of Changes in Equity
for January-December 2020

| | | | |
|-------------------------|-------|------------|-------|
| Form on OKUD | | Codes | |
| 07 | 10004 | 07 | 10004 |
| Date (day, month, year) | | 31 | 12 |
| OKPO | | 72983356 | |
| INN | | 7720508094 | |
| OKVED 2 | | 46.46.1 | |
| OKOPF/OKFS | | 12 | 23 |
| OKEI | | 384 | |

Entity Joint-Stock Company RANBAXY
 Taxpayer identification number _____
 Type of economic activity Wholesaling of pharmaceutical and medical products
 Organizational legal form / form of ownership Ownership of foreign legal
Joint-Stock Company / entities _____
 Measurement unit: thousand rubles

1. Changes in equity

| Item | Code | Authorized capital | Treasury shares | Additional capital | Reserve capital | Retained earnings (uncovered loss) | Total |
|------------------------------------|------|--------------------|-----------------|--------------------|-----------------|------------------------------------|-----------|
| Equity as at 31 December 2018 | 3100 | 163 000 | - | - | 40 750 | 983 631 | 1 187 381 |
| For 2019 | | | | | | | |
| Total increase in equity: | 3210 | - | - | - | - | 2 123 | 2 123 |
| including: | | | | | | | |
| Net profit | 3211 | X | X | X | X | 2 123 | 2 123 |
| Revaluation of assets | 3212 | X | X | - | X | - | - |
| Gains taken directly to equity | 3213 | X | X | - | X | - | - |
| Additional issue of shares | 3214 | - | - | - | X | X | X |
| Increase in par value of shares | 3215 | - | - | - | X | - | - |
| Reorganization of the legal entity | 3216 | - | - | - | - | - | - |
| | 3217 | - | - | - | - | - | - |

| Item | Code | Authorized capital | Treasury shares | Additional capital | Reserve capital | Retained earnings (uncovered loss) | Total |
|-------------------------------------|------|--------------------|-----------------|--------------------|-----------------|------------------------------------|-----------|
| Total decrease in equity: | 3220 | - | - | - | - | - | - |
| including: | | | | | | | |
| Loss | 3221 | X | X | X | X | - | - |
| Revaluation of assets | 3222 | X | X | - | X | - | - |
| Expenses directly charged to equity | 3223 | X | X | - | X | - | - |
| Reduction in par value of shares | 3224 | - | - | - | X | - | - |
| Reduction in number of shares | 3225 | - | - | - | X | - | - |
| Reorganization of the legal entity | 3226 | - | - | - | X | - | - |
| Dividends | 3227 | X | X | X | X | - | X |
| Change in additional capital | 3230 | X | X | - | - | - | X |
| Change in reserve capital | 3240 | X | X | X | - | - | X |
| | 3245 | - | - | - | - | - | - |
| Equity as at 31 December 2019 | 3200 | 163 000 | - | - | 40 750 | 985 754 | 1 189 504 |
| For 2020 | | | | | | | |
| Total increase in equity: | 3310 | - | - | - | - | - | - |
| including: | | | | | | | |
| Net profit | 3311 | X | X | X | X | - | - |
| Revaluation of assets | 3312 | X | X | - | X | - | - |
| Gains taken directly to equity | 3313 | X | X | - | X | - | - |
| Additional issue of shares | 3314 | - | - | - | X | X | X |
| Increase in par value of shares | 3315 | - | - | - | X | - | - |
| Reorganization of the legal entity | 3316 | - | - | - | - | - | - |
| | 3317 | - | - | - | - | - | - |
| Total decrease in equity: | 3320 | - | - | - | - | (173 211) | (173 211) |
| including: | | | | | | | |
| Loss | 3321 | X | X | X | X | (173 211) | (173 211) |
| Revaluation of assets | 3322 | X | X | - | X | - | - |
| Expenses directly charged to equity | 3323 | X | X | - | X | - | - |
| Reduction in par value of shares | 3324 | - | - | - | X | - | - |
| Reduction in number of shares | 3325 | - | - | - | X | - | - |
| Reorganization of the legal entity | 3326 | - | - | - | - | - | - |
| Dividends | 3327 | X | X | X | X | - | X |
| Change in additional capital | 3330 | X | X | - | - | - | X |
| Change in reserve capital | 3340 | X | X | X | - | - | X |
| | 3345 | - | - | - | - | - | - |
| Equity as at 31 December 2020 | 3300 | 163 000 | - | - | 40 750 | 812 543 | 1 016 293 |

2. Adjustments related to changes in accounting policies and correction of errors

| Item | Code | Change in equity for 2019 | | As at 31 December 2019 |
|-------------------------------------|------|---------------------------|--------------------------|------------------------|
| | | As at 31 December 2018 | Due to net profit (loss) | |
| Total capital | | | | |
| Before adjustments | 3400 | - | - | - |
| Adjustments arising from: | | | | |
| Changes in accounting policies | 3410 | - | - | - |
| Correction of errors | 3420 | - | - | - |
| After adjustments | 3500 | - | - | - |
| including: | | | | |
| Retained earnings (uncovered loss): | | | | |
| Before adjustments | 3401 | - | - | - |
| Adjustments arising from: | | | | |
| Changes in accounting policies | 3411 | - | - | - |
| Correction of errors | 3421 | - | - | - |
| After adjustments | 3501 | - | - | - |
| Other capital items | | | | |
| Before adjustments | 3402 | - | - | - |
| Adjustments arising from: | | | | |
| Changes in accounting policies | 3412 | - | - | - |
| Correction of errors | 3422 | - | - | - |
| After adjustments | 3502 | - | - | - |

3. Net assets

| Item | Code | As at 31 December 2020 | As at 31 December 2019 | As at 31 December 2018 |
|------------|------|------------------------|------------------------|------------------------|
| Net assets | 3600 | 1 016 293 | 1 189 504 | 1 187 381 |

Director _____ Artur Valiev _____

Statement of Cash Flows
for January-December 2020

Entity Joint-Stock Company RANBAXY
 Taxpayer identification number _____
 Type of economic activity Wholesaling of pharmaceutical and medical products
 Organizational legal form / form of ownership _____
Joint-Stock Company / Ownership of foreign legal entities
 Measurement unit: thousand rubles

| | | | |
|-------------------------|------------|----|------|
| Form on OKUD | 0710005 | | |
| Date (day, month, year) | 31 | 12 | 2020 |
| OKPO | 72983356 | | |
| INN | 7720508094 | | |
| OKVED 2 | 46.46.1 | | |
| OKOPF/OKFS | 12267 | 23 | |
| OKEI | 384 | | |

| Item | Code | For January-December 2020 | For January-December 2019 |
|---|------|---------------------------|---------------------------|
| Cash flows from operating activities | | | |
| Total receipts | 4110 | 5 459 517 | 4 698 707 |
| including: | | | |
| Sales of products, goods, works and services | 4111 | 5 372 740 | 4 685 224 |
| Lease payments, license fees, royalties, commissions, fees | 4112 | - | - |
| Resale of financial investments | 4113 | - | - |
| | 4114 | - | - |
| Other receipts | 4119 | 86 777 | 13 483 |
| Total payments | 4120 | (4 558 465) | (4 934 615) |
| including: | | | |
| To suppliers (contractors) for materials, supplies, works and services | 4121 | (3 400 951) | (3 600 639) |
| Employee compensation | 4122 | (944 828) | (862 893) |
| Interest on debt obligations | 4123 | (17 288) | (19 579) |
| Corporate income tax | 4124 | - | (26 038) |
| | 4125 | - | - |
| Other payments | 4129 | (195 398) | (425 466) |
| Net cash flows from operating activities | 4100 | 901 052 | (235 908) |
| Cash flows from investing activities | | | |
| Total receipts | 4210 | 34 778 | 227 414 |
| including: | | | |
| Sales of non-current assets (excluding financial investments) | 4211 | 11 217 | 9 531 |
| Sale of shares (interests) in other entities | 4212 | - | - |
| Loans repayments, sale of debt securities (monetary claims against other persons) | 4213 | - | 194 477 |
| Dividends, interest on financial debt investments and similar receipts from equity participation in other organizations | 4214 | 23 561 | 23 406 |
| | 4215 | - | - |
| Other receipts | 4219 | - | - |
| Total payments | 4220 | (813 708) | (3 245) |
| including: | | | |
| Acquisition, creation, modernization, reconstruction and preparation of non-current assets for use | 4221 | (25 526) | (3 245) |
| Acquisition of shares (interests) in other entities | 4222 | - | - |
| Acquisition of debt securities (monetary claims against other persons), disbursement of loans | 4223 | (788 182) | - |
| Interest on debt liabilities, included into the cost of investment asset | 4224 | - | - |
| | 4225 | - | - |
| Other payments | 4229 | - | - |
| Net cash flows from investing activities | 4200 | (778 930) | 224 169 |

| Item | Code | For January-December 2020 | For January-December 2019 |
|---|-------------|------------------------------|------------------------------|
| Cash flows from financing activities | | | |
| Total receipts | 4310 | - | - |
| including: | | | |
| Credit and loan proceeds | 4311 | - | - |
| Monetary contributions of owners (members) | 4312 | - | - |
| Issue of shares, increase in participatory interests | 4313 | - | - |
| Issue of bonds, bills and other debt securities, etc. | 4314 | - | - |
| | 4315 | - | - |
| Other receipts | 4319 | - | - |
| Total payments | 4320 | - | - |
| including: | | | |
| To owners (members) in connection with repurchase of shares (interests) from them or termination or their participation | 4321 | - | - |
| Payment of dividends and other profit distributions to owners (members) | 4322 | - | - |
| In connection with redemption (repurchase) of bills and other debt securities, credit and loan repayments | 4323 | - | - |
| | 4324 | - | - |
| Other payments | 4329 | - | - |
| Net cash flows from financing activities | 4300 | - | - |
| Net cash flows for the reporting period | 4400 | 122 122 | (11 739) |
| Cash and cash equivalents as at the beginning of the reporting period | 4450 | 78 999 | 91 161 |
| Cash and cash equivalents as at the end of the reporting period | 4500 | 200 663 | 78 998 |
| Effect of changes in foreign exchange rates against the ruble | 4490 | (458) | (424) |

Director _____
(signature)

Artur Valiev _____
(print name)

22 March 2021 _____

**Notes to the Balance Sheet
and Statement of Financial Results (RUB'000)**

**1. Intangible assets and expenses for research, development and technological works (R&D)
1.1. Existence and movements of intangible assets**

p.1

| Item | Code | Period | At the beginning of the year | | Changes over the period | | | | | | At the end of the period | | |
|--|------|----------|------------------------------|--|-------------------------|-----------------|--|----------------------|-----------------|-----------------|--------------------------|-----------------|--|
| | | | Historical cost | Accumulated amortization and impairment losses | Additions | Disposal | | Accrued amortization | Impairment loss | Revaluation | | Historical cost | Accumulated amortization and impairment losses |
| | | | | | | Historical cost | Accumulated amortization and impairment losses | | | Historical cost | Accumulated amortization | | |
| Total intangible assets | 5100 | For 2020 | 33 207 | (26 264) | 12 173 | (22 580) | 22 580 | (5 609) | - | - | 22 800 | (9 294) | |
| | 5110 | For 2019 | 29 833 | (15 974) | 3 374 | - | - | (10 290) | - | - | 33 207 | (26 264) | |
| including: Other intangible assets | 5101 | For 2020 | 32 537 | (25 851) | 12 173 | (22 580) | 22 580 | (5 475) | - | - | 22 130 | (8 747) | |
| | 5111 | For 2019 | 29 163 | (15 695) | 3 374 | - | - | (10 156) | - | - | 32 537 | (25 851) | |
| Exclusive copyright to computer programs and databases | 5102 | For 2020 | 670 | (413) | - | - | - | (134) | - | - | 670 | (547) | |
| | 5112 | For 2019 | 670 | (279) | - | - | - | (134) | - | - | 670 | (413) | |

