

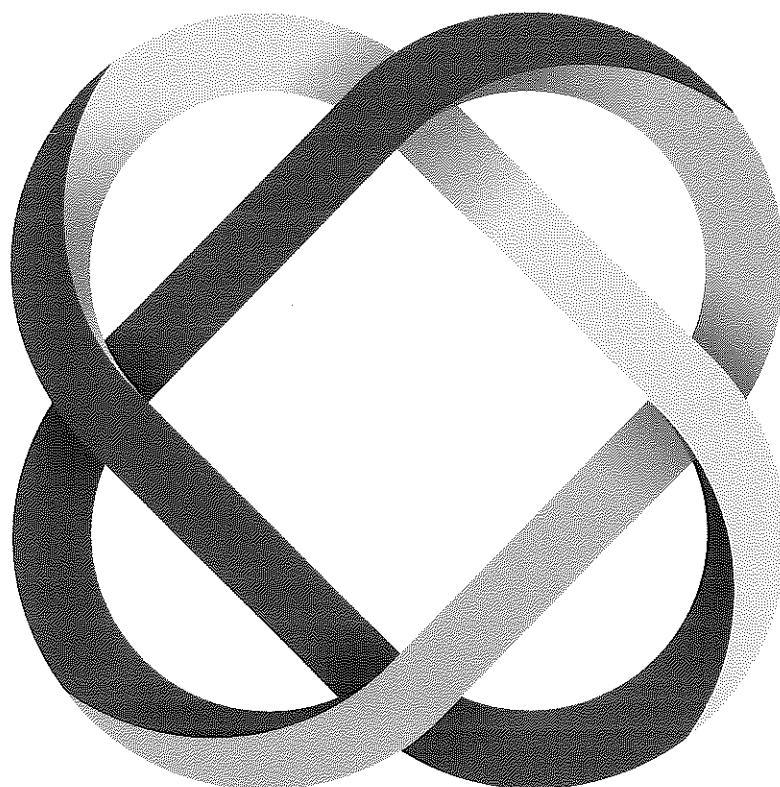
ФБК

Biosintez Public Joint Stock Company

Independent Auditor's Report on the Financial Statements

for the period ended 31 December 2021

Moscow | 2022





Independent Auditor's Report [Translation from Russian original]

To the Shareholder
of Biosintez Public Joint Stock Company

Opinion

We have audited the accompanying financial statements of Biosintez Public Joint Stock Company (hereinafter — Biosintez PJSC), which comprise the balance sheet as at 31 December 2021, statement of financial results for the year then ended, 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 the year ended 31 December 2021, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Biosintez PJSC as at 31 December 2021, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Borrowings

We consider this area to be one of the most significant audit areas as long-term and short-term borrowings made by Biosintez PJSC through bank and other loans account for around 88% of total liabilities of Biosintez PJSC as at the reporting date.

We analysed the terms and conditions of loan agreements for the purposes of their classification in the balance sheet as long-term or short-term. Our audit procedures included analysing the terms and conditions of loan agreements on principal and interest payment, checking the accuracy of the calculation of interest



payable recognised in expenses of the reporting period and subject to capitalisation in the cost of the investment asset. We also evaluated the sufficiency of disclosures made by Biosintez PJSC about borrowings in the financial statements.

Based on the procedures performed we considered management's position on the classification of borrowings into long-term and short-term and on the recognition of interest payable to be acceptable.

Information about the methods applied to account for borrowings is disclosed in Section 2.16 of the notes to the financial statements for the year ended 31 December 2021, information about the amount of borrowings, their maturity and the amount of interest payable is disclosed in the balance sheet, the statement of financial results and in Section 4.17 of the notes to the financial statements for the year ended 31 December 2021.

Revenue recognition

During the audit we paid particular attention to revenue recognition because there were various revenue streams with different terms underlying revenue recognition, and transfer of risks and rewards.

We evaluated whether the revenue recognition accounting policy was consistently applied to various types of revenue. Our audit procedures in respect of the risk of material misstatement of revenue included but were not limited to evaluation of controls, assessment of the risk of fraud or error and performance of substantive procedures in respect of sales transactions.

Based on the procedures performed, we consider management's position on revenue recognition to be acceptable.

Information about the methods applied to account for revenue is disclosed in Section 2.24 of the notes to the financial statements for the year ended 31 December 2021, information about the amount of revenue is disclosed in the statement of financial results and in Section 5.1 of the notes to the financial statements for the year ended 31 December 2021.

Other Information

Management of the audited entity is responsible for the other information. The other information comprises the information included in the Annual Report of Biosintez PJSC for 2021, but does not include the financial statements and our auditor's report thereon. The Annual Report of Biosintez PJSC for 2021 is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report of Biosintez PJSC for 2021, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and 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 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 members of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the audited entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the audited entity we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore

FBK

the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Engagement partner on the audit
resulting in this independent
auditor's report acting on behalf of the audit firm
under
power of attorney No. 74/22
dated 04 March 2022

O.I. Chekhovskaya
Audit qualification certificate No. 03-
000652 dated 24 April 2014, registration
number 22006035178

Date of the independent auditor's report: 22 March 2022

Audited entity

Name:

Biosintez Public Joint Stock Company (Biosintez PJSC).

Address of the legal entity within its location:

4 Druzhby St, Penza, 440033, Russian Federation.

State registration:

The registration entry was made in the Unified State Register of Legal Entities on 11 September 2002 under primary state registration number 1025801102502.

Auditor

Name:

FBK, LLC

Address of the legal entity within its location:

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

State registration:

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

Primary number of registration entry in the register of auditors and audit organizations of the Self-regulatory organization of auditors Association "Sodruzhestvo" 11506030481.

Balance Sheet
as at 31 December 20 21

Form on OKUD
Date (day, month, year)
OKPO
INN

Entity Biosintez Public Joint Stock Company
Taxpayer identification number _____
Type of activity drug manufacturing OKVED 2
Legal form/property form _____
PJSC/private ownership _____ OKOPF/OKFS
Measurement unit: thousand RUB _____ OKEI
Location (address) 4 Druzhby St., Penza, 440033

Codes		
0710001		
31	12	2021
00480550		
5834001025		
21.20.1		
12247		16
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 _____ INN
of the audit firm/individual auditor
Principal state registration _____ OGRN/OGRNIP
number of the audit firm/individual auditor

7701017140
1027700058286

Note	Narrative	Code	As at 31 December 20 21	As at 31 December 20 20	As at 31 December 20 19
	ASSETS				
	I. NON-CURRENT ASSETS				
4.1	Intangible assets	1110	1 371	1 598	1 897
4.2;4.4	Research and development results	1120	18 144	23 165	26 658
	including:				
4.2	<i>Research and development results put into operation</i>	1121	9 224	9 264	4 916
4.4	<i>R&D and intangible assets acquisition in progress</i>	1122	8 920	13 901	21 742
	Intangible exploration assets	1130	0	0	0
	Tangible exploration assets	1140	0	0	0
4.3;4.4	Fixed assets	1150	2 123 379	2 167 311	2 197 460
	including:				
4.3	<i>Fixed assets put into operation</i>	1151	1 960 978	2 008 695	2 071 632
4.4	<i>In-progress capital investments in fixed assets</i>	1152	162 401	158 616	125 828
	Income-bearing investments in tangible assets	1160	0	0	0
4.5	Financial investments	1170	2 000	2 000	2 000
4.6	Deferred tax assets	1180		19 221	62 453
4.7	Other non-current assets	1190	52 203	39 411	20 921
	Total Section I	1100	2 197 097	2 252 706	2 311 389
	II. CURRENT ASSETS				
4.8	Inventories	1210	1 081 729	1 065 379	871 046
	including:				
	<i>raw materials, consumables and other similar assets</i>	1211	558 896	676 632	441 404
	<i>work in progress costs</i>	1212	85 863	83 083	62 050
	<i>finished products and goods for resale</i>	1213	428 993	255 697	364 919
	<i>other inventories and costs</i>	1214	7 977	3 679	2 673
	<i>non-current assets for sale</i>	1215	0	46 288	0
	Input value-added tax	1220	10 396	6 311	11 204
4.9	Accounts receivable	1230	1 134 987	889 262	830 300
	including:				
	<i>Accounts receivable (expected to be repaid beyond 12 months after the reporting date)</i>	1231	6 575	682	5 619
	<i>Accounts receivable (expected to be repaid within 12 months after the reporting date)</i>	1232	1 128 412	888 580	824 681
	Financial investments (excluding cash equivalents)	1240	0	0	0
4.10	Cash and cash equivalents	1250	114 256	277 453	25 312
	including:				
	<i>deposit</i>	1251	0	0	0
4.11	Other current assets	1260	42	122	44
	Total Section II	1200	2 341 410	2 238 527	1 737 906
	BALANCE	1600	4 538 507	4 491 233	4 049 295