1.2. Historical cost of intangible assets developed in-house

| Item | Code | As at 31 December 2020 | | As at 31 December 2019 | | As at 31 December 2018 | |
|------------|------|------------------------|---|------------------------|---|------------------------|---|
| | | | | | | | |
| Total | 5120 | - | - | - | - | - | - |
| including: | 5121 | - | - | - | - | - | - |

1.3. Fully amortized intangible assets

| Item | Code | As at 31 December 2020 | As at 31 December 2019 | As at 31 December 2018 |
|--|------|------------------------|------------------------|------------------------|
| Total | 5130 | 2 307 | 11 278 | 4 587 |
| including: | | | | |
| Other intangible assets | 5131 | 2 307 | 11 278 | 4 587 |
| Exclusive copyright to computer programs and databases | 5132 | - | - | 247 |

1.4. Existence and movements of R&D results

| Item | Code | Period | Changes over the period | | | | | | | |
|------------|------|----------|------------------------------|------------------|-----------|--------------------------|-----------------|------------------|---|---|
| | | | At the beginning of the year | | | At the end of the period | | | | |
| | | | Historical cost | Expensed portion | Additions | Disposal | Historical cost | Expensed portion | | |
| Total R&D | 5140 | For 2020 | - | - | - | - | - | - | - | - |
| | 5150 | For 2019 | - | - | - | - | - | - | - | - |
| including: | | | | | | | | | | |
| | 5141 | For 2020 | - | - | - | - | - | - | - | - |
| | 5151 | For 2019 | - | - | - | - | - | - | - | - |

1.5. R&D in progress and not formalized and acquisitions of intangible assets in progress

| Item | Code | Period | At the beginning of the year | Changes over the period | | | At the end of the period |
|--|------|----------|------------------------------|-------------------------|-----------------------------------|--|--------------------------|
| | | | | Costs for the period | Costs written off as unproductive | Recognized as intangible assets or R&D | |
| Costs of R&D in progress - total | 5160 | For 2020 | - | - | - | - | - |
| | 5170 | For 2019 | - | - | - | - | - |
| Including: | 5161 | For 2020 | - | - | - | - | - |
| | 5171 | For 2019 | - | - | - | - | - |
| Acquisitions of intangible assets in progress - total | 5180 | For 2020 | 500 | 12 996 | (12 173) | 1 323 | 1 323 |
| | 5190 | For 2019 | 1 267 | 2 606 | (3 374) | 500 | 500 |
| Including: | 5181 | For 2020 | 500 | - | - | 500 | 500 |
| | 5191 | For 2019 | 500 | - | - | 500 | 500 |
| Site "Florioza" | 5182 | For 2020 | - | 833 | (833) | - | - |
| | 5192 | For 2019 | - | - | - | - | - |
| Package design for "Vitastrong Aspacardio" | 5183 | For 2020 | - | 348 | - | - | 348 |
| | 5193 | For 2019 | - | - | - | - | - |
| Creative developments for the Florioza brand (a banner) | 5184 | For 2020 | - | 75 | (75) | - | - |
| | 5194 | For 2019 | - | - | - | - | - |
| Site "Fexadin" | 5185 | For 2020 | - | 700 | (700) | - | - |
| | 5195 | For 2019 | - | - | - | - | - |
| Video clip "Pharyngosept. Demonstration" | 5186 | For 2020 | - | 4 345 | (4 345) | - | - |
| | 5196 | For 2019 | - | - | - | - | - |
| Photo image "Pharyngosept" | 5187 | For 2020 | - | 420 | (420) | - | - |
| | 5197 | For 2019 | - | - | - | - | - |
| Video clip "Florioza" | 5188 | For 2020 | - | 1 000 | (1 000) | - | - |
| | 5198 | For 2019 | - | - | - | - | - |
| Video clip "Coldact. Marathon" 20, 15, 10, 6, 5 sec | 5189 | For 2020 | - | 4 414 | (4 414) | - | - |
| | 5199 | For 2019 | - | - | - | - | - |
| Photo image "Coldact" | | For 2020 | - | 235 | (235) | - | - |
| | | For 2019 | - | - | - | - | - |
| Fexadin brand visual icon | | For 2020 | - | 150 | (150) | - | - |
| | | For 2019 | - | - | - | - | - |
| Fexadin new package blister pack | | For 2020 | - | 350 | - | 350 | 350 |
| | | For 2019 | - | - | - | - | - |
| Site "Ulcermil, Nispam, Florioza, Mesacol, Pylobact, gastrostutube | | For 2020 | - | 126 | - | 126 | 126 |
| | | For 2019 | - | - | - | - | - |
| Sketch of the visual concept TM "Coldact", Day and Night | | For 2020 | - | - | (460) | - | - |
| | | For 2019 | 460 | - | - | - | - |
| Site "Brustan" | | For 2020 | - | - | - | - | - |
| | | For 2019 | 221 | 397 | (618) | - | - |
| Site "Viatile" | | For 2020 | - | - | - | - | - |
| | | For 2019 | 86 | 969 | (1 055) | - | - |
| Package design for "Florioza" | | For 2020 | - | - | - | - | - |

| | | | | | | |
|---|----------|---|-----|---|-------|---|
| Promotional video for "Pharyngosept", 4 clips of 5 sec each. Creative concept of video for "Pharyngosept" | For 2019 | - | 84 | - | (84) | - |
| | For 2020 | - | - | - | - | - |
| Package design for "Neotravesil"/orange, mint | For 2019 | - | 583 | - | (583) | - |
| | For 2020 | - | - | - | - | - |
| Key visual for "Alfuprost" brand | For 2019 | - | 150 | - | (150) | - |
| | For 2020 | - | - | - | - | - |
| | For 2019 | - | 424 | - | (424) | - |

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2. Fixed assets
2.1. Existence and movements of fixed assets

| Item | Code | Period | Changes over the period | | | | | | | | | | | |
|--|------|----------|-------------------------------|--------------------------|-----------------|--------------------------|----------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|--------------------------|--|
| | | | At the beginning of the year: | | Disposal | | | | Additions | | Revaluation | | At the end of the period | |
| | | | Historical cost | Accumulated depreciation | Historical cost | Accumulated depreciation | Accrued depreciation | Historical cost | Accumulated depreciation | Historical cost | Accumulated depreciation | Historical cost | Accumulated depreciation | |
| Total fixed assets (excluding income-bearing investments into tangible assets) | 5200 | For 2020 | 49 049 | (46 539) | 7 119 | (17 726) | 17 465 | (2 155) | - | - | 38 442 | (31 230) | | |
| | 5210 | For 2019 | 62 763 | (59 316) | 994 | (14 708) | 14 708 | (1 931) | - | - | 49 049 | (46 539) | | |
| Including: | | | | | | | | | | | | | | |
| Office equipment | 5201 | For 2020 | 16 580 | (14 069) | 4 963 | (3 636) | 3 375 | (2 084) | - | - | 17 907 | (12 778) | | |
| | 5211 | For 2019 | 15 586 | (12 184) | 994 | - | - | (1 885) | - | - | 16 580 | (14 069) | | |
| Vehicles | 5202 | For 2020 | 31 638 | (31 638) | 2 156 | (14 090) | 14 090 | (72) | - | - | 19 704 | (17 620) | | |
| | 5212 | For 2019 | 46 346 | (46 341) | - | (14 708) | 14 708 | (5) | - | - | 31 638 | (31 638) | | |
| Other fixed assets | 5203 | For 2020 | 157 | (157) | - | - | - | - | - | - | 157 | (157) | | |
| | 5213 | For 2019 | 157 | (157) | - | - | - | - | - | - | 157 | (157) | | |
| Machinery and equipment (except office equipment) | 5204 | For 2020 | 404 | (404) | - | - | - | - | - | - | 404 | (404) | | |
| | 5214 | For 2019 | 404 | (391) | - | - | - | (13) | - | - | 404 | (404) | | |
| Production and organizational stock | 5205 | For 2020 | 270 | (270) | - | - | - | - | - | - | 270 | (270) | | |
| | 5215 | For 2019 | 270 | (244) | - | - | - | (27) | - | - | 270 | (270) | | |
| Total income-bearing investments into tangible assets | 5220 | For 2020 | - | - | - | - | - | - | - | - | - | - | | |
| | 5230 | For 2019 | - | - | - | - | - | - | - | - | - | - | | |
| Including: | | | | | | | | | | | | | | |
| | 5221 | For 2020 | - | - | - | - | - | - | - | - | - | - | | |
| | 5231 | For 2019 | - | - | - | - | - | - | - | - | - | - | | |

2.2. Capital investments in progress

| Item | Code | Period | At the beginning of the year | Changes over the period | | | At the end of the period |
|--|------|----------|------------------------------|-------------------------|-------------|--|--------------------------|
| | | | | Costs for the period | Written off | Recognized as fixed assets or written up | |
| Construction in progress and acquisitions, modernization etc. of fixed assets in progress — total including: | 5240 | For 2020 | 647 | 6 893 | - | (7 119) | 221 |
| | 5250 | For 2019 | 717 | 924 | - | (994) | 647 |
| Laptop HP PB 440 G5 i5-7200U w/o bag | 5241 | For 2020 | 647 | - | - | (647) | - |
| | 5251 | For 2019 | - | 924 | - | (277) | 647 |
| Laptop HP PB 440 G6 Core i5 8256U + bag | 5242 | For 2020 | - | 1 722 | - | (1 681) | 41 |
| | 5252 | For 2019 | - | - | - | - | - |
| Laptop HP PB 440 G7 Core i3-10110U + bag + mouse_batch 13/07/2020 (44965.84) | 5243 | For 2020 | - | 585 | - | (405) | 180 |
| | 5253 | For 2019 | - | - | - | - | - |
| VersaLink B605S | 5244 | For 2020 | - | 83 | - | (83) | - |
| | 5254 | For 2019 | - | - | - | - | - |
| Laptop HP PB 440 G7 Core i3 - 10110U + bag + mouse | 5245 | For 2020 | - | 527 | - | (527) | - |
| | 5255 | For 2019 | - | - | - | - | - |
| Laptop HP PB 440 G7 Core i3-10110U + bag + mouse_batch 13/07/2020 (44965.83) | 5246 | For 2020 | - | 1 349 | - | (1 349) | - |
| | 5256 | For 2019 | - | - | - | - | - |
| Laptop HP ZBook G5+ bag + mouse | 5247 | For 2020 | - | 72 | - | (72) | - |
| | 5257 | For 2019 | - | - | - | - | - |
| Laptop M(S) Prestige 15+ bag + mouse | 5248 | For 2020 | - | 90 | - | (90) | - |
| | 5258 | For 2019 | - | - | - | - | - |
| Car: Ford Refrigerated Truck, XD23720AALA000200 | 5249 | For 2020 | - | 2 156 | - | (2 156) | - |
| | 5259 | For 2019 | - | - | - | - | - |
| Laptop Ultrabook DELL XPS 15 Core i5 | - | For 2020 | - | 109 | - | (109) | - |
| | - | For 2019 | - | - | - | - | - |
| Laptop HP PB 440 G5 14" intel Core i3 7100U | - | For 2020 | - | - | - | - | - |
| | - | For 2019 | 717 | - | - | (717) | - |