	Narrative	Code	As at 31 December 20 21	As at 31 December 20 20	As at 31 December 20 19
LIABILITIES					
III. EQUITY AND RESERVES					
4.12	Share capital	1310	286	286	286
	Own shares buy-back	1320	(0)	(0)	(0)
4.13	Revaluation of non-current assets	1340	271 156	286 944	289 893
	Additional capital (without revaluation)	1350	0	0	0
4.14	Reserve capital	1360	14	14	14
4.15	Retained earnings (uncovered loss)	1370	529 987	165 462	(97 085)
	Total Section III	1300	801 443	452 706	193 108
IV. LONG-TERM LIABILITIES					
4.17	Borrowings	1410	2 505 153	2 365 036	2 380 430
4.16	Deferred tax liabilities	1420	16 300		
	Estimated liabilities	1430	0	0	0
	Other liabilities	1450	0	43 672	37 912
	Total Section IV	1400	2 521 453	2 408 708	2 418 342
V. SHORT-TERM LIABILITIES					
4.17	Borrowings	1510	778 730	1 334 329	1 143 492
4.18	Accounts payable	1520	308 200	183 286	193 153
	including:				
	<i>suppliers and contractors</i>	1521	180 467	118 049	158 040
	<i>payables to company employees</i>	1522	18 076	17 120	15 524
	<i>payables to state non-budgetary funds</i>	1523	12 130	11 160	5 322
	<i>charge and tax payables</i>	1524	45 919	24 335	10 194
	<i>advances received</i>	1525	7 227	10 912	3 366
	<i>other creditors</i>	1526	44 381	1 710	707
	Deferred income	1530	2 134	2 134	2 134
4.20	Estimated liabilities	1540	126 547	110 070	99 066
	Other liabilities	1550	0	0	0
	Total Section V	1500	1 215 611	1 629 819	1 437 845
	BALANCE	1700	4 538 507	4 491 233	4 049 295

General Director _____ D.V. Boldov _____
 (signature) (printed name)
22 March 20 22

Chief Accountant _____ T.Y. Tefanova _____
 (signature) (printed name)

Note	Narrative	Code	for the year 20 21	for the year 20 20
	FOR REFERENCE			
	Result of revaluation of non-current assets not included to the net profit (loss) for the period	2510	-	-
	Result of other transactions not included to the net profit (loss) for the period	2520	()	()
	Cumulative financial result for the period	2500	348 737	259 598
5.5	Basic earnings (loss) per share	2900	2	1
5.5	Diluted earnings (loss) per share	2910	1	1

General Director _____

(signature)

22

March

20 22

D.V. Boldov _____

(printed name)

Chief Accountant _____

(signature)

T.Y. Tefanova _____

(printed name)

Statement of Changes in Equity for 20 21

Form on OKUD

Date (day, month, year)

OKPO

INN

OKVED 2

OKOPF/OKFS

OKEI

Codes		
	0710004	
31	12	2021
	00480550	
	5834001025	
	21.20.1	
12247		16
		384

Entity Biosintez Public Joint Stock Company

Taxpayer identification number _____

Type of activity drug manufacturing

Legal form/property form PJSC/private ownership

Measurement unit: thousand RUB

1. Changes in equity

Narrative	Code	Share capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Balance as at 31 December 20 19	3100	286	(-)	289 893	14	(97085)	193 108
Increase in equity — total:	3210	-	-	-	-	-	-
including:							
net profit	3211	x	x	x	x	259 598	259 598
revaluation of assets	3212	x	x		x		
income directly attributable to equity	3213	x	x		x		
additional shares issue	3214				x	x	
increase in share par value	3215				x		x
reorganisation of legal entity	3216						

Narrative	Code	Share capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Decrease in equity — total:	3220	0		0	0	0	0
including:							
loss	3221	x	x	x	x	0	0
revaluation of assets	3222	x	x	0	x	0	0
expenses directly attributable to equity	3223	x	x	0	x	-	-
decrease in share par value	3224	0			x		0
decrease in number of shares	3225	0			x		0
reorganisation of legal entity	3226						0
dividends	3227	x	x	x	x	0	0
Additional capital change	3230	x	x	(2 949)		2 949	x
Reserve capital change	3240	x	x	x			x
Sale of own shares	32451	x		x			0
Balance as at 31 December 20 20	3200	286	(-)	286 944	14	165 462	452 706
for 20 21							
Increase in equity — total:	3310	-	-	-	-	348 737	348 737
including:							
net profit	3311	x	x	x	x	348 737	348 737
revaluation of assets	3312	x	x		x		
income directly attributable to equity	3313	x	x		x		
additional shares issue	3314				x		
increase in share par value	3315				x		
reorganisation of legal entity	3316						x
Decrease in equity — total:	3320	(-)	(-)	(-)	(-)	(-)	(-)
including:							
loss	3321	x	x	x	x	(-)	(-)
revaluation of assets	3322	x	x	0	x	0	0
expenses directly attributable to equity	3323	x	x	0	x	0	0
decrease in share par value	3324	0			x		0
decrease in number of shares	3325	0			x		0
reorganisation of legal entity	3326						0
dividends	3327	x	x	x	x	0	0
Additional capital change	3330	x	x	(15 788)		15 788	0
Reserve capital change	3340	x	x	x	0	0	x
Balance as at 31 December 20 21	3300	286	(-)	271 156	14	529 987	801 443

2. Restatements due to changes in accounting policies and correction of errors

Narrative	Code	As at 31 December		Changes in equity for		As at 31 December
		20 19	20 20	From net profit (loss)	Due to other factors	
Equity — total						
before restatement	3400	0	(0)	(0)	-	0
restatement due to:						
changes in accounting policies	3410					
correction of accounting errors	3420	0	0	0	-	0
after restatement	3500	0	(0)	(0)	-	0
including:						
retained earnings (uncovered loss):						
before restatement	3401		()	()		(0)
restatement due to:						
changes in accounting policies	3411					
correction of accounting errors	3421				-	0
after restatement	3501	0	(0)	(0)	0	(0)
other capital items						
restatements:						
before restatement	3402				()	0
restatement due to:						
changes in accounting policies	3412					
correction of accounting errors	3422					
after restatement	3502	0	()	()	0	0

Statement of Cash Flows
for the year **20 21**

Entity Biosintez Public Joint Stock Company
Taxpayer identification number _____
Type of activity drug manufacturing
Legal form/property form PJSC
private ownership
Measurement unit: thousand RUB

Form on OKUD _____
Date (day, month, year) _____
OKPO _____
INN _____
OKVED 2 _____
OKOPF/OKFS _____
OKEI _____

Codes		
0710005		
31	12	2020
00480550		
5834001025		
21.20.1		
12247		16
384		

Narrative	Code	for	the year	for	the year
		20	21	20	20
Cash flows from operating activities					
Receipts – total	4110	3 204 398		3 170 392	
including:					
sales of products, goods, works and services	4111	3 155 894		3 103 114	
rent payments, licence payments, royalties, commissions and other payments	4112	1 437		1 341	
resale of financial investments	4113	0		0	
other receipts	4119	47 067		65 937	
Payments – total	4120	(2 776 698)		(2 942 856)	
including:					
to suppliers for raw materials, works, services	4121	(1 904 960)		(2 113 626)	
wages and salaries	4122	(600 155)		(539 353)	
interest on borrowings	4123	(165 233)		(205 017)	
<i>including interest on borrowings towards related parties (Sun Pharma (Netherlands) B.V.)</i>	41231	(86 848)		(96 527)	
<i>including interest on borrowings towards related parties (JSC Ranbaxy)</i>	41232	(34 753)		(0)	
income tax	4124	(59 631)		(23 411)	
other payments	4129	(46 719)		(61 449)	
Net cash flows from operating activities	4100	427 700		227 536	

Narrative	Code	for the year	
		20 21	20 20
Cash flows from investing activities			
Receipts – total	4210	1 199	845
including:			
from sales of non-current assets (except for financial investments)	4211	1 199	845
from sales of shares of other entities (ownership interest)	4212	0	0
from return of loans issued, sales of debt securities (rights of claiming cash from third parties)	4213	0	0
dividends, interest on debt financial investments and receipts from participation in other entities	4214	0	0
other receipts	4219	0	0
Payments – total	4220	(188 158)	(158 323)
including:			
acquisition, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(187 954)	(157 048)
acquisition of other entities shares (ownership interest)	4222	(0)	(0)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(0)	(0)
borrowing costs included in the cost of the investment asset	4224	(204)	(1 275)
<i>including borrowing costs included in the cost of the investment asset in respect of borrowings from related companies (Sun Pharma (Netherlands) B.V.)</i>	42241	(0)	(840)
other payments	4229	(0)	(0)
Net cash flows from investing activities	4200	(186 959)	(157 478)
Cash flows from financing activities			
Receipts – total	4310	3 930 000	4 200 000
including:			
borrowings	4311	3 930 000	4 200 000
<i>including borrowings from related companies (Sun Pharma (Netherlands) B.V.)</i>	43111	0	50 000
<i>including borrowings from related companies (JSC Ranbaxy)</i>	43112	955 000	550 000
contributions of owners (members)	4312	0	0
issue of shares, increase in ownership interest	4313	0	0
issue of bonds, promissory notes and other debt securities, etc.	4314	0	0
other receipts	4319	0	0

Narrative	Code	for the year	
		20 <u>21</u>	20 <u>20</u>
Payments – total	4320	(4 334 009)	(4 021 958)
including:			
to owners (members) due to the fact of share buy-back or cessation of membership	4321	(0)	(0)
dividend payments or other distribution of profit to owners (members)	4322	(0)	(0)
redemption (buy-back) of promissory notes and other debt securities, loan repayment	4323	(4 334 009)	(4 021 958)
<i>including repayment of loans from related companies (Sun Pharma (Netherlands) B.V.)</i>	43231	(9 009)	(671 958)
<i>including repayment of loans from related companies (JSC Ranbaxy)</i>	43232	(500 000)	(0)
other payments	4329	(0)	(0)
Net cash flows from financing activities	4300	(404 009)	178 042
Net cash flows for the reporting period	4400	(163 268)	248 100
Cash and cash equivalents at the beginning of the reporting period	4450	277 453	25 312
Cash and cash equivalents at the end of the reporting period	4500	114 256	277 453
Effect of changes in the Russian ruble exchange rate	4490	71	4 041

General Director _____
(signature)

D.V. Boldov
(printed name)

Chief Accountant _____
(signature)

T.Y. Tefanova
(printed name)

22 March 20 22

Biosintez PJSC
Notes to the Financial Statements for the year ended 31 December 2021
(in thousand Russian Rubles unless otherwise stated)

Biosintez
Public Joint Stock Company

Notes
to the Financial Statements for the year ended
31 December 2021

Penza

Biosintez PJSC
Notes to the Financial Statements for the year ended 31 December 2021
(in thousand Russian Rubles unless otherwise stated)

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These notes form an integral part of the 2021 financial statements of Biosintez PJSC (the "Company") prepared in accordance with the legislation of the Russian Federation.

1. Basic information

1.1. General information

Biosintez Public Joint Stock Company (the Company), abbreviated as Biosintez PJSC, INN/KPP 5834001025/583401001, was registered on 26 November 1992 by the Administration of the Zheleznodorozhny District of Penza, Resolution No. 414.

The registration entry was made in the Unified State Register of Legal Entities by Inspectorate of the Ministry of Taxes and Levies for the Zheleznodorozhny District of Penza on 11 September 2002 under primary registration number 1025801102502.

Registered and mail address: 4 Druzhby St., Penza, 440033, Russian Federation.

The Company's average headcount:

As at 31/12/2019	As at 31/12/2020	As at 31/12/2021
1201	1175	1162

1.2. Basic activities

In 2020-2021, the Company was engaged in the following economic activities:

1. Drug manufacturing;
2. Pharmaceutical substance manufacturing;
3. Transport services;
4. Sales of electricity on the wholesale market;
5. Other services;
6. Lease of property.

The Company operated under the following licences:

No.	Type of activity	Licensing authority	Date of issue	Series, number and term of the license
1	Licence to circulate narcotics, psychotropic substances and their precursors, and cultivate drug-yielding plants	Federal Service for Supervision of Healthcare	16/11/2017	ФC-99-03-000304, for an unlimited term
2	Licence for the use of explosive and chemically hazardous production facilities of hazard categories I, II and III	Federal Service for Ecological, Technological and Atomic Supervision	29/06/2016	BX-50-014598, for an unlimited term
3	Licence for the installation, maintenance and repair of fire safety devices of buildings and structures	Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters	01/11/2008	58-Б/00007, for an unlimited term
4	Licence for medical activities	Ministry of Healthcare of the Penza Region	16/09/2015	No. ЛО-58-01-001631, for an unlimited term

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No.	Type of activity	Licensing authority	Date of issue	Series, number and term of the license
5	Licence for drug manufacturing activities	Ministry of Industry and Trade of the Russian Federation	02/12/2020	No. 00290-ЛС, for an unlimited term
6	Licence for the use of infectious agents (unless this activity is performed for medical purposes) and genetically modified organisms of potential hazard grades 3-4 in closed systems	Office of the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing for the Penza Region	21/02/2017	No. 58.02.02.001.Л.000 001.02.17, for an unlimited term

1.3. Branches and representative offices

Biosintez PJSC has no branches or representative offices.

1.4. Authorized (share) capital structure, key shareholders (members)

The share capital of the Company, according to the Articles of Association, makes up RUB 286,283 as at 31/12/2021.

The Company's share capital is divided into:

- 214,712 ordinary personal uncertificated shares, each with the nominal value of RUB 1;
- 71,571 preferred personal uncertificated shares, each with the nominal value of RUB 1.

The Company's shareholders (members) as at 31/12/2021:

Narrative	Number of shares	Participation interest, %
SUN PHARMA (Netherlands) B.V.	286,283	100.0
Total:	286,283	100

The Company's shareholders (members) as at 31/12/2020:

Narrative	Number of shares	Participation interest, %
SUN PHARMA (Netherlands) B.V.	286,283	100.0
Total:	286,283	100

The Company's shareholders (members) as at 31/12/2019:

Narrative	Number of shares	Participation interest, %
SUN PHARMA (Netherlands) B.V.	286,283	100.0
Total:	286,283	100

1.5. Governance bodies

The General Meeting of Shareholders is the highest governance body of the Company.

The Board of Directors is responsible for the overall management of the Company, except for the issues in sole competence of the General Meeting of Shareholders in accordance with the Articles of Association.

The Board of Directors consists of 5 persons as at 31 December 2021:

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No.	Full name	Position
1	Arvind Abrol	Director of the Department, Finance Division, at JSC Ranbaxy
2	Arun Kumar Rajput	Director of the Department, Business Development and Analytics Division, at JSC Ranbaxy
3	Viswanathan Sethuraman	Financial Controller, Emerging Markets, Sun Pharmaceutical Industries Limited
4	Alexander Voloshinov	Senior Lawyer at JSC Ranbaxy
5	Sergey Lepetan	Head of the Legal Division at JSC Ranbaxy

The sole executive body of the Company (the General Director) acting on the basis of the Company's Articles of Association administers the Company's day-to-day operations.

Dmitry Boldov is the General Director of the Company.

According to the Articles of Association, the remit of the sole executive body includes all matters associated with the managing of current activities of the Company, except for the issues referred to the remit of the Board of Directors.

1.6. Information about the management bodies

The internal audit policy of Biosintez PJSC was approved by a decision of the Company's Board of Directors dated 24 June 2020. Lyudmila Manuilova was appointed as the Head of Internal Audit by a decision of the Company's Board of Directors dated 20 February 2021.

1.7. Information about the registrar and the auditor

JSC Reestr located at 20/1 Bolshoy Balkansky Per., Moscow, licence No. 10 – 000 – 1 – 00254 dated 13/09/2002, was the Company's registrar in the reporting year.

Regional branch in Penza: 47 Volodarskogo St., Penza

FBK, LLC located at 44/1, bldg 2AB, Myasnitskaya Street, Moscow, 101990 is the Company's auditor.

FBK, LLC is a member of the Self-regulatory organization of auditors Association "Sodruzhestvo" (SRO AAS). Number in the register of self-regulatory organization of auditors: Certificate of membership in the self-regulatory organization of auditors Association "Sodruzhestvo" No. 7198, number in the register – 11506030481.

1.8. Subsidiaries and associates

Biosintez PJSC has no subsidiaries or associates.

2. Basis of presentation

2.1. Basis of presentation

These financial statements of the Company have been prepared in compliance with the applicable legislation of the Russian Federation.

The Company keeps accounting records in compliance with the requirements of Federal Law dated 6 December 2015 No.402-FZ "On Accounting", Russian Accounting Regulations approved by Orders of the Russian Ministry of Finance, and other laws and regulations of the Russian Federation applicable to accounting.

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The accounting policies for 2021 were approved by the General Director's order No. 2273 dated 31 December 2020.