2.3. Changes in the cost of fixed assets resulting from further construction, additional equipment, reconstruction or partial liquidation

| Item | Code | For 2020 | For 2019 |
|---|------|----------|----------|
| Total increase in the cost of fixed assets as a result of further construction, additional equipment, reconstruction including: | 5260 | - | - |
| Total decrease in the cost of fixed assets as a result of partial liquidation including: | 5261 | - | - |
| | 5270 | - | - |
| | 5271 | - | - |

2.4. Other use of fixed assets

| Item | Code | As at 31 December 2020 | As at 31 December 2019 | As at 31 December 2018 |
|--|------|------------------------|------------------------|------------------------|
| Leased out fixed assets on the balance sheet | 5280 | - | - | - |
| Leased out fixed assets off the balance sheet | 5281 | - | - | - |
| Leased fixed assets on the balance sheet | 5282 | - | - | - |
| Leased fixed assets off the balance sheet | 5283 | 176 999 | 166 122 | 121 532 |
| Items of immovable property accepted for operation and actually used, in process of state registration | 5284 | - | - | - |
| Fixed assets transferred to conservation | 5285 | - | - | - |
| Other use of fixed assets (collateral, etc.) | 5286 | - | - | - |
| | 5287 | - | - | - |

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3. Financial investments and movements of financial investments

| Item | Code | Period | At the beginning of the year: | | Changes over the period | | | | At the end of the period | | |
|-----------------------------|------|----------|-------------------------------|------------------------|-------------------------|----------------------|------------------------|---|--|-----------------|------------------------|
| | | | Historical cost | Accumulated adjustment | Additions | Disposed of (repaid) | | Accrual of interest (including to bring historical cost to par value) | Current market value (impairment loss) | Historical cost | Accumulated adjustment |
| | | | | | | Historical cost | Accumulated adjustment | | | | |
| Long-term - total | 5301 | For 2020 | - | - | 550 000 | - | - | - | - | 550 000 | - |
| | 5311 | For 2019 | - | - | - | - | - | - | - | - | - |
| Including: | | | | | | | | | | | |
| Loans issued | 5302 | For 2020 | - | - | 550 000 | - | - | - | - | 550 000 | - |
| | 5312 | For 2019 | - | - | - | - | - | - | - | - | - |
| Short-term - total | 5305 | For 2020 | 285 938 | (4 916) | 18 517 399 | 18 279 217 | - | - | 5 796 | 519 204 | 5 796 |
| | 5315 | For 2019 | 477 768 | 2 572 | 10 021 842 | 10 216 243 | - | - | (4 916) | 285 938 | (4 916) |
| Including: | | | | | | | | | | | |
| Loans issued | 5306 | For 2020 | - | - | - | - | - | - | - | - | - |
| | 5316 | For 2019 | - | - | 30 000 | 30 000 | - | - | - | - | - |
| Bank deposits | 5307 | For 2020 | 285 938 | (4 916) | 18 517 399 | 18 279 217 | - | - | 5 796 | 519 204 | 5 796 |
| | 5317 | For 2019 | 477 768 | 2 572 | 9 991 842 | 10 186 243 | - | - | (4 916) | 285 938 | (4 916) |
| Total financial investments | 5300 | For 2020 | 285 938 | (4 916) | 19 067 399 | 18 279 217 | - | - | 5 796 | 1 069 204 | 5 796 |
| | 5310 | For 2019 | 477 768 | 2 572 | 10 021 842 | 10 216 243 | - | - | (4 916) | 285 938 | (4 916) |

3.2. Other use of financial investments

| Item | Code | As at 31 December 2020 | As at 31 December 2019 | As at 31 December 2018 |
|--|------|------------------------|------------------------|------------------------|
| Pledged financial investments — total | 5320 | - | - | - |
| including: | | | | |
| Financial investments transferred to third parties (except sale) — total | 5321 | - | - | - |
| including: | | | | |
| | 5325 | - | - | - |
| | 5326 | - | - | - |
| Other use of financial investments | 5329 | - | - | - |

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4. Inventories

4.1. Existence and movements of inventories

| Item | Code | Period | At the beginning of the year | | At the end of the period | |
|---|------|----------|------------------------------|--------------------------|--------------------------|--------------------------|
| | | | Cost | Provision for impairment | Cost | Provision for impairment |
| Total inventories | 5400 | For 2020 | 2 602 151 | (155 484) | 1 656 088 | (471 381) |
| | 5420 | For 2019 | 1 192 535 | (123 017) | 2 602 151 | (155 484) |
| including: | | | | | | |
| Raw materials, supplies and other similar assets | 5401 | For 2020 | 2 745 | - | 29 | - |
| | 5421 | For 2019 | 21 | - | 2 745 | - |
| Finished products | 5402 | For 2020 | - | - | - | - |
| | 5422 | For 2019 | - | - | - | - |
| Goods for resale | 5403 | For 2020 | 2 586 657 | (155 484) | 1 647 348 | (471 381) |
| | 5423 | For 2019 | 1 184 499 | (123 017) | 2 586 657 | (155 484) |
| Goods and finished products shipped | 5404 | For 2020 | - | - | - | - |
| | 5424 | For 2019 | - | - | - | - |
| Work in progress costs | 5405 | For 2020 | - | - | - | - |
| | 5425 | For 2019 | - | - | - | - |
| Other inventories and costs | 5406 | For 2020 | 12 749 | - | 8 712 | - |
| | 5426 | For 2019 | 8 015 | - | 12 749 | - |
| Deferred expenses (for analytical accounting items recorded within inventories) | 5407 | For 2020 | - | - | - | - |
| | 5427 | For 2019 | - | - | - | - |
| | 5408 | For 2020 | - | - | - | - |
| | 5428 | For 2019 | - | - | - | - |

4.2. Pledged inventories

| Item | Code | As at 31 December 2020 | As at 31 December 2019 | As at 31 December 2018 |
|---|------|------------------------|------------------------|------------------------|
| Inventories not paid for as of the reporting date - total | 5440 | - | - | - |
| including: | | | | |
| | 5441 | - | - | - |
| Inventories pledged under contract - total | 5445 | - | - | - |
| including: | | | | |
| | 5446 | - | - | - |

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5. Receivables and payables
5.1. Existence and movements of receivables and payables

| Item | Code | Period | At the beginning of the year | | At the end of the period | |
|---------------------------------------|------|----------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| | | | Accounted for under agreement | Provision for doubtful debts | Accounted for under agreement | Provision for doubtful debts |
| Total long-term receivables | 5501 | For 2020 | - | - | - | - |
| | 5521 | For 2019 | - | - | - | - |
| including: | | | | | | |
| Settlements with buyers and customers | 5502 | For 2020 | - | - | - | - |
| | 5522 | For 2019 | - | - | - | - |
| Advances made | 5503 | For 2020 | - | - | - | - |
| | 5523 | For 2019 | - | - | - | - |
| Other | 5504 | For 2020 | - | - | - | - |
| | 5524 | For 2019 | - | - | - | - |
| | 5505 | For 2020 | - | - | - | - |
| | 5525 | For 2019 | - | - | - | - |
| Total short-term receivables | 5510 | For 2020 | 3 099 917 | (106 324) | 3 132 659 | (106 578) |
| | 5530 | For 2019 | 2 686 744 | (106 324) | 3 099 917 | (106 324) |
| including: | | | | | | |
| Settlements with buyers and customers | 5511 | For 2020 | 2 957 854 | 105 276 | 3 004 237 | (105 530) |
| | 5531 | For 2019 | 2 598 869 | (105 276) | 2 957 854 | (105 276) |
| Advances made | 5512 | For 2020 | 72 351 | (1 048) | 32 330 | (1 048) |
| | 5532 | For 2019 | 21 417 | (1 048) | 72 351 | (1 048) |
| Other | 5513 | For 2020 | 69 712 | - | 96 092 | - |
| | 5533 | For 2019 | 66 459 | - | 69 712 | - |
| | 5514 | For 2020 | - | - | - | - |
| | 5534 | For 2019 | - | - | - | - |
| Total | 5500 | For 2020 | 3 099 917 | (106 324) | 3 132 659 | (106 578) |
| | 5520 | For 2019 | 2 686 744 | (106 324) | 3 099 917 | (106 324) |

5.2. Overdue receivables

| Item | Code | As at 31 December 2020 | | As at 31 December 2019 | | As at 31 December 2018 | |
|---|------|-------------------------------|------------|-------------------------------|------------|-------------------------------|------------|
| | | Accounted for under agreement | Book value | Accounted for under agreement | Book value | Accounted for under agreement | Book value |
| Total | 5540 | 106 578 | - | 106 324 | - | 106 324 | - |
| Including: | | | | | | | |
| Settlements with buyers and customers | 5541 | 105 530 | - | 105 276 | - | 105 276 | - |
| Settlements with suppliers and customers (on advance payments, prepayments) | 5542 | 1 048 | - | 1 048 | - | 1 048 | - |
| Other | 5543 | - | - | - | - | - | - |
| | 5544 | - | - | - | - | - | - |

5.3. Existence and movements of payables

| Item | Code | Period | Balance at the beginning of the year | Balance at the end of the period |
|--|------|----------|--------------------------------------|----------------------------------|
| Total long-term payables | | | | 433 885 |
| | 5551 | For 2020 | - | - |
| | 5571 | For 2019 | 408 013 | - |
| Including: | | | | |
| Credits | | | | |
| | 5552 | For 2020 | - | - |
| | 5572 | For 2019 | - | - |
| Loans | | | | 433 885 |
| | 5553 | For 2020 | - | - |
| | 5573 | For 2019 | 408 013 | - |
| Other | | | | |
| | 5554 | For 2020 | - | - |
| | 5574 | For 2019 | - | - |
| | 5555 | For 2020 | - | - |
| | 5575 | For 2019 | - | - |
| Total short-term payables | | | 4 488 315 | 3 935 337 |
| | 5560 | For 2020 | 4 488 315 | 3 935 337 |
| | 5560 | For 2019 | 2 404 184 | 4 488 315 |
| Including: | | | | |
| Settlements with suppliers and contractors | | | 4 082 654 | 3 817 968 |
| | 5581 | For 2019 | 2 349 030 | 4 082 654 |
| Advances received | | | 246 | 237 |
| | 5562 | For 2020 | 246 | 237 |
| | 5582 | For 2019 | 44 | 246 |
| Settlements on taxes and levies | | | 3 307 | 102 430 |
| | 5583 | For 2020 | 3 307 | 102 430 |
| | 5583 | For 2019 | 39 552 | 3 307 |
| Credits | | | | |
| | 5584 | For 2020 | - | - |
| | 5584 | For 2019 | - | - |
| Loans | | | 367 936 | 3 165 |
| | 5565 | For 2020 | 367 936 | 3 165 |
| | 5585 | For 2019 | 5 256 | 367 936 |
| Other | | | 34 172 | 11 518 |
| | 5566 | For 2020 | 34 172 | 11 518 |

| | | | | |
|-------|------|----------|-----------|-----------|
| | 5586 | For 2019 | 10,302 | 34,172 |
| | 5567 | For 2020 | - | - |
| | 5587 | For 2019 | - | - |
| | 5550 | For 2020 | 4,488,315 | 4,369,222 |
| | 5570 | For 2019 | 2,612,197 | 4,488,315 |
| Total | | | | |