The Company's accounting policies rely on the following basic assumptions:

- assets and liabilities of the Company are separated from assets and liabilities of the Company's owner and assets and liabilities of other entities (separate entity assumption);
- the Company will continue its operations for the foreseeable future and has no intention or need to be liquidated or to cease operations and, therefore, liabilities will be discharged in accordance with the established procedure (going concern assumption);
- the accounting policies in place are applied consistently from one reporting period to another (accounting continuity assumption);
- economic events of the Company are related to the reporting period (and are therefore recognised in accounting records) when they actually took place without reference to the time of actual receipt or payment of cash connected with these events (accrual principle assumption).

The Company's accounting policies provide for the observance of the requirements of completeness, prudence, substance over form, consistency and rationality.

2.2. Correction of errors in accounting records and financial statements

The rules for correcting errors and disclosing information about errors in accounting and reporting of organizations that are legal entities under the laws of the Russian Federation (except for credit institutions and state (municipal) institutions (hereinafter referred to as "entities")) are set forth by RAR 22/2010 "Correction of Errors in Accounting and Reporting" approved by Order of the Russian Ministry of Finance No. 63n dated 28 June 2010.

An error is deemed material, if, individually or in the aggregate with other errors for the same reporting period, it can influence the economic decisions of users taken on the basis of the financial statements for this reporting period. An entity determines whether an error is material or not based on both the amount of error and the type of affected item(s) in the financial statements.

Identified errors and their implications are subject to mandatory correction.

An error of the reporting year, revealed before the end of this year, is corrected by entries in the corresponding accounts in the month of the reporting year when the error was detected.

An error of the reporting year revealed after the end of this year, but before the date of signing of the financial statements for this year, is corrected by entries in the corresponding accounts for December of the reporting year (the year for which the annual financial statements are prepared).

A significant error of the previous reporting year, revealed after the date of signing of the financial statements for this year, but before the date of submission of such statements to shareholders of a joint-stock company, members of a limited liability company, a state authority, a local government or other body authorised to exercise the owner's rights, etc., shall be corrected according to the procedure provided for by clause 6 of this Regulation. If the specified financial statements were submitted to any other users, it should be replaced with the financial statements in which the revealed significant error is corrected (the restated financial statements).

A significant error of the previous reporting year, revealed after the presentation of the financial statements for this year to shareholders of a joint-stock company, members of a limited liability company, a state authority, a local government or other body authorized to exercise the owner's rights, etc., but before the approval date of such statements in accordance with the procedure established by the legislation of the Russian Federation, shall be corrected in the manner prescribed by clause 6 of RAR 22/2010. At the same time, the restated financial statements disclose information that these financial statements replace initially presented financial statements, as well as grounds for the preparation of the restated financial statements.

The restated financial statements must be sent to all addresses to which the original financial statements were sent.

The Company discloses the following information about material errors relating to the previous reporting periods which were corrected in the current reporting period in the notes to the annual financial statements:

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- 1) nature of an error;
- 2) amount of restatement for each item of the financial statements for each preceding reporting period to the extent practicable;
- 3) amount of restatement for basic and diluted earnings (loss) per share;
- 4) amount of restatement for the opening balance of the earliest comparative period presented.

The influence of corrected errors on the numerical indicators in the financial statements is shown in Section 3 of these Notes.

2.3. Effect of changes in accounting policies

There were no significant amendments in the accounting policies for 2021 as compared to 2020 which could have affected the Company's financial statements. The effect of changes in the accounting policies due to the application of RFAS 05/2019 "Inventories" is recorded prospectively (only with respect to events that occurred after the Company started applying the standard without changes in earlier recorded accounting data).

2.4. Accounting system and accounting procedures

The Accounting Department headed by the Chief Accountant is responsible for accounting at Biosintez PJSC. The bookkeeping and accounting is automated by:

- Parus-enterprise software that brings activities of all departments into the single information space;
- 1C: Salary and Personnel Administration software for payroll management.

2.5. Stocktaking of assets and liabilities

The procedure for stocktaking of assets and liabilities and reflection of its findings in the financial statements is stipulated in the Guidelines for Accounting and Reporting in the Russian Federation approved by Order No. 34n dd. 29 July 1998 of the Ministry of Finance of the Russian Federation as well as by the Guidelines for Stocktaking of Assets and Financial Liabilities approved by order No. 49 dd. 13 June 1995 of the Ministry of Finance of the Russian Federation.

Stocktaking of fixed assets is carried out once in three years under the Company's Accounting Policies. The previous stocktaking of fixed assets was carried out in 2019.

2.6. Accounting for assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are accounted for and translated to the currency of the Russian Federation – Russian rubles – in compliance with the requirements of Russian Accounting Regulation "Accounting for Assets and Liabilities Denominated in Foreign Currency" (RAR 3/2006) as approved by Order of the Ministry of Finance of the Russian Federation No. 154n dated 27 November 2006.

The exchange rates set by the Central Bank of Russia as at the reporting date are given below:

Currency	Exchange rate as at 31/12/2021	Exchange rate as at 31/12/2020	Exchange rate as at 31/12/2019
USD	74.2926	73.8757	61.9057
EUR	84.0695	90.6824	69.3406

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2.7. Intangible assets

To account for assets as intangible assets, the Company applies criteria stipulated in Russian Accounting Regulation "Accounting for Intangible Assets" (RAR 14/2007) approved by order No. 153n dd. 27 December 2007 of the Ministry of Finance of the Russian Federation.

Measurement

Intangible assets are recognised at:

- actual acquisition costs and the costs of making such assets suitable for use;
- actual costs of producing an intangible asset by the Company using its own resources.

No revaluation of intangible assets was made in 2020 and 2021.

The useful life of an intangible asset is revised on an annual basis. If there is a significant change over a period during which the entity intends to use the asset, its useful life is to be adjusted. The respective adjustments, if any, are recognised in accounting records and financial statements as changes in accounting estimates.

As concerns an intangible asset with an indefinite useful life, the entity considers whether there are factors showing inability to reliably determine the useful life of such asset. If such factors cease to exist, the entity revises the useful life of such intangible asset and the amortisation method used. The respective adjustments, if any, are recognised in accounting records and financial statements as changes in accounting estimates.

The amortisation method of an intangible asset is revised on an annual basis. Should the expected economic benefit from the use of an intangible asset change significantly, the amortisation method should be changed accordingly. The respective adjustments, if any, are recognised in accounting records and financial statements as changes in accounting estimates.

Intangible assets are shown in the Balance Sheet less accrued amortisation.

Amortisation

Amortisation of intangible assets is accrued monthly on a straight-line basis.

The company selects an amortisation method for an intangible asset based on the expected economic benefits from its use, including the financial result from a possible sale of the said asset. In case the expectations of economic benefits from the use of the intangible asset are not reliable, amortisation charges for such asset are determined on a straight-line basis.

When applying the straight-line method, monthly amortisation is calculated

based on the actual (historical) cost of an intangible asset during its whole useful life.

The useful life of an intangible asset is determined on the basis of:

- validity period of the entity's rights to intellectual property or brand identity and the period of its control over such asset;
- an expected period of using the asset during which the entity intends to gain economic benefits.

The useful lives of intangible assets are determined and revised by the Commission based on the order of the General Director.

2.8. Research and development results

Scientific and research, design and experimental and technological expenses are incurred by the Company in accordance with Russian Accounting Regulation "Accounting for Scientific and Research, Design and Experimental and Technological Expenses" (RAR 17/02) approved by Order of the Ministry of Finance of the Russian Federation No. 115n dated 19 November 2002.

Scientific and research works are connected to scientific and experimental works as determined by Federal Law No. 127-FZ dated 23 August 1996 "On Science and State Scientific Policy".

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Expenses for each scientific work are written off on a straight-line basis.

The Company independently determines the period over which R&D expenses are written off based on the expected period of use of the R&D results during which the Company can enjoy economic benefits (income).

2.9. Fixed assets

The Company initially recognises fixed assets in accordance with the criteria specified in Russian Accounting Regulation "Accounting for Fixed Assets" (RAR 6/01) approved by Order of the Russian Ministry of Finance No. 26n dated 30 March 2001, namely:

- a) an asset is meant to be used in production, performance of works or services, for management needs or given out for temporary possession and use or for temporary use for a fee;
- b) an asset will be used during a long period of time, i.e. a period exceeding 12 months or a normal operating cycle if it exceeds 12 months;
- c) an asset is not supposed to be later resold;
- d) an asset is able to bring economic benefits (income) in the future.

Assets which meet the above-said criteria and cost no more than RUB 5 thousand per unit are reflected in accounting records and financial statements as inventories. In order to ensure safety of these assets during manufacturing or in operation, off-balance sheet (quantitative) accounting is carried out.