5.4. Overdue payables

| Item | Code | As at 31 December 2020 | As at 31 December 2019 | As at 31 December 2018 |
|--|------|------------------------|------------------------|------------------------|
| Total | 5590 | - | - | - |
| including: | | | | |
| Settlements with suppliers and contractors | 5591 | - | - | - |
| Settlements with buyers and customers | 5592 | - | - | - |
| | 5593 | - | - | - |

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6. Cost of production

| Item | Code | For 2020 | For 2019 |
|--|-------------|------------------|------------------|
| Material expenses | 5610 | 3 769 896 | 3 641 363 |
| Labour costs | 5620 | 768 215 | 708 239 |
| Social security contributions | 5630 | 192 079 | 176 143 |
| Depreciation | 5640 | 7 764 | 12 221 |
| Other costs | 5650 | 521 671 | 463 639 |
| Total | 5660 | 5 259 625 | 5 001 605 |
| Change in balances (increase [-]): of work in progress, finished goods, etc. | 5670 | - | - |
| Change in balances (decrease [+]): of work in progress, finished goods, etc. | 5680 | - | - |
| Total expenses from ordinary activities | 5600 | 5 259 625 | 5 001 605 |

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7. Estimated liabilities

| Item | Code | Balance at the beginning of the year | Recognized | Reversed | Written off as excess | Balance at the end of the period |
|--|------|--------------------------------------|------------|-----------|-----------------------|----------------------------------|
| Estimated liabilities — total | 5700 | 247 540 | 476 183 | (450 239) | (14 652) | 258 832 |
| including: | | | | | | |
| Provision for vacation pay | 5701 | 35 250 | 69 274 | (82 388) | - | 22 136 |
| Provision for use of advances to employees | 5702 | 4 088 | (681) | - | - | 3 407 |
| Provision for payment of annual bonuses to employees | 5703 | 19 393 | 29 894 | (14 676) | (13 430) | 21 181 |
| Bonuses to buyers Volume Discount /01.04.14 | 5704 | 107 189 | 305 693 | (273 009) | - | 139 873 |
| Provision for use of fuel and lubricants | 5705 | - | 459 | (459) | - | - |
| Other expenses | 5706 | - | - | - | - | - |
| Bonuses to buyers Cash Discount /01.04.14 | 5707 | 57 143 | 63 830 | (78 420) | - | 52 553 |
| Provision for payment of quarterly bonuses to employees | 5708 | 14 138 | 4 968 | - | - | 19 106 |
| Provision for write-off of promotional materials (10.06) | 5709 | - | 1 287 | (1 287) | - | - |
| #Provision for returned goods | | 340 | 1 458 | - | (1 222) | 576 |

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8. Security of obligations

| Item | Code | As at 31 December 2020 | As at 31 December 2019 | As at 31 December 2018 |
|------------------|------|------------------------|------------------------|------------------------|
| Received — total | 5800 | 3 355 000 | 2 960 000 | 2 765 000 |
| including: | | | | |
| Bank guarantee | 5801 | 2 295 000 | 2 000 000 | 1 865 000 |
| Surety agreement | 5802 | 1 060 000 | 960 000 | 900 000 |
| Issued — total | 5810 | - | - | - |
| including: | | | | |
| | 5811 | - | - | - |

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9. Government aid

| Item | For 2020 | | For 2019 | |
|---------------------------------------|----------|------------------------------|------------------------|------------------------|
| | Code | | | |
| Budgetary funds received — total | 5900 | - | - | - |
| including: | | | | |
| For current expenditures | 5901 | - | - | - |
| For investments in non-current assets | 5905 | - | - | - |
| | | At the beginning of the year | Repaid during the year | At the end of the year |
| Budgetary loans — total | 5910 | - | - | - |
| including: | 5920 | - | - | - |
| | 5911 | - | - | - |
| | 5921 | - | - | - |
| | | For 2020 | | |
| | | For 2019 | | |
| | | For 2020 | | |
| | | For 2019 | | |

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Notes

to the financial statements of JSC RANBAXY for 2020

1. Information about the Company

1.1. Full name of the Company: Joint-Stock Company RANBAXY

1.2. Registered address: 27 Elektrozavodskaya ul., bldg. 8, room 14/1, Moscow, 107023, Russia.

1.3. Actual address: 27 Elektrozavodskaya ul., bldg. 8, room 14/1, Moscow, 107023, Russia.

1.4. Date of state registration: 20 May 2004; Primary State Registration Number: 1047796353846.

1.5. Authorized capital of the Company makes up RUB 163,000,000. Shareholder structure: SUN PHARMA (NETHERLANDS) B.V. Private company limited by shares, registered with the Chamber of Commerce and Industry of Amsterdam under No. 33254757: 99 percent of the authorized capital; Ranbaxy Holdings (UK) Ltd., private company limited by shares, registered at Company House of England and Wales under No. 3062051: 1 percent of the authorized capital. Shares in the authorized capital are fully paid. Quantity of placed securities: 163,000. The par value of each security is RUB 1,000.

The ultimate beneficiary of the Company is Dilip Shantilal Shanghvi, who is the head of the parent company of SUN PHARMACEUTICAL INDUSTRIES LIMITED group of companies and owns more than 25% of shares of the said company.

1.6. The Company has no subsidiaries or affiliates.

1.7. Information about standalone subdivisions.

- On 19 December 2008, a standalone subdivision "Warehouse for wholesaling medicinal products" was established and registered at its location (address: 2, let. B, B2 Dachnaya Street, Village of Davydovskoye, Luchinskoye Rural Settlement, Istra District, Moscow Region, 143521, Russian Federation) with the Inspectorate of the Federal Tax Service of Russia for the town of Istra, Moscow Region.

- On 14 April 2014, the location of the subdivision was changed (new address: 244 Village of Leshkovo, Istra District, Moscow Region, Russian Federation), on 15 June 2016, the location of the subdivision was changed (new address: 248 Village of Leshkovo, bldg. 4, Istra District, Moscow Region, 143581, Russian Federation), on 02 April 2019 the location of the subdivision was changed (new address: Room VII, No. 63, 73, 86, 89, 90, 91, 92, 1 floor, bldg 16B, Block 0060339, Village of Davydovskoye, Istra District, Moscow Region, 143521, Russian Federation).

1.8. The main business activity of the Company is wholesaling of pharmaceutical products. License (current): FS-99-02-007542 issued on 28 November 2019. Location covered by license FS-99-02-007542: Room VII, No. 63, 73, 86, 89, 90, 91, 92, 1 floor, bldg 16B, Block 0060339, Village of Davydovskoye, Istra District, Moscow Region, 143521, Russian Federation.

1.9. The Company is subject to mandatory audit in accordance with the criteria set forth in Federal Law No. 307-FZ "On Auditing Activity" dated 31 December 2008, which was entrusted to FBK, LLC.

1.10. Members of the Company's executive and control bodies:

Chairman of the Board of Directors:

Vivek Kapur

Members of the Board of Directors:

Kanniputur Kamalakkannan Kuppusvami

Kalpesh Shakh

Artur Valiev

Kharin P Mekhta

General Director of JSC Ranbaxy

Artur Valiev

Financial Director

Vivek Kapur

Chief Accountant

Ludmila Alekseevna Manuilova

2. Significant Accounting Policies of the Company.

2.1. Accounting policies for bookkeeping purposes.

The Company's accounting records are maintained in accordance with the accounting legislation of the Russian Federation. The Company's financial statements have been prepared on the basis of the current accounting and reporting rules of the Russian Federation.

2.1.1. Accounting is done by the Company's Accounting Department, which is a separate structural subdivision headed by the Chief Accountant.

2.1.2. In accounting, income is determined in accordance with the Accounting Regulations "Income of Organizations" PBU 9/99 approved by Order of the Russian Ministry of Finance No. 32n dated 06 May 1999. Sales are recorded in the accounting records as follows:

- Ordinary income is recorded on account 90.1.1 "Sales" when the products are shipped (transferred to the buyer) and payment documents for the shipped goods are passed to the buyer, taking into account the time of transfer of ownership. Ordinary income is income from activities that generate revenues accounting for more than 5 percent of total sales;

- Remuneration under commission, engagement and agency agreements is recorded when the report of the commission agent (nominee, agent) on sales of goods, works and services is approved by the principal. Sales proceeds derived from activities that are subject to value-added tax at different rates or are exempt from value-added tax are recorded on subaccounts of account 90.1.1 "Sales".

- Other income on account 91.01 "Other income" is recorded at the moment of the actual provision of services.

2.1.3. In accounting, expenses are determined in accordance with the Accounting Regulations "Expenses of Organizations" PBU 10/99. Expenses are recorded in the accounting records regardless of whether there is an intention to generate revenue or other income and the form of expenses (cash, in kind, or other). Expenses are recognized in the reporting period in which they were incurred, irrespective of when cash is paid.

2.1.4. Useful lives of fixed assets are determined based of the Classification of fixed assets included in depreciation groups approved by Resolution of the Russian Government No. 1 dated 01 January 2002. Since 01 January 2017, the entity has applied the classifier of depreciation groups updated by Resolution of the Russian Government dated 07 July 2016 No. 640. For new fixed assets the following depreciation periods are established:

| | |
|--------------------|-----------|
| Furniture | 61 months |
| Office equipment | 37 months |
| Computer equipment | 35 months |
| Motor vehicles | 60 months |

2.1.5. Fixed assets are depreciated using the straight-line method.

2.1.6. Low-value fixed assets with a cost not exceeding RUB 40,000, as well as books, brochures and other publications are expensed as they are released for use.

2.1.7. Annual revaluation of fixed assets is not performed.

2.1.8. Deferred expenses posted to account 97 are classified in the financial statements as follows:

As advances made:

- Insurance expenses;
- Passes;
- Advertising.

As other current assets:

- Licensing expenses;
- Expenses on purchase of computer software and databases;
- Certification expenses;
- Fixed assets repair expenses;
- Expenses on customs services;
- Permits to employ foreign nationals.

2.1.9. Goods and materials are written off on FIFO basis.

2.1.10. Provisions for doubtful debts are made with due regard for expediency and in accordance with the accounting regulations.

2.1.11. A provision for impairment of inventories is made at the end of the year taking into account the remaining shelf life. The amount of the provision is calculated on a monthly basis. Stock balance is determined at the end of the quarter and written down to market value. For goods with a remaining shelf life of no more than 6 months, the provision is made at 100 percent. In addition, goods are measured on other factors in accordance with PBU 5/01.

2.1.12. The Company makes provisions for estimated liabilities in accordance with PBU 8/2010.

2.1.13. The Company applies PBU 18/02. Accrual ledgers are created using 1C: Manufacturing Enterprise Management.

2.1.14. In accordance with the prescribed marketing policy, buyers benefit from awards (bonuses) and discounts. The company may pay (provide) to the buyer an award (bonus) due to compliance with the specific terms of the agreement, in particular, volume of purchases and compliance with the payment deadlines. An award (bonus) is paid (provided) to the buyer as money or writing off of indebtedness with regard to shipped goods without changing the transaction price. Such awards (bonuses) are not a payment for services to promote goods or advertise them.

2.1.15. Short-term deposits with banks for up to 3 months are reported in the financial statements as financial investments.

2.2. Accounting policies for tax purposes.

2.2.1. The Company determines its VAT tax base as products are shipped.

2.2.2. The Company uses the accrual method of income and expense recognition when calculating corporate income tax.

2.2.3. Purchased goods whose costs are deducted from sales proceeds are valued using the FIFO method. Materials are written off on FIFO basis.

2.2.4. Useful lives of fixed assets are determined based of the Classification of fixed assets included in depreciation groups approved by Resolution of the Russian Government No. 1 dated 01 January 2002. The period of use of acquired second-hand fixed assets is determined taking into account the period of actual use by the previous owners.

2.2.5. Depreciable assets are depreciated using the straight-line method.

2.2.6. Depreciable assets include assets with a historical cost of more than RUB 100,000 and a useful life of more than 12 months. Assets with a cost of less than RUB 100,000 are recorded within material expenses and are expensed in the manner prescribed for indirect costs (as a lump sum). Low-value assets written off are kept off-balance sheet until they are actually disposed of.

2.2.7. The Company creates a provision for vacation pay, a provision for payment of bonuses to employees based on annual performance, and a provision for doubtful debts for tax purposes.

2.2.8. The Company creates tax accounting ledgers using specialized accounting software 1C: Manufacturing Enterprise Management.

The effect of correcting mistakes of past years

The Company made no adjustments or other changes in accounting records related to previous periods.

3. Financial and Economic Activities of the Company.

3.1. Description of the Company's activities during the reporting year.

3.1.1. In 2020, revenues from sales of goods within operating activities totalled RUB 5,390,338 thousand (excluding VAT), which makes up 99.78 percent of total sales; other income from sales of fixed assets

amounted to RUB 11,694 thousand (excluding VAT), which accounts for 0.22 percent of total sales. Gross operating profit was RUB 1,674,749 thousand. Revenue is shown taking into account bonuses to buyers in the amount of RUB 379,901 thousand.

In 2019, revenues from sales of goods within operating activities totalled RUB 5,005,806 thousand (excluding VAT). Gross operating profit was RUB 1,446,778 thousand. Revenue is shown taking into account bonuses to buyers in the amount of RUB 394,083 thousand.

The Company does not carry out any other types of activities.

3.1.2. In 2020, the Company generated RUB 130,713 thousand in profit from sales versus RUB 4,200 thousand in 2019.

The increase in profit is attributable to the following factors:

- An increase in revenues by RUB 384,532 thousand (7.13%)
- An increase in cost by RUB 156,561 thousand (4.21%)
- An increase in selling expenses by RUB 101,459 thousand (6.57%)

3.1.3. The structure of selling expenses is as follows:

The structure of selling expenses

| Type of expenses | 2020 | 2019 | Change |
|---|------------------|------------------|----------------|
| Payroll | 684,712 | 640,186 | 44,526 |
| Allocations to funds | 171,445 | 159,779 | 11,666 |
| Advertising | 241,526 | 186,562 | 54,964 |
| Marketing | 28,674 | 22,212 | 6,462 |
| Processing of goods | 53,200 | 43,724 | 9,476 |
| Certification | 4,253 | 11,276 | (7,022) |
| Maintenance and repair of motor vehicles | 32,449 | 42,813 | (10,364) |
| Car leasing | 45,965 | 42,876 | 3,089 |
| Insurance | 30,433 | 28,642 | 1,791 |
| Rent | 32,076 | 30,254 | 1,822 |
| Depreciation | 7,764 | 12,221 | (4,456) |
| Travel expenses | 23,668 | 51,133 | (27,465) |
| Hospitality expenses | 200 | 485 | (286) |
| Audit | 2,154 | 3,549 | (1,395) |
| Software products | 15,312 | 8,801 | 6,511 |
| Other material costs | 7,015 | 4,607 | 2,408 |
| Provision for vacation pay | 69,274 | 57,214 | 12,059 |
| Provision for payment of annual bonuses to employees | 29,894 | 25,451 | 4,443 |
| Provision for payment of quarterly bonuses to employees | 4,968 | 1,752 | 3,217 |
| Other expenses | 59,053 | 69,039 | (9,986) |
| Total | 1,544,036 | 1,442,577 | 101,459 |

In 2020, payroll, provisions and allocations to funds account for the largest share of the Company's selling expenses (61.87 percent), with advertising expenses being another major contributor (15.64 percent); compared to the previous year, payroll expenses and advertising expenses increased. Advertisements were placed on TV, in printed press and in the Internet.

The Company increased its staffing in 2020. The average number of employees in 2020 was 456 versus 442 in 2019, representing a 3.17 percent increase (by 14 persons).

3.1.4. The Company's accounts receivable from customers and buyers as at 31 December 2020 amounted to RUB 2,898,706 thousand.

Provision for doubtful receivables from customers and buyers

| RUB'000 | | | | | |
|----------|--------------------------------|-----------------------|------------------|-----------------------|--------------------------|
| Period | At the beginning of the period | Creation of provision | Use of provision | Reversal of provision | At the end of the period |
| for 2020 | 105,276 | 1,791 | 0 | (1,537) | 105,530 |
| for 2019 | 105,276 | 28 | 0 | (28) | 105,276 |

At the end of 2020, the Company created a provision for doubtful debts for the following organizations:

- For accounts receivable from buyers:

- ZAO Genesis in the amount of RUB 7,764,525.34 (seven million seven hundred sixty four thousand five hundred twenty five rubles and 34 kopecks).
- Rosta JSC in the amount of RUB 97,765,726.09 (ninety seven million seven hundred sixty five thousand seven hundred twenty six rubles and nine kopecks).

In 2012, proceedings were initiated in the Arbitration Court of St. Petersburg and Leningrad Region against ZAO Genesis. The proceedings are completed, a settlement agreement has been approved, according to which JSC RANBAXY will receive RUB 7,764,525.34 from ZAO Genesis during the period from 2022 to 2026 (Ruling of the Arbitration Court of St. Petersburg and Leningrad Region dated 21 February 2012 in case No. A56-55543/2008). The ruling has entered into force.

On 29 September 2017, the Arbitration Court of Moscow accepted the claim of JSC RANBAXY to ROSTA CJSC about recovery of debts in the amount of 97,770,778 rubles 30 kopecks, interest for the use of funds in the amount of 9,777,077.83 rubles. (Case No. A40-176620/17-81-1670). It was considered on 21 November 2017, a ruling to satisfy the stated claims in full was delivered.

ROSTA CJSC filed an appeal to the Ninth Arbitration Court of Appeal of Moscow, on 31 March 2018 this appeal was considered and a ruling was delivered: to uphold the decision of the Arbitration Court of Moscow dated 22 December 2017 in case No. A40-176620/17 and to dismiss the appeal.

On 04 July 2018, based on the application submitted by JSC Ranbaxy to the Arbitration Court of Moscow to include the claims in the list of creditors' claims against Rosta JSC, on case to declare Rosta JSC insolvent (bankrupt), a ruling was delivered to admit for examination the application of JSC RANBAXY to include the claims in the list of creditors' claims against Rosta JSC.

On 22 April 2019, the Arbitration Court of Moscow Region, having considered the application of JSC Ranbaxy on case No. A41-79022/2017, ruled to include the claim of JSC Ranbaxy in the list of creditors' claims against Rosta JSC.

On 07 February 2020, the Arbitration Court of Moscow Region delivered a decision in case No. A41-79022/2017 and declared Rosta JSC insolvent (bankrupt). A liquidation procedure was initiated for the period until 31 July 2020.

On 23/07/2020, the Arbitration Court of Moscow Region delivered a decision in case No. A41-79022/2017 and declared Rosta JSC insolvent (bankrupt). The bankruptcy proceedings were extended until 31 January 2021.

On 04/02/2021, the Arbitration Court of Moscow Region delivered a decision in case No. A41-79022/2017 and declared Rosta JSC insolvent (bankrupt). The bankruptcy proceedings were extended until 31 July 2021.

Provision for doubtful receivables from suppliers (advances made)

RUB'000

| Period | At the beginning of the period | Creation of provision | Use of provision | Reversal of provision | At the end of the period |
|----------|--------------------------------|-----------------------|------------------|-----------------------|--------------------------|
| for 2020 | 1,048 | | - | - | 1,048 |
| for 2019 | 1,048 | - | - | - | 1,048 |

- For accounts receivable from suppliers:

- ZAO TK Novatorrus-Invest in the amount of RUB 1,048,078.94 (one million forty eight thousand seventy eight rubles and ninety four kopecks).

On 28 November 2014, the Arbitration Court of Moscow issued a decision to recover the debt from ZAO TK Novatorrus-Invest in favour of JSC Ranbaxy. Currently, the recovery is not possible due to insolvency of ZAO TK NOVATORRUS-INVEST and the transfer of control to the liquidation commission. However, on 23 January 2015 TK ZAO NOVATORRUS-INVEST was declared insolvent (bankrupt) by the Arbitration Court of Moscow. The claims of JSC RANBAXY in the amount of RUB 1,048,078.94 have been included in the register of creditors (ruling dated 18 May 2015 in case No. A40-175755/2014). The bankruptcy proceedings will last until 31 July 2017.

On 31 July 2017, the Arbitration Court of the city of Moscow decided to stop the proceedings in case No. A40-175755/14-174-272 on bankruptcy due to the lack of funds sufficient to reimburse the court expenses for conducting the procedures used in the bankruptcy case, including expenses for payment of remuneration to the arbitration administrator. As of the date of preparation of the financial statements, CJSC TK NOVATORRUS-INVEST is not excluded from the register of legal entities (EGRYuL).

The total provision at the end of 2020 for accounting and tax purposes amounts to RUB 105,530 thousand. The provision made at the end of 2020 for accounting purposes only amounts to RUB 1,048 thousand.

The Company's accounts payable to suppliers and contractors as at 31 December 2020 totalled RUB 3,817,968 thousand. Accounts payable to suppliers decreased by 6.48 percent (RUB 264,686 thousand) compared to the previous year. In 2019, they amounted to RUB 4,082,654 thousand. The accounts payable decreased, mostly, to main suppliers of pharmaceutical products due to payment for supplied goods.

The key suppliers of JSC RANBAXY in 2020 were SUN PHARMACEUTICAL INDUSTRIES LTD (India), Ranbaxy Therapy (Romania) (with accounts payable to SUN PHARMACEUTICAL INDUSTRIES LTD (India) amounting to RUB 3,391,765 thousand (88.84 percent of total payables), to Ranbaxy Therapy — RUB 410,528 thousand (10.75 percent of total payables)).

3.1.5. In 2020, interest in the amount of RUB 15,690 thousand was accrued on the short-term loan received in 2013 from private company limited by shares SUN PHARMA (NETHERLANDS) B.V. (until 21 July 2017 — Ranbaxy (Netherlands) B.V.).

In 2020, the Company paid interest in the amount of RUB 17,288 thousand.

3.1.6. In 2020, the Company placed funds in short-term bank deposits. Total income from deposits amounted to RUB 23,561 thousand.

Interest accrued on bank balances amounted to RUB 2,304 thousand.

As at 31 December 2020, the funds placed on short-term deposits amounted to RUB 525,000 thousand at Sberbank OJSC with the maturity in January 2021.