Real estate objects taken into operation and actually used regardless of documentary evidence of filing of documents for registration of rights to real estate and obtaining such rights are taken into account as fixed assets.

Fixed assets are reflected in the Balance Sheet at their replacement cost less accrued depreciation.

Title to land plots

Land plots the title to which has been registered are reflected as fixed assets. No depreciation is accrued on such assets.

Certain land plots on which the Company's branches are located are leased.

Measurement of fixed assets at recognition

The historical cost of purchased fixed assets is treated as the actual amount of construction and acquisition expenses, net of refundable taxes.

Expenses (interest) on loans and borrowings raised for acquisition or creation of investment assets are included into the cost of the investment assets. Investment assets include construction in progress which will be further recognised as fixed assets.

Subsequent measurement

The historical cost of fixed assets is subject to amendment in case of completion, additional equipment, reconstruction, upgrading, partial liquidation and revaluation of fixed assets.

The Company does not perform revaluation of fixed assets.

Depreciation

Depreciation is accrued using the following methods:

- proportional to the output - for production lines (134 items);
- straight-line method - for other fixed assets.

The Company's commission decides which method to apply during the whole useful life.

Annual depreciation charges are calculated as follows:

- straight-line method - based on the historical or current (replacement) cost (in case of revaluation) of a fixed asset and the depreciation rate calculated based on the asset's useful life;
- proportional to the output - depreciation is based on the output in the reporting period and the ratio of the historical cost of a fixed asset and expected output for the whole useful life.

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During the reporting year, the depreciation charges for fixed assets were accrued on a monthly basis, irrespective of the applied method of accrual, in an amount of 1/12 of the annual charge.

Used fixed assets bought by the Company are depreciated using the straight-line method based on the net book value of the assets and the remaining useful lives.

The useful life of a fixed asset is determined by the Company at its recognition for accounting purposes.

For fixed assets entered in books before 1 January 2002, the Company applies useful lives based on the depreciation rates approved by Resolution No. 1072 of the Council of Ministers of the USSR dated 22 October 1990.

For fixed assets entered in books after 1 January 2002, the Company applies useful lives approved by Regulation of the Government of the Russian Federation No. 1 dated 1 January 2002.

The useful lives accepted by the Company for groups of fixed assets are as follows.

Group of fixed assets	Useful lives (number of years) of assets recognised	
	before 01/01/2002	after 01/01/2002
Buildings	10-125	15-83
Structures	15-50	7-20
Transfer devices	12-50	5-20
Machinery and equipment	2-30	1-30
Transport vehicles	5-15	4-10
Production and maintenance tools	5-30	3-25

Disposal of fixed assets

Income and expenses from the sale or disposal of fixed assets are to be included in other income and expenses in the Company's Statement of Financial Results.

Maintenance and repair costs

The costs of repair and maintenance are recognised when incurred. Actual costs associated with current and extraordinary repairs of fixed assets are included in the cost of products (works, services) upon completion of works.

In accordance with RAR 21/2008 "Changes in Accounting Estimates" approved by Order of the Ministry of Finance of the Russian Federation No. 106n dated 6 October 2008, useful lives are accounting estimates.

Changes in accounting estimates should be recognised in accounting records by inclusion in income or expenses of the period when such changes occurred.

2.10. Construction in progress

In accordance with the Guidelines for Accounting and Reporting in the Russian Federation approved by Order of the Ministry of Finance of the Russian Federation No. 34n dated 29 July 1998, in-progress capital investments are expenses for the construction and erection works, acquisition of buildings, equipment, vehicles, tools, instruments, other long use tangible assets, other capital works and expenses (design, exploration, drilling works, land allotment expenses etc.), which are not supported by transfer and acceptance acts and other documents.

In-progress capital investments are reflected in the balance sheet at the actual costs incurred by the organisation.

Expenses for "idle mode" commissioning activities to make assets ready for use carried out before assets are approved by the working commission are recognised as capital investments on account 08.

Expenses directly connected with "under pressure" commissioning activities are recognised as capital investments on account 08 if:

- they are provided by the design estimate documentation and the technological process and were not incurred for trial production;

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- they were incurred before the working commission approves the asset and before KC-14 and OC-1 certificates are issued.

If any of the above conditions are not met, expenses for "under pressure" commissioning activities are recognised on expense accounts and included in the cost of products.

2.11. Financial investments

In accordance with the requirements of Russian Accounting Regulation "Accounting for Financial Investments" (RAR 19/02) approved by Order of the Ministry of Finance of the Russian Federation No. 126n dated 10 December 2002, financial investments should be presented in financial statements as short-term or long-term depending on their maturity.

It is necessary to provide information about cash equivalents and financial investments acquired for resale in the near term, for example:

In accordance with clause 5 of Russian Accounting Regulation "Statement of Cash Flows" (RAR 23/2011) approved by Order of the Ministry of Finance of the Russian Federation No. 11n dated 2 February 2011, cash equivalents are highly liquid financial investments that are readily convertible to known amounts of cash with insignificant risk of change in value: call deposits, promissory notes of OJSC Sberbank Russia, OJSC Bank VTB, OJSC Gazprombank, OJSC Gazprom acquired to make settlements within 3 months after their acquisition.

In accordance with clause 9 sub-clause 3) of Russian Accounting Regulation "Statement of Cash Flows" (RAR 23/2011) approved by Order of the Ministry of Finance of the Russian Federation by Order No. 11n dated 2 February 2011, financial investments acquired for resale in the near term comprise financial investments that are sold or settled within 3 months after their acquisition, except for financial investments treated as cash equivalents.

Financial investments are accounted for in accordance with the requirements of Russian Accounting Regulation "Accounting for Financial Investments" (RAR 19/02) approved by Order of the Russian Ministry of Finance No. 126n dated 10 December 2002.

The Company excludes from financial investments:

- interest-free promissory notes of Russian banks. Such assets are treated as cash equivalents on a separate sub-account to account 76 (absent in the reporting and comparative periods);
- interest-free promissory notes and issued interest-free loans are recognised as other accounts receivable and treated on separate sub-accounts to accounts 73 and 76.
- promissory notes issued by buyers of the Company's goods, work or services and received by the Company from the issuer in settlement for these goods, works or services. Such assets are presented in accounting records and financial statements as trade receivables secured with promissory notes received and treated on a separate sub-account to account 62 (absent in the reporting and comparative periods);
- acquired accounts receivable that cannot bring proceeds to the Company. Such assets are treated as other accounts receivable on a separate sub-account to account 76 (absent in the reporting and comparative periods).

Financial investments are carried at cost. The classification of financial investments as long-term or short-term is based on the Company's intentions regarding their further use and contractual terms.

Upon the disposal of an asset recognised as a financial investment the current market value of which cannot be determined, its cost is determined on the basis of the historical cost of each financial investment in the books.

In line with the amendments to the Guidelines for Accounting and Reporting in the Russian Federation No. 34n and also in accordance with RAR 21/2008 "Changes in Accounting Estimates" approved by Order of the Ministry of Finance of the Russian Federation No. 106n dated 6 October 2008, provisions for impairment of financial investments, as well as other provisions refer to estimated provisions.

When deciding whether to establish a provision for impairment of financial investments, the Company assesses not only the current situation, but also possible future economic benefits from further ownership of such financial investment.

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Impairment of financial investments is assessed based on the financial statements of the counterparty/market value of such asset for at least two reporting periods.

Highly liquid deposits with three-month maturity or less that are readily convertible to known amounts of cash and are only exposed to an insignificant risk of changes in value are treated in B/S line "Cash and cash equivalents".

2.12. Inventories

Inventories are accounted for in accordance with Russian Federal Accounting Standard 5/2019 "Inventories" approved by Order No. 180n dated 15 November 2019 of the Ministry of Finance of the Russian Federation.

Inventories are accounted for at their actual cost. The actual cost of inventories acquired for consideration is the amount of actual expenses for acquisition less value added-tax and other refundable taxes.

Inventories when issued to production or disposed of are measured at unit cost.

Inventories pledged according to RAR 8/2010 "Estimated Liabilities, Contingent Liabilities and Contingent Assets" are contingent liabilities which have to be disclosed in section 4.20 hereof, based on the quantity and the cost as of the reporting date as per the accounting records.

In line with the amendments to the Guidelines for Accounting and Reporting in the Russian Federation No. 34n and also in accordance with RAR 21/2008 "Changes in Accounting Estimates" approved by Order of the Ministry of Finance of the Russian Federation No. 106n dated 6 October 2008, inventory impairment provisions, as well as other provisions refer to estimated provisions.