3.1.7. Other income and expenses of the Company recorded in lines 2340 and 2350 of the Statement of Financial Results for 2020 were as follows:

| Description | Other income (RUB'000) | Other expenses (RUB'000) |
|--|---------------------------|-----------------------------|
| Exchange differences | 96,031 | (161,425) |
| Provision for impairment of inventory | 11,309 | (424,189) |
| Provision for doubtful debts | 1,537 | (1,791) |
| Provision for returned goods | 1,222 | (1,458) |
| Destruction of pharmaceutical products | - | (12,319) |
| Bonuses from suppliers | 115,604 | - |
| Bonuses to customers | - | (6,007) |
| Insurance indemnity / expenses for insured events | 713 | - |
| Write-off of accounts receivable / payable | 258 | (22) |
| Sales and write-offs of fixed assets | 11,614 | (261) |
| Bank services | - | (538) |
| Other | 7,249 | (5,646) |
| Reversal of provision for payment of annual bonuses to employees | 13,430 | - |
| Total | 258,967 | (613,656) |

Other income and expenses of the Company recorded in lines 2340 and 2350 of the Statement of Financial Results for 2019 were as follows:

| Description | Other income (RUB'000) | Other expenses (RUB'000) |
|--|---------------------------|-----------------------------|
| Exchange differences | 73,261 | (32,801) |
| Provision for impairment of inventory | 300 | (84,365) |
| Provision for doubtful debts | 28 | (28) |
| Provision for returned goods | 1,532 | (1,168) |
| Destruction of pharmaceutical products | - | (6,229) |
| Bonuses from suppliers | 29,801 | - |
| Insurance indemnity / expenses for insured events | 1,034 | - |
| Write-off of accounts receivable / payable | 253 | - |
| Sales and write-offs of fixed assets | 9,890 | - |
| Taxes | - | - |
| Bank services | - | (497) |
| Reversal of provision for payment of annual bonuses to employees | 10,466 | - |
| Other | 11,420 | (13,667) |
| Total | 137,985 | (138,755) |

3.1.8. According to the accounting data, in 2020 the Company made a loss before tax of RUB 207,287 thousand; according to the tax accounting data, the Company received a profit of RUB 154,166 thousand. Current income tax amounted to RUB 30,833 thousand.

Permanent differences totalled RUB 36,910 thousand in 2020, resulting in a permanent tax liability / asset of RUB 7,626 thousand. The bulk of this amount consisted of non-deductible expenses: medical insurance of employees' family members, provision for returned goods, depreciation, regulated expenses, expenses for goods destruction and other non-deductible expenses.

Deferred income tax in 2020 amounted to RUB 64,908 thousand. This amount was basically composed of a temporary difference on other expenses recorded as estimated liabilities. Relevant expenses will be recorded in the period of registration of source documents. For financial accounting purposes the amount of customs charges and duties are taken into account in the value of goods, and for tax accounting purposes they are written off to costs as a lump sum.

According to the accounting data, in 2019 the Company earned a profit before tax of RUB 10,288 thousand; according to the tax accounting data, the Company received a profit of RUB 9,657 thousand. Permanent differences totalled RUB 328,814 thousand in 2019, resulting in a permanent tax liability (asset) of RUB 65,763 thousand.

Deferred income tax in 2019 amounted to RUB 6,234 thousand. This amount was basically composed of a temporary difference on other expenses recorded as estimated liabilities. Relevant expenses will be recorded in the period of registration of source documents. For financial accounting purposes the amount of customs charges and duties are taken into account in the value of goods, and for tax accounting purposes they are written off to costs as a lump sum.

3.1.9. The Company has not issued any guarantees to third parties.

4. Social Indicators

| | | RUB'000 | |
|--------|---|---------|---------|
| Number | Indicator | 2020 | 2019 |
| 1 | Average number of employees | 456 | 442 |
| 2 | Accrued wages | 684,712 | 640,186 |
| 3 | Provisions for vacation pay and payment of quarterly and year-end bonuses | 104,136 | 84,417 |
| 4 | Amount of accrued contributions, RUB'000 | 171,445 | 159,779 |

5. Information about the Company's Equity (RUB'000)

5.1. Indicators

| Number | Indicator | 2020 | 2019 |
|--------|--------------------|---------|---------|
| 1 | Authorized capital | 163,000 | 163,000 |
| 2 | Reserve capital | 40,750 | 40,750 |
| 3 | Retained earnings | 812,543 | 985,754 |

5.1.1. The Company has not paid any dividends and has not repurchased shares.

6. Reference Data

6.1. Calculation of the Company's net assets (RUB '000)

| Narrative | | Balance sheet line code | At the beginning of reporting year | At the end of reporting year |
|-----------------------------------|--|-------------------------|------------------------------------|------------------------------|
| I. Assets | | | | |
| 1. | Intangible assets | 1110 | 7,442 | 14,829 |
| 2. | Fixed assets | 1150 | 3,158 | 7,433 |
| 3. | Other non-current assets | 1190 | - | - |
| 4. | Income-bearing investments into tangible assets | 1160 | - | - |
| 5. | Long-term and short-term financial investments | 1170+1240 | 281,022 | 1,075,000 |
| 6. | Other non-current assets | 1120+1130+1140+1180 | 81,030 | 143,007 |
| 7. | Inventories | 1210 | 2,446,667 | 1,184,707 |
| 8. | Input value-added tax | 1220 | 46,397 | 197 |
| 9. | Accounts receivable | 1230 | 2,993,593 | 3,026,081 |
| 10. | Cash | 1250 | 78,999 | 200,662 |
| 11. | Other current assets | 1260 | 3,513 | 5,961 |
| 12. | Total assets taken into account in the calculation (sum of items 1–11) | | 5,941,822 | 5,657,878 |
| II. Equity and liabilities | | | | |
| 13. | Long-term liabilities under loans and credits | 1410 | - | 433,885 |
| 14. | Other long-term liabilities | 1420+1450 | 16,462 | 13,531 |
| 15. | Short-term liabilities under loans and credits | 1510 | 367,936 | 3,185 |
| 16. | Accounts payable | 1520 | 4,120,379 | 3,932,152 |
| 17. | Estimated liabilities | 1540 | 247,540 | 258,832 |
| 18. | Other short-term liabilities | 1550 | - | - |
| 19. | Total equity and liabilities taken into account in the calculation (sum of items 13–18) | | 4,752,318 | 4,641,585 |
| 20. | Net asset value of the company (total assets taken into account in the calculation (item 12) less total equity and liabilities taken into account in the calculation (item 19)) | | 1,189,504 | 1,016,293 |

6.1.1. Intangible assets

See Section 1. Notes to the Balance Sheet and Statement of Financial Results in table form.

6.1.2. Fixed assets

See Section 2. Notes to the Balance Sheet and Statement of Financial Results in table form.

6.1.3. Financial investments

See Section 3. Notes to the Balance Sheet and Statement of Financial Results in table form.

6.1.4. Deferred tax assets

According to the data from the Balance Sheet as at 31/12/2020, they amounted to RUB 143,007 thousand.

6.1.5. Inventories

See Section 4. Notes to the Balance Sheet and Statement of Financial Results in table form.

6.1.6. Value-added tax

According to the data from the Balance Sheet as at 31/12/2020, value-added tax not accepted for deduction due to non-provision of VAT invoices by the service providers amounted to RUB 197 thousand.

6.1.7 Accounts receivable

See Section 5. Notes to the Balance Sheet and Statement of Financial Results in table form.

6.1.8. Financial investments (excluding cash equivalents)

See Section 3. Notes to the Balance Sheet and Statement of Financial Results in table form.

6.1.9. Cash and cash equivalents

According to the data from the Balance Sheet as at 31/12/2020, they amounted to RUB 200,662 thousand, including: cash on hand — RUB 10 thousand, settlement accounts — RUB 200,652 thousand.

6.1.10. Other current assets

According to the data from the Balance Sheet as at 31/12/2020, they amounted to RUB 5,961 thousand.

6.1.11. Borrowings (long-term liabilities)

See Section 5. Notes to the Balance Sheet and Statement of Financial Results in table form.

6.1.12. Deferred tax liability

According to the data from the Balance Sheet as at 31/12/2020, they amounted to RUB 13,531 thousand.

6.1.13. Borrowings (short-term liabilities)

See Section 5. Notes to the Balance Sheet and Statement of Financial Results in table form.

6.1.14. Accounts payable

See Section 5. Notes to the Balance Sheet and Statement of Financial Results in table form.

6.1.15. Estimated liabilities

See Section 7. Notes to the Balance Sheet and Statement of Financial Results in table form.

6.2. Information on leased fixed assets.

6.2.1 Leased premises.

As at 31/12/2020, JSC RANBAXY did not have its own premises.

In 2020, lease contracts with the following organizations were in effect:

- **LE FORTAKO LIMITED in Moscow.**

Agreement w/o No. dated 15 May 2018 for 1,073.7 sq. m (the monthly fee is RUB 2,265,304.49, including VAT).

Date of the agreement termination is 14 June 2023.

- **Flarida Gazzalievna Vakarina (individual)** for 50.7 sq. m — an office in the city of Yekaterinburg Agreement No. 01-2019 dated 01 July 2019. (The monthly fee is RUB 35,000 without VAT)

Date of the agreement termination is 31 May 2020.

Agreement No. 01-2020 dated 01 June 2020. (The monthly fee is RUB 35,000 without VAT)

Date of the agreement termination is 30 April 2021.

- **OOO Inform-Future** for 80.7 sq. m, an office, and for 3.7 sq. m, a utility room in St. Petersburg Additional Agreement 1 dated 01 December 2019. (The monthly fee is RUB 116,700.98 with VAT)

Date of the agreement termination is 31 October 2020.

Additional Agreement 2 dated 27 August 2020. (The monthly fee is RUB 116,700.98 with VAT and without VAT starting from January 2021)

- Date of the agreement termination is 30 September 2021.**

 - **Federation of Trade Unions of Rostov Region** for 42.24 sq. m — an office in Rostov-on-Don.
Agreement No. 11/20 dated 01 November 2019. (The monthly fee is RUB 28,723.20 without VAT).

Date of the agreement termination is 30 September 2020.

Additional Agreement 1 dated 16 September 2020 to Agreement No. 11/20 dated 01 November 2019. (The monthly fee is RUB 28,723.20 without VAT).

Date of the agreement termination is 31 August 2021.
- **OOO Danom** — a warehouse in Moscow Region.
Agreement No. Д-CA-18/18 dated 15 October 2018 for 358.7 sq.m. (The monthly fee is RUB 289,158, including VAT).

The Agreement is valid for 11 months.

Additional Agreement No. 3 dated 12 September 2019 for 358.7 sq.m. (The monthly fee is RUB 289,158, including VAT).

Date of the agreement termination is 14 August 2020

Additional Agreement No. 6 dated 21 September 2020 for 358.7 sq.m. (The monthly fee is RUB 289,158, including VAT)

Date of the agreement termination is 14 July 2021
- **IE Zueva I.V.** for 48.3 sq. m — lease of an office in the city of Krasnodar
Agreement No. 19 dated 01 June 2019. (The monthly fee is RUB 29,000.00 without VAT)

Date of the agreement termination is 30 April 2020.

Agreement No. 20 dated 01 May 2020. (The monthly fee is RUB 29,000.00 without VAT)

Date of the agreement termination is 31 March 2021.
- **LLC Development Department** for 50.3 sq. m. - an office in the city of Novosibirsk
Agreement No. 13/07-2019 dated 01 July 2019. (The monthly fee is RUB 41,497.50 without VAT)

Date of the agreement termination is 31 May 2020.

Agreement No. 12/06-2020 dated 01 June 2020. (The monthly fee is RUB 42,755.00 without VAT)

Date of the agreement termination is 30 April 2021.
- **IE Yarovoy** for 25.7 sq.m. - an office in the city of Vladivostok.
Agreement No. БЛ 2-9 dated 01 October 2017. (The monthly fee is RUB 25,700.00 without VAT).
Additional Agreement dated 28 June 2019. **Date of the agreement termination is 30 June 2020**, Additional Agreement dated 01 July 2020.

Date of the agreement termination is 31 May 2021.
- **Valentina Olegovna Chesnokova (individual)** for 46.58 sq. m — an office in the city of Nizhny Novgorod
Agreement No. 1 dated 01 December 2019. Additional Agreement No. 1 dated 01 November 2020. (The monthly fee is RUB 26,500.00 without VAT)

Date of the agreement termination is 30 September 2021.