Inventories that are obsolete, or have lost their original quality in full or in part, or the current market value (or sales value) of which has reduced, are shown in the balance sheet as of the end of the reporting year less inventory impairment provision. The inventory impairment provision is formed against profit or loss of the company in the amount of the difference between the current market value and the actual cost of inventories, provided that the latter exceeds the current market value.

2.13. Work in progress and finished products

Work in progress is measured at cost, excluding administrative and selling expenses. Administrative and selling expenses are recognised in full in the statement of financial results on a monthly basis as expenses for ordinary activities.

Finished products reflect products finished during production that have been tested and accepted, completed with all parts in accordance with the requirements of relevant standards. Finished products are measured at direct actual production cost, excluding administrative and selling expenses.

2.14. Settlements with debtors and creditors

Settlements with debtors and creditors are reflected in the financial statements in the amounts based on contract terms and source documents.

Accounts receivable with expired limitation period and other doubtful debts are written off under each liability based on stocktaking data and written substantiation, and charged to profit or loss.

Receivables and payables are classified as short-term or long-term based on the terms of existing contracts, usual business practice and intentions of the Company.

Overdue receivables from buyers and customers which are not repaid within the time limits stipulated in contracts and are not properly secured with relevant guarantees or otherwise are recognised exclusive of bad debt provisions. Such provisions represent the management's conservative estimate of the part of debt which might not be repaid. Bad debt provisions increase other expenses.

In line with the amendments to the Guidelines for Accounting and Reporting in the Russian Federation No. 34n and also in accordance with RAR 21/2008 "Changes in Accounting Estimates" approved by Order of the Ministry of Finance of the Russian Federation No. 106n dated 6 October 2008, bad debt provisions as well as other provisions refer to estimated provisions.

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2.15. Additional capital

The additional capital includes:

- increase in the cost of non-current assets identified as a result of their revaluation;
- paid-in capital;
- a member's contribution to the Company's assets.

When fixed assets are disposed of, the increase in their cost included in the additional capital is written off separately for each asset.

The increase in the cost of non-current assets identified as a result of their revaluation is included in the additional capital. The increase in the cost of non-current assets equal to the decrease in their cost in the previous reporting periods and charged against profit or loss as other expenses is charged against profit or loss as other income.

The decrease in the cost of non-current assets as a result of their revaluation is charged against profit or loss as other expenses. The decrease in the cost of non-current assets decreases the additional capital formed due to the increase in the cost of such assets in the previous reporting periods. If the decrease in the cost of assets exceeds the increase in their value that formed the additional capital as a result of revaluation carried out in the previous reporting periods, the amount in excess is charged against profit or loss as other expenses.

2.16. Loans and borrowings

Loans and borrowings are accounted for in accordance with Russian Accounting Regulation "Accounting for Loans and Borrowings" (RAR 15/2008) approved by order No.107n dd. 6 October 2008 of the Russian Ministry of Finance.

Loans and borrowings are subdivided into short-term (with a 12-month maturity period under the loan agreement) and long-term (with maturity over 12 months).

Long-term indebtedness is reclassified to short-term indebtedness depending on the maturity period left.

Expenses for obtained loans and borrowings are recognised when incurred in the amount of payments due under concluded contracts.

Outstanding interest is shown in the financial statements as long-term or short-term indebtedness based on the maturity date set in the loan contract.

Borrowing costs are recognised as other expenses, except for such their part which is to be included into the cost of an investment asset, unless otherwise set forth herein.

2.17. Special-purposes financing and government assistance

Government assistance is accounted for in accordance with the requirements of Russian Accounting Regulation "Accounting for Government Assistance" (RAR 13/2000) approved by Order of the Russian Ministry of Finance No. 92n dated 16 October 2000.

Special-purpose funds (including those received as government assistance), including resources other than cash, are recognised if the following conditions are met:

1. It is certain that the conditions under which these funds are allocated will be met by the Company. This may be confirmed by concluded agreements, approved or publicly announced decisions, feasibility studies, approved design estimate documentation etc.
2. It is certain that these funds will be received. This may be confirmed by budget financing targets approved in accordance with the established procedure (for public funds), notices of disposable funds, budget obligation limits, resource acceptance acts and other respective documents.

Special-purpose funds are recognised as special-purpose financing and accounts receivable related to these funds.

Analytical accounting for special-purpose financing is maintained by purposes of such funds, types of projects and financing programmes, types of special-purpose financing (broken down by sources of funds).

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Funds are written off from the special-purpose financing account on a regular basis:

1. Special-purpose funds for capital expenses - during the useful life of non-current assets subject to depreciation or during the period of the recognition of expenses related to meeting conditions for budget funds allocation for the acquisition of non-current assets not subject to depreciation according to existing rules;
2. Special-purpose funds for current expenses - in the periods of the recognition of expenses for which funds are allocated. Special-purpose financing is recognised as deferred income when inventories are recognised, payroll is accrued and other expenses of similar nature are incurred and later charged to income of the reporting period when inventories are released in operation, payroll is accrued and other expenses of similar nature are incurred.

2.18. Estimated liabilities, contingent liabilities and contingent assets.

According to Russian Accounting Regulation "Estimated Liabilities, Contingent Liabilities and Contingent Assets" (RAR 8/2010) approved by Order of the RF Ministry of Finance dd. 13 December 2010, No. 167n, the Company sets up the following provisions for future expenses, shown as estimated liabilities:

- provision for vacation payments (including social insurance and social security payments);
- provision for scheduled settlements with contractors;
- provision for discounts, bonuses and credit notes to customers.

Information about these estimated liabilities is disclosed in section 4.20 hereof.

Provisions for various amounts are credited from account 96 "Provisions for future expenses" and debited to the accounts used to treat production costs, sales expenses and other expenses.

Information about estimated liabilities, contingent liabilities and contingent assets in financial statements is reported in compliance with Russian Accounting Regulation "Estimated Liabilities, Contingent Liabilities" (RAR 8/2010) approved by Order No. 167n dd. 13 December 2010 of the Ministry of Finance of the Russian Federation.

An estimated liability is recognised in the accounting records of the Company in the amount representing the most reliable monetary estimate of expenses required for this liability settlement. The most reliable estimate of expenses is an amount immediately required for liabilities performance (settlement) as of the reporting date or for liabilities transfer to another person as of the reporting date.

A contingent asset arises for the Company as a result of past events in its business activity, when the asset existence with the Company as of the reporting date depends on occurrence (non-occurrence) of one or several future uncertain events beyond the Company's control.

A contingent liability arises for the Company as a result of past events in its business activity, when the liability existence with the Company as of the reporting date depends on occurrence (non-occurrence) of one or several future uncertain events beyond the Company's control.

Contingent liabilities also include estimated liabilities not recognised in the accounting records as of the reporting date, due to nonfulfilment of conditions set forth in clause 5 paragraphs "б" and (or) "в" of RAR 8/2010.

A liability with uncertain value and/or maturity (hereinafter - estimated liability) may arise:

- a) pursuant to laws, regulations, court decisions and agreements;
- b) as a result of the entity's actions which due to the established past practice or the entity's announcements show other persons that the entity assumes certain liabilities and, consequently, such persons have reasonable expectations that the entity will fulfil such liabilities.

An estimated liability is entered in books when all of the following conditions are simultaneously met:

- a) the entity has a liability as a result of past events which fulfilment the entity cannot avoid. In case the entity has doubts as to the existence of such liability, it recognises an estimated liability provided that based on the analysis of all circumstances and conditions, including expert opinions, it is more likely than not that the liability exists;
- b) economic benefits are likely to decrease as a result of the estimated liability fulfilment;

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c) the value of the estimated liability can be reliably measured.

2.19. Provisions

The Company sets up the following provisions:

- for doubtful accounts receivable;
- for impairment of financial investments;
- inventory impairment;
- fixed assets impairment;
- for impairment of investments in non-current assets (construction in progress and R&D).

Provision for doubtful accounts receivable decreases the amount of accounts receivable from the current assets section of the Balance Sheet, while provision for identified doubtful advances paid to suppliers and contractors to create non-current assets decreases the book value of non-current assets.

To qualify receivables as doubtful, the following conditions are taken into account;

- receivables are not secured with a pledge, collateral, surety, bank guarantee or otherwise;
- the deadline for the fulfilment of the obligation has not been met by the debtor;
- the debtor's bankruptcy proceedings have been instituted.

If as at the reporting date the company is certain that the overdue accounts receivable will be settled, the accounts receivable are not recognised as doubtful and no provision is established. The provision amount is determined separately for each doubtful debt depending on the number of days of delay in payment: 45-90 days - 50% of the debt, over 90 days - 100% of the debt.