6.2.2 Movable property

Movable property received under a lease agreement is recognized on off-balance account 001 "Leased fixed assets" according to the estimation specified in the lease agreement.

6.3. Additional information about the goods rejection procedure.

Goods that are subject to write-off and destruction are identified according to the following criteria:

- expiration of shelf life;
- non-compliance with regulatory requirements;
- loss of marketability, etc.

The Company has entered into contracts for destruction of rejected goods with the following companies:

OOO National Ecological Company: contract for pharmaceutical waste collection and disposal services No. Ф-163/19 dated 28 February 2019 (License No. (76)-861-CTБ/П issued on 4 December 2018) with an automatic renewal clause.

6.4. Information about the Company's expenses on wages, vacation pay and payment of bonuses to employees.

Structure of the accrued and paid amounts in favour of the Company's employees in 2020:

| Subdivision | 2020, in RUB'000 | 2020, % | 2019, in RUB'000 | 2019, % |
|---|------------------------|------------|------------------------|------------|
| Head Office (Moscow) | 782,937 | 99.57% | 715,751 | 99.46% |
| Standalone subdivision Warehouse for wholesaling medical products in Istra District | 3,389 | 0.43% | 3,863 | 0.54% |
| Total | 782,938 | 100% | 719,614 | 100% |

As at the end of 2020, the liabilities for payment of wages were discharged in full.

6.5. Information about the Company's future expenses on vacation pay and bonus payments to employees

The employees' accrued and unused vacations as at 31/12/2020, including insurance contributions:

RUB 22,135 thousand; bonuses based on 2020 results, including insurance contributions: RUB 21,181 thousand.

6.6. Notes to the Balance Sheet

6.6.1. The accounts receivable recorded in balance sheet line 1230 are short-term and amount to RUB 3,026,080 thousand. There are no long-term accounts receivable. When preparing the balance sheet, the Company additionally discloses receivables relating to settlements with accountable persons and other settlements with employees; for comparison purposes, the balance sheet shows settlements as at 31/12/2020 and 31/12/2019.

6.6.2 Breakdown of accounts receivable (line 1230), RUB'000

| Type | 2020 | 2019 |
|---|------------------|------------------|
| Settlements on advances issued | 31,282 | 71,303 |
| Settlements with buyers and customers | 2,898,706 | 2,852,578 |
| Settlements with the budget (individual income tax) | - | - |
| Settlements with the budget (advance income taxes) | - | 21,898 |
| Other taxes and levies | - | - |
| Payments to extra-budgetary funds | 7,191 | 4,898 |
| Settlements with employees on payroll | 2 | - |
| Advances to employees | 3,407 | 4,088 |
| Settlements with employees on loans issued | 7,902 | 5,615 |
| Insurance settlements | - | - |
| Settlements of claims | - | - |
| Settlements with other debtors | 77,590 | 33,213 |
| TOTAL | 3,026,080 | 2,993,593 |

6.7. Notes to the Statement of Financial Results

6.7.1. Information on the expenses from ordinary activities.

The expenses from ordinary activities (production cost and selling expenses) reported in the Statement of Financial Results for 2020 amounted to RUB 5,259,625 thousand. The cost of goods sold was RUB 3,715,589 thousand. Selling expenses amounted to RUB 1,544,036 thousand.

6.8. Notes to the Statement of Cash Flows

6.8.1. Other receipts from operating activities (line 4119), RUB'000

| Other receipts | 2020 | 2019 |
|--|---------------|---------------|
| Refund of taxes and levies from the budget | 26,737 | 5,260 |
| Value-added tax | 56,276 | - |
| Insurance indemnity | 713 | 1,083 |
| Other refunds | 3,050 | 7,139 |
| Total | 86,776 | 13,483 |

6.8.2. Other payments within operating activities (line 4129), RUB'000

| Other payments | 2020 | 2019 |
|----------------------------------|----------------|----------------|
| Customs payments | 112,355 | 168,313 |
| Value-added tax | - | 164,999 |
| Payment for insurance | 30,603 | 27,816 |
| Advances to employees | 31,886 | 40,126 |
| Interest-free loans to employees | 12,243 | 9,737 |
| Other payments | 8,310 | 14,475 |
| Total | 195,397 | 425,466 |

In 2020, the Company applied the method of accounting for customs payments to report cash flows: payment of VAT to the customs is shown as a separate item of cash flows and reduces the VAT balance in the Statement of Cash Flows, which is recorded within other receipts in line 4119.

In 2020, the Company received advance payments from buyers of goods in the amount of RUB 181,342 thousand, in 2019 — in the amount of RUB 205,901 thousand. In the Statement of Cash Flows, the advance payments received are shown in line 4111 Receipts, including from sale of goods, works and services.

In 2020, the Company made advance payments to suppliers of goods, works and services in the amount of RUB 440,338 thousand, in 2019 — in the amount of RUB 347,728 thousand. In the Statement of Cash Flows, the advance payments made are shown in line 4121 Payments, including to suppliers (contractors) for materials, supplies, goods, services.

6.9. Other data

6.9.1. Tax audits and decisions

There were no tax audits in 2020.

6.9.2. Events after the balance sheet date

There were no events after the balance sheet date that could have a material impact on the presentation of the financial statements in accordance with PBU 7/98.

The Company did not register an increase in the amount of the authorized capital in 2020.

6.9.3. Provisions, contingent assets and liabilities

In accordance with PBU 8/2010, the Company made the following provisions for future expenses as at as at 31 December 2020:

- For payment of annual bonuses to staff in the amount of RUB 21,181 thousand,
- For payment of quarterly bonuses to staff in the amount of RUB 19,107 thousand,
- A provision for payment of forthcoming vacations in the amount of RUB 22,135 thousand,
- A provision for returned goods in the amount of RUB 576 thousand,
- A provision for use of advances to employees in the amount of RUB 3,407 thousand,
- For future expenses for providing bonuses to buyers for 2020 in the amount of RUB 192,426 thousand. The estimated liability for future expenses for awarding bonuses to buyers was established on the basis of a monetary valuation by the Company's management.

The Company has no contingent assets or liabilities.

In accordance with PBU 8/2010, the Company made the following provisions for future expenses as at 31 December 2019:

- For payment of annual bonuses to staff in the amount of RUB 19,393 thousand,
- For payment of quarterly bonuses to staff in the amount of RUB 14,138 thousand,
- A provision for payment of forthcoming vacations in the amount of RUB 35,250 thousand,
- A provision for returned goods in the amount of RUB 340 thousand,
- A provision for use of advances to employees in the amount of RUB 4,088 thousand,
- For future expenses for providing bonuses to buyers for 2019 in the amount of RUB 174,332 thousand. The estimated liability for future expenses for awarding bonuses to buyers was established on the basis of a monetary valuation by the Company's management.

The Company has no contingent assets or liabilities.

6.9.4. Related party transactions

JSC RANBAXY is a part of SUN PHARMACEUTICAL INDUSTRIES LIMITED group of companies (hereinafter the “Sun Pharma”)

| List of related parties, with which business transactions are conducted | |
|---|--|
| SUN PHARMA (NETHERLANDS) B.V. (Private company limited by shares) | Shareholder (99%) Company from Sun Pharma group. |
| Ranbaxy Holdings (UK) Ltd. | Shareholder (1%) Company from Sun Pharma group. |
| BIOSINTEZ PJSC | Company from Sun Pharma group. |
| Sun Pharmaceutical Industries Ltd. | Founder of the main shareholder, parent company of Sun Pharma group of companies. |
| THERAPY S.A. ROMANIA | Company from Sun Pharma group. |
| Sun Pharmaceutical Industries LLC | Company from Sun Pharma group. |

The full list of related parties as at 31 March 2020 is presented in the consolidated financial statements of the group on the company's website

<https://www.sunpharma.com/sites/default/files/annual/SunPharmaAR2019-20.pdf>

There were no material changes in the group structure as at 31 December 2020.
Transactions with related parties during the reporting period:

| <i>Related parties</i> | <i>Type of relation</i> | <i>Type of transactions</i> | <i>Applied pricing methods for each type of transactions</i> | <i>Volume of transactions in 2020</i> | <i>Volume of transactions in 2019</i> |
|---|---|--|--|---------------------------------------|---------------------------------------|
| SUN PHARMACEUTICAL INDUSTRIES LTD (India) | Other related party (parent company of Sun Pharmaceutical Industries group) | Purchase of goods | According to the agreement (market price) | RUB 2,133,737 thousand | RUB 3,923,280 thousand |
| SUN PHARMACEUTICAL INDUSTRIES LTD (India) | Other related party (parent company of Sun Pharmaceutical Industries group) | Compensation for discount given to the buyer | According to the agreement | RUB 149,278 thousand | RUB 38,582 thousand |
| Ranbaxy Therapy (Romania) | Other related party (a company from Sun Pharmaceutical Industries group) | Purchase of goods | According to the agreement (market price) | RUB 675,019 thousand | RUB 951,457 thousand |
| Ranbaxy Therapy (Romania) | Other related party (a company from Sun Pharmaceutical Industries group) | Compensation due to recall of a pharmaceutical product | According to the agreement | RUB 7,794 thousand | - |
| Sun Pharmaceutical Industries LLC | Other related party (a company from Sun Pharmaceutical Industries group) | Sublease agreement | According to the agreement | RUB 360 thousand | RUB 360 thousand |
| Representative office of Sun Pharmaceutical Industries Limited | Other related party (representative office of a company of Sun Pharmaceutical Industries group in Russia) | Agency agreement | According to the agreement | RUB 1,687 thousand | RUB 1,650 thousand |
| Sun Pharma (Netherlands) B.V. Private company limited by shares | Principal shareholder (99 percent of stocks) | Repayment of a short-term / long-term loan | | - | - |

| | | | | | |
|---|--|---|------------------------------|---|---|
| Sun Pharma (Netherlands) B.V. Private company limited by shares | Principal shareholder (99 percent of stocks) | Accrual of interest under the short-term loan agreement | 3M Libor + 150 bp p.a. | USD 216 thousand RUB 15,691 thousand | USD 299 thousand RUB 19,404 thousand |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | Loan agreement | Issued loan | RUB 550,000 thousand | RUB 30,000 thousand |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | Loan agreement | Repayment of the issued loan | - | RUB 30,000 thousand |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | Accrual of interest under the short-term loan agreement | According to the agreement | RUB 6,514 thousand | RUB 111 thousand |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | Under contracts for the sale of goods, works, services | According to the agreement | RUB 43 thousand | RUB 42 thousand |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | Goods sale and purchase agreement | According to the agreement | RUB 401 thousand | - |

Accounts receivable and payable to related parties of the Company as at 31 December 2020 were as follows:

| Related party | Type of relation | Amount of accounts receivable (payable) 2020 (RUB'000) | Amount of accounts receivable (payable) 2019 (RUB'000) |
|--|---|--|--|
| SUN PHARMACEUTICAL INDUSTRIES LTD (India) | Other related party (parent company of Sun Pharmaceutical Industries group) | (3,391,765) | (3,454,073) |
| Ranbaxy Therapy (Romania) | Other related party (a company from Sun Pharmaceutical Industries group) | (410,528) | (566,640) |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | - | - |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | 556,514 | - |
| Sun Pharmaceutical Industries LLC | Other related party (a company from Sun Pharmaceutical Industries group) | 30 | 30 |
| Sun Pharma (Netherlands) B.V. Private company limited by shares (for received loans and loan interest) | Principal shareholder (99 percent of stocks) | (437,070) | (367,936) |