Provision for impairment of financial investments is established if there are indications of impairment based on the annual impairment check carried out using the data on the cost of net assets of issuers. If the current market value of the financial investments which impairment was covered by impairment provision increases, the respective part of the provision is charged to other income of the current reporting period. Inventory impairment provisions decreases the book value of the respective group of inventories and is established based on the following criteria:

- shelf life expiration;
- rejection due to low quality;
- the remaining shelf life of 6 months or less;
- no movement over the period specified;
- a decrease in the market price below the actual cost of finished products.

Provisions for impairment of inventories are established for each batch in the amount of the total value of inventories. The Company establishes (adjusts) provisions for impairment of inventories (including transportation and procurement costs) at each reporting date of the interim financial statements. If the current market value of the tangible assets which impairment was covered by impairment provision increases, the respective part of the provision is charged to other income of the current reporting period. Provisions for impairment of fixed assets decrease the book value of fixed assets. Provisions are accrued based on the information provided by the Chief Engineer. If other usage conditions arise or the asset is disposed (dismantled), the respective part of the provision is charged to other income of the current reporting period.

Provisions for impairment of equipment to be installed in stock and capital investments in progress decrease the book value of capital investments in progress. Impairment is checked on a quarterly basis. If the current market value of the equipment to be installed and capital investments in progress which impairment was covered by impairment provision increases, the respective part of the provision is charged to other income of the current reporting period.

Provision for impairment of R&D in progress decreases the book value of R&D in progress. Impairment is checked on a quarterly basis. If the current market value of the R&D in progress which impairment was covered by impairment provision increases, the respective part of the provision is charged to other income of the current reporting period.

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2.20. Leased fixed assets

Fixed assets leased by the Company are debited to account 001 "Leased fixed assets" off-balance sheet in the amount:

- set forth in the contract;
- of the cadastral value of land plots.

2.21. Inventories accepted for custody

Inventories accepted for custody are treated on account 002 "Inventories accepted for custody" at the value set in the agreement. If there is no contractual value, the Company keeps quantitative records and performs measurement based on the value of similar inventories owned by the Company and market prices supported by documents.

2.22. Written-off debt of insolvent debtors

Accounts receivable written off to losses due to the expiration of the limitation period or due to the debtor insolvency are treated on account 007 "Indebtedness of insolvent debtors written off to losses" for 5 years.

2.23. Collateral and surety received and given in security for liabilities and payments

Collateral and surety in security for liabilities and payments received and given by the Company are recognised on the Company's accounts at the time of its commencement and until it is returned.

Collateral and surety received and given in security for liabilities and payments are measured depending on its type and terms and conditions of the underlying contracts.

Pledged property is treated on account 008 "Collateral and surety for liabilities received" and account 009 "Collateral and surety for liabilities issued", respectively. In addition, the pledged property value is disclosed according to contractual terms and conditions.

In case of the change in the primary liability, the pledged property value is to be proportionally amended, unless otherwise provided for by the contract.

2.24. Income recognition

Income is accounted for in compliance with Russian Accounting Regulation "Accounting for Corporate Income" (RAR 9/99) approved by order No. 32n dated 6 May 1999 by the Ministry of Finance of Russia.

Income, depending on its nature, conditions of incurrence and types of business are divided into:

- income from ordinary activities (sales proceeds);
- other income.

The Company's income denominated in foreign currency, provided that an advance, down payment or prepayment has been received, is recognised as an amount in rubles calculated at the exchange rate in effect on the date of translation of the received advance, down payment or prepayment to rubles (to the extent of the received advance, down payment or prepayment).

Income from ordinary activities includes:

- income from the sale of own-produced drugs (including for export)
- income from the sale of services of industrial and non-industrial nature;
- income from the sale of other goods;
- income from the lease of property and property rights.

Other income includes:

- income from participation in other entities;

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- interest and other income on securities;
- proceeds from the sale of fixed assets, materials (inventories);
- proceeds from the sale of foreign currency;
- donated assets;
- materials and fixed assets identified based on stocktaking results;
- materials, fixed assets received during dismantling, disassembly of fixed assets;
- penalties, fines, forfeit penalties for breach of contract;
- receipts in payment for damages inflicted to the Company;
- proceeds arising as a consequence of extraordinary circumstances of business activity (natural disaster, fire, accident, nationalization, etc.);
- revenue from writing-off of accounts payable and accounts receivable with expired limitation period;
- amounts paid by a debtor towards a receivable previously written off;
- exchange differences;
- revenues of past years identified in the reporting year;
- other income.

2.25. Expense recognition

Expenses are accounted for in compliance with Russian Accounting Regulation "Accounting for Corporate Expenses" (RAR 10/99) approved by order No. 33n dated 6 May 1999 of the Ministry of Finance of the Russian Federation.

Expenses, depending on their nature, conditions of their incurrence and types of business are divided into:

- expenses for ordinary activities;
- other expenses.

Expenses for ordinary activities include expenses connected to income from ordinary activities listed in clause 2.24. hereof.

Other expenses include expenses related to other income listed in clause 2.24. hereof and interest for the use of loans, property tax accrual, allocations to provisions (except for estimated provisions for inventories, which are charged to expenses for ordinary activities), assets write-off, bank services, donation of assets and social expenses.

Accounting for expenses on works and services is maintained separately for direct expenses accumulated on the debit side of accounts 20 "Main production" and 23 "Auxiliary production" and indirect expenses recorded on the debit side of account 25 "General production expenses".

Administrative expenses are treated on account 26 "Administrative expenses" and reflected in line 2220 "Administrative expenses" of the Statement of Financial Results.

Selling expenses are treated on account 44 "Sales expenses" and reflected in line 2210 "Selling expenses" of the Statement of Financial Results.

Expenses in foreign currency or conventional units the Company has paid in advance or in payment of which the company has transferred an advance payment or a deposit are recognised in the accounting records of the company translated into rubles at an exchange rate effective as of the date of translation of the paid advance, deposit or prepayment into rubles (with regard to advance, deposit, prepayment).

In accordance with cl. 18.2 of RAR 9/99 and cl. 21.2 of RAR 10/99 and the Company's accounting policies, other income is presented in the Statement of Financial Results less expenses related to this income:

- exchange gains and losses;
- other income from the sale (disposal) of other assets, fixed assets and intangible assets and related other expenses;

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- other income and expenses related to the increase and decrease of provisions of one type (for impairment of securities, impairment of non-current assets, bad debt provisions);
- income and expenses related to the purchase and sale of foreign currency;
- fare income and expenses;
- social income and expenses.

2.26. Hedging of financial risks

Accounting regulations do not provide for a specific method to account for hedge transactions.

At the same time, in accordance with clause 7 of Russian Accounting Regulation "Corporate Accounting Policies" (RAR 1/2008), in case accounting regulations do not specify accounting methods for certain accounting matters, in its accounting policies an entity shall develop an accounting method based on this and other accounting regulations, as well as International Financial Reporting Standards.

Therefore, hedge instruments and related economic events are accounted for based on IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement* enacted in Russia by Orders of the Ministry of Finance of the Russian Federation No. 133n dated 26 August 2016 and No. 217n dated 28 December 2016.

2.27. Deferred taxes

Deferred taxes are accounted for by the Company in compliance with Russian Accounting Regulation "Accounting for Corporate Income Tax Settlements" (RAR 18/02) approved by order No. 114n dd. 19 November 2002 of the Ministry of Finance of the Russian Federation.

The differences between accounting profit (loss) and taxable profit (loss) in the reporting period resulting from the use of different rules of income and expense recognition set forth by the accounting regulations and tax laws of the Russian Federation may be permanent and temporary.

Deferred tax assets and deferred tax liabilities are recognised on account 09 "Deferred tax assets" and account 77 "Deferred tax liabilities".

In the balance sheet homogeneous deferred tax assets and liabilities are

netted and presented as non-current assets if deferred tax assets exceed deferred tax liabilities or as long-term liabilities if deferred tax liabilities exceed deferred tax assets.

2.28. Earnings per share

In accordance with the guidelines for disclosure of information about earnings per share approved by Order of the Ministry of Finance of the Russian Federation No. 29n dated 21 March 2000, a joint-stock company should disclose information about earnings per share in two figures: basic earnings (loss) per share, which reflects the part of earnings (loss) of the reporting period due to holders of ordinary shares, and diluted earnings (loss) per share, which reflects the possible decrease in the basic earnings (increase in the loss) per share in the following reporting period.

2.29. Related parties

Disclosure of related parties in financial statements shall be in compliance with Russian Accounting Regulation "Related Parties" (RAR 11/2008) approved by order No. 48n dd. 29 April 2008 of the Ministry of Finance of the Russian Federation.