Cash flows with related parties:

| Related parties | Type of relation | Type of transactions | Amount in 2020 | Amount in 2019 |
|--|---|--------------------------|------------------------|------------------------|
| SUN PHARMACEUTICAL INDUSTRIES LTD (India) | Other related party (parent company of Sun Pharmaceutical Industries group) | Payment of goods | RUB 2,055,073 thousand | RUB 2,241,834 thousand |
| Ranbaxy Therapy | Other related party (a company from Sun Pharmaceutical Industries group) | Payment of goods | RUB 823,338 thousand | RUB 890,541 thousand |
| Representative office of Sun Pharmaceutical Industries Limited | Other related party (representative office of a company of Sun Pharmaceutical Industries group in Russia) | Payment under agreements | RUB 1,687 thousand | RUB 1,650 thousand |

| | | | | |
|---|--|--|----------------------|---------------------|
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | Under contracts for the sale of goods, works, services | RUB 43 thousand | RUB 53 thousand |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | Goods sale and purchase agreement | RUB 401 thousand | - |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | Issued loan | RUB 550,000 thousand | RUB 30,000 thousand |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | Repayment of the issued loan | - | RUB 30,000 thousand |
| PJSC Biosintez | Other related party (a company from Sun Pharmaceutical Industries group) | Payment of interest under the loan agreement | - | RUB 111 thousand |
| Sun Pharmaceutical Industries LLC | Other related party (a company from Sun Pharmaceutical Industries group) | Payment under the sublease agreement | RUB 360 thousand | RUB 360 thousand |
| Sun Pharma (Netherlands) B.V. Private company limited by shares | Principal shareholder (99 percent of stocks) | Payment of interest under the loan agreement | RUB 17,288 thousand | RUB 19,579 thousand |

Form of settlements with related parties — monetary (cash transfer).

In 2020, the following amounts were accrued in favour of key management personnel (management)*: wages — RUB 77,237 thousand; paid annual leave in the amount of RUB 6,575 thousand; year-end bonus for 2019 in the amount of RUB 6,028 thousand, other bonuses — RUB 7,223 thousand, sick leave payments amounted to RUB 114 thousand. In 2020, the Company granted short-term interest-free loans to management personnel amounting to RUB 2,895 thousand. There were no long-term payments in favour of key management personnel in 2020.

In 2019, the following amounts were accrued in favour of key management personnel (management)*: wages — RUB 73,953 thousand; paid annual leave in the amount of RUB 7,246 thousand; year-end bonus for 2018 in the amount of RUB 4,720 thousand, other bonuses — RUB 3,190 thousand, compensation payments amounted to RUB 930 thousand. In 2019, the Company did not grant any short-term interest-free loans to management personnel. There were no long-term payments in favour of key management personnel in 2019.

* *Key management personnel (management):*

General Director

Chief Accountant

Financial Director

Director of the Department (Finance Division)

Director for Personnel, Administration and Training in Russia

Head of the Commercial Department

Director of the Non-Prescription Medicines Department

Director of the Department (Prescription Medicines Department)

Medical and Regulatory Director

Director of the Department (Business Development and Analytics Division)

Senior pharmacist in charge of the warehouse for wholesaling medical products

Head of the Legal Division

National Sales Manager (Prescription Medicines Division)

National Sales Manager (Non-Prescription Medicines Division)

Sales Function Head (BSZ Sales Division)

Field Force Effectiveness Manager

Head of Proposals

6.10. Information about the risks of business activity

6.10.1 General information about potential major risks of business activity.

The Company's activities are subject to various risks that may affect the achievement of set objectives. For the purposes of management of potential risks, the Company has implemented and developed a risk-based approach to business activities aimed at ensuring that the Company's management makes the most effective and efficient management decisions under uncertainty and identifying opportunities for achievement of the Company's objectives.

The most significant risks that could affect the Company's activities are grouped as follows:

- Credit risk;
- Liquidity risk;
- Currency risk;
- Legal risks.

6.10.2 Disclosure of information about credit risks.

The Company's credit risk is mainly concentrated in its trade and financial activities, and other accounts receivable.

Management is making every possible effort to minimize the Company's risk exposure. In particular, the creditworthiness of customers is assessed on the basis of the contractors' financial statements, which is a prerequisite for establishing credit limits under contracts for supply of goods. Management believes that there are no significant losses for which no provision for impairment related to these and other receivables was made as at 31 December 2020.

In order to reduce the risk of impairment of receivables from commercial organizations, the Company implements a number of procedures. Credit risk is determined by summarizing the probability and the possible impact of events that affect the customers' ability to meet their obligations. Credit rating is assigned to a customer at the beginning of cooperation and is then periodically reassessed on the basis of its credit history. As part of the credit risk management policy, the Company carries out preventive procedures, which include, but are not limited to, advance payments, requirement of collaterals, bank guarantees, letters of credit, and third party guarantees. To collect overdue receivables, the Company performs a number of actions starting from notification, suspension of the supply of goods, offsetting, and applying to courts.

As at 31 December 2020, the receivables secured by guarantees and sureties were as follows:

| Buyer | Debt amount, rubles | Collateral amount, rubles | Guarantor / Surety |
|----------------------|----------------------|---------------------------|----------------------------|
| BSS OOO | 5,408,972 | 10,000,000 | VTB Bank OAO |
| Vita Line OOO | 79,053,712 | 90,000,000 | Rosbank |
| Grand Capital FC OOO | 345,118,097 | 100,000,000 | BANK SAINT PETERSBURG PJSC |
| | | 150,000,000 | Promsvyazbank PJSC |
| | | 250,000,000 | Sberbank of Russia PAO |
| GDP | 19,782,495 | 20,000,000 | Moscow Credit Bank PAO |
| Zdravservis OOO | 2,875,797 | 15,000,000 | Sberbank of Russia PAO |
| InterLek OOO | 20,337,269 | 30,000,000 | Sberbank of Russia PAO |
| Katren NPK AO | 764,887,710 | 900,000,000 | Katren ZAO (Russia) |
| Magnit Pharma OOO | 27,637,378 | 160,000,000 | Tender AO |
| Protek TsV ZAO | 836,335,332 | 800,000,000 | Sberbank of Russia PAO |
| Pulse FC OOO | 525,302,660 | 600,000,000 | RaiffeisenBank JSC |
| Farmkomplekt OOO | 69,734,582 | 80,000,000 | Sberbank of Russia PAO |
| Farmperspektiva JSC | 170,882,549 | 150,000,000 | Sberbank of Russia PAO |
| Total | 2,867,356,553 | 3,355,000,000 | |

6.10.3 Disclosure of information about liquidity risk.

The Company monitors the risk of liquidity shortage at the stage of preparing a cash flow budget and reviewing its implementation. The Company aims to maintain a balance between the provision of money and flexibility through the use of loans granted by the parent company. The cash flow budget takes into account the timing of cash inflows and outflows from the Company's operations. Decisions to invest available funds or raise external funding are adopted based on the projected cash flows. Through implementation of the liquidity risk management policy the Company ensures the availability of sufficient cash to meet liabilities when due.

6.10.4 Disclosure of information about currency risks.

In 2020, the Company had payables denominated in the loan currency and incurred foreign currency liabilities related to payment of interest on loans, due to which the Company is exposed to currency risk. These transactions are denominated in US dollars. Due to the devaluation of the dollar during 2020, the Company incurred a foreign exchange loss totalling RUB 65,394 thousand.

In order to reduce currency risk, the Company has switched to contracts with suppliers of goods providing for payments in rubles. With respect to monetary assets and liabilities denominated in foreign currencies, the Company's policy is aimed at maintaining the net position at risk within reasonable limits by purchasing and selling foreign currency at spot rates when necessary to address short-term imbalances.

Existence and movement of liabilities denominated in foreign currencies:

| | Liabilities denominated in US dollars (USD'000) | Liabilities denominated in Euros (EUR'000) |
|--------------------------|--|---|
| Balance as at 31/12/2019 | 5,943 | None |
| New liabilities | 216 | None |
| Reversed | (243) | None |
| Balance as at 31/12/2020 | 5,916 | None |

Official foreign currency exchange rates set by the Central Bank of the Russian Federation as at the balance sheet date were as follows:

| | Exchange rate as at 31/12/2020 | Exchange rate as at 31/12/2019 |
|-----------------|--------------------------------|--------------------------------|
| US dollar (USD) | 73.8757 | 61.9057 |

After the reporting date, the ruble rate dropped by 0.7469 % against the US dollar and at the date of signing (compiling) of these statements (22 March 2021) amounted to RUB 74.1390 per 1 US dollar.

6.10.5 Disclosure of information about other risks.

At present, the Company's major legal risks are related to changes in the tax legislation, legal regulations, and amendments to bylaws.

Currently, Russia has a number of taxes imposed at the federal, regional, and local levels. These taxes include value-added tax, corporate income tax, property tax, various insurance contributions (for mandatory pension insurance, mandatory social insurance, compulsory medical insurance), and other taxes.

The current tax legislation is subject to frequent changes. In addition, the interpretation of certain provisions of tax legislation can be changed by the judiciary. This results in a large number of disputes between tax authorities and taxpayers. These disputes are mainly resolved in courts. In addition, compliance with tax and other laws (for example, customs and currency laws) is subject to examination by various government authorities entitled to impose fines and penalties.

In accordance with applicable laws, tax authorities may audit the company's activities for the three years preceding the year of audit. The fact that the company's activities for a certain period have been audited by tax authorities does not mean that the company's tax liabilities for that period will not be audited in the future: tax authorities have the right to conduct a repeated tax audit by decision of a higher level tax authority or in case the taxpayer files revised tax declarations stating a lesser amount of tax than that declared previously.

The tax risks resulting from all these facts considerably exceed those that are customary for companies in countries with a better developed tax system. Management believes that the relevant provisions of legislation have been interpreted correctly and that the probability of maintaining the status of the Company in the context of tax, currency and customs legislation as at 31 December 2020 is high.

6.10.6 Impact of the pandemic on the operations

The COVID-19 outbreak in 2020 forced the Company to take additional measures and incur additional expenses related to employee safety. These expenses have not had a material impact on the Company's operations.

According to our estimates consequences of the pandemic will not have an impact on the Company's ability to continue as a going concern.

6.11. Summary

According to the results of its activities in 2020, the Company made a loss of RUB 173,211 thousand.

RUB

| <i>Indicator</i> | <i>2020</i> | <i>2019</i> |
|---------------------------|---------------|-------------|
| Net profit | (173,211,230) | 2,123,334 |
| Number of ordinary shares | 163,000 | 163,000 |
| Basic earnings per share | (1,063) | 13 |

In 2020, sales increased by 7.68 percent, while the share of the cost of sales in revenue decreased by 2.17 percent (68.93 percent in 2020 vs. 71.10 percent in 2019), and the share of selling expenses in revenue decreased insignificantly by 0.17 percent (28.64 percent in 2020 vs 28.82% percent in 2019).

Other expenses increased significantly in 2020 by RUB 475,156 thousand (342.44 percent) as a result of the establishment of a provision for impairment of goods close to their expiry dates and exchange differences. Other income also increased by RUB 121,237 thousand (87.86 percent) as a result of the receipt of bonuses from suppliers of goods.

As a result of the Company's investment activities in 2020, namely, placement of funds in bank deposits, the Company made a profit of RUB 23,561 thousand.

Director

Artur Valiev

Chief Accountant

Ludmila Manuilova

22 March 2021