Legal entities and (or) individuals capable of influencing the operations of the company compiling the financial statements, or whose activity can be affected by the company compiling the financial statements (related parties) can include:

- a) a legal entity and (or) an individual and a company compiling the financial statements, which are affiliated according to the legislation of the Russian Federation (RF Law dd. 22 March 1991, No. 948-1 "On Competition and Limitation of Monopolistic Activity in Commodities Markets");

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- b) a legal entity and/or an individual registered as an individual entrepreneur and a reporting entity involved in joint business activities;
- c) a reporting entity and a non-governmental pension fund acting for the benefit of the employees of such entity or another entity related to the reporting entity.

2.30. Segment information

Segment information is disclosed in financial statements according to the requirements of Russian Accounting Regulation "Segment Information" (RAR 12/2010), as approved by Order of the Russian Ministry of Finance No. 143n dated 8 November 2001.

As the Company does not issue publicly placed securities, it does not disclose segment information in accordance with clause 2 of RAR 12/2010.

2.31. Subsequent events

Information about subsequent events in financial statements is reported in compliance with Russian Accounting Regulation "Subsequent Events" (RAR 7/98) approved by order No. 56n dd. 25 November 1998 of the Ministry of Finance of the Russian Federation.

A subsequent event is recognised as an economic event which might impact the Company's financial position and performance and which occurs between the reporting date and the date the financial statements for the reporting year are signed.

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3. Opening and comparative data

The data in the Balance Sheet as of 31 December 2020 and 31 December 2019 were formed by transferring data from the Balance Sheet for 2020.

The data in the Statement of Financial Results include data transferred from the respective lines of the Statement of Financial Results for 2020.

Items of the financial statements for the previous periods were restated in these financial statements as follows.

Statement of Financial Results for 2020:

B/S item	Code	For 2020 in the financial statements for the previous year	Restated figure for 2020 in the current financial statements	Restatement amount	Reason for restatement
Revenue	2110	3,210,166	3,145,871	-64,295	Total bonuses (rebates) to customers provided in the reporting period and provision for bonuses (rebates) to customers reduce sales revenue.
including from the sale of own-produced medical products	2111	3,189,090	3,124,795	-64,295	
Cost of sales	2120	-2,136,736	-2,127,081	9,655	Estimated provisions for inventories are included in expenses for ordinary activities in accordance with RFAS 5/2019 and Information Statement of the Ministry of Finance of the Russian Federation No. IS-uchet 27 dated 10 April 2020.
including from the sale of own-produced medical products	2121	-2,125,437	-2,115,782	9,655	
Other income	2340	37,239	20,483	-16,756	
Other expenses	2350	-184,828	-113,432	71,396	Total bonuses (rebates) to customers provided in the reporting period and provision for bonuses (rebates) to customers reduce sales revenue (RUB 64,295 thousand); estimated provisions for inventories are included in expenses for ordinary activities in accordance with RFAS 5/2019 and Information Statement of the Ministry of Finance of the Russian Federation No. IS-uchet 27 dated 10 April 2020 (RUB 7,101 thousand)

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4. Notes to significant items of the Balance Sheet

4.1. Intangible assets

Information about the availability and movement of intangible assets for 2020-2021 is presented in the tables below.

Movement of intangible assets for 2021

Narrative	Code	As at 31/12/2020				Changes for the period						As at 31/12/2021		
		Historical cost	Accumulated amortisation and impairment losses	Net book value	Added	Disposed		Amortisation accrued	Impairment loss	Revaluation		Historical cost	Accumulated amortisation and impairment losses	Net book value
						Historical cost	Accumulated amortisation			Historical cost	Accumulated amortisation			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Intangible assets - TOTAL	1110	5,354	(3,756)	1,598	106	(142)	70	(261)				5,318	(3,947)	1,371
including														
Patents	1111	3,404	(1,980)	1,424		(142)	70	(194)				3,262	(2,104)	1,158
Trademark and service mark	1112	1,950	(1,776)	174	106			(67)				2,056	(1,843)	213

Movement of intangible assets for 2020

Narrative	Code	As at 31/12/2019				Changes for the period						As at 31/12/2020		
		Historical cost	Accumulated amortisation and impairment losses	Net book value	Added	Disposed		Amortisation accrued	Impairment loss	Revaluation		Historical cost	Accumulated amortisation and impairment losses	Net book value
						Historical cost	Accumulated amortisation			Historical cost	Accumulated amortisation			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Intangible assets - TOTAL	1110	5,394	(3,497)	1,897		(40)	40	(299)				5,354	(3,756)	1,598
including														
Patents	1111	3,444	(1,792)	1,652		(40)	40	(228)				3,404	(1,980)	1,424
Trademark and service mark	1112	1,950	(1,705)	245				(71)				1,950	(1,776)	174

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Information about certain types of intangible assets as at reporting dates (actual (historical) cost without amortisation):

Narrative	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
1	2	3	4	5
Intangible assets created by the company, TOTAL	1110	5,318	5,354	5,394
including: Patents	1111	3,262	3,404	3,444
Trademark and service mark	1112	2,056	1,950	1,950
Including: fully amortised intangible assets, TOTAL		1,295	1,295	1,295
including: Trademark and service mark	1113	1,295	1,295	1,295

Information about useful lives and amortisation methods:

Narrative	As at 31 December 2021		As at 31 December 2020		As at 31 December 2019	
	useful life (in months)	amortisation method	useful life (in months)	amortisation method	useful life (in months)	amortisation method
1	2	3	4	5	6	7
Patents	119-226	straight-line	97-226	straight-line	97-226	straight-line
Trademark and service mark	100-122	straight-line	100-122	straight-line	100-122	straight-line

4.2. Research and development results

Information about the availability and movement of scientific and research, design and experimental and technological expenses for 2020-2021 is presented in the below tables.

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Availability and movement of R&D expenses for 2021

Narrative	Code	At the beginning of the year			Changes for the period					At the end of the period		
		Historical cost	Part of the cost recognised in expenses	Net book value	Disposed		Part of the cost recognised in expenses for ordinary activities	Part of the cost recognised in other expenses	Historical cost	Part of the cost recognised in expenses	Net book value	
					Historical cost	Part of the cost recognised in expenses						
R&D - total	1121	16,571	(7,307)	9,264	(6,132)	6,132	(5,594)		15,993	(6,769)	9,224	
including:												
Manufacturing technologies for new pharmaceuticals	11211	16,571	(7,307)	9,264	(6,132)	6,132	(5,594)		15,993	(6,769)	9,224	

Availability and movement of R&D expenses for 2020

Narrative	Code	At the beginning of the year			Changes for the period					At the end of the period		
		Historical cost	Part of the cost recognised in expenses	Net book value	Disposed		Part of the cost recognised in expenses for ordinary activities	Part of the cost recognised in other expenses	Historical cost	Part of the cost recognised in expenses	Net book value	
					Historical cost	Part of the cost recognised in expenses						
R&D - total	1121	13,950	(9,034)	4,916	(5,594)	5,594	(3,867)		16,571	(7,307)	9,264	
including:												
Manufacturing technologies for new pharmaceuticals	11211	13,950	(9,034)	4,916	(5,594)	5,594	(3,867)		16,571	(7,307)	9,264	

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4.3. Fixed assets

Information about the net book value of fixed assets is shown in the Company's Balance Sheet in line 1151 "Fixed assets put into operation".

The replacement cost of fixed assets was formed based on several revaluations. Mandatory revaluation of fixed assets was carried out by the Company pursuant to the Resolutions of the Russian Government from 1992 to 1997.

Since 1997 the Company has not carried out other revaluations of fixed assets.

Information about the replacement cost of fixed assets, accumulated depreciation and movement of fixed assets by groups in 2020-2021 is presented below:

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Availability and movement of fixed assets for 2021

Narrative	Code	At the beginning of the year		Changes for the period						At the end of the period	
		Historical cost	Accumulated depreciation	Added	Disposed		Depreciation accrued	Revaluation		Historical	Accumulated depreciation
					Historical cost	Accumulated depreciation		Historical cost	Accumulated depreciation		
Fixed assets (excluding income-bearing investments in tangible assets) - total	1151	3,551,021	(1,542,326)	169,273	(39,872)	31,865	(208,983)			3,680,422	(1,719,444)
including:											
Buildings	11511	1,655,956	(468,145)	1,614	(13,935)	8,377	(74,864)			1,643,635	(534,632)
Structures and transfer devices	11512	82,355	(63,930)	21,379	(40)	40	(1,458)			103,694	(65,348)
Machinery and equipment	11513	1,754,631	(979,629)	145,459	(25,427)	22,995	(131,173)			1,874,663	(1,087,807)
Transport vehicles	11514	18,611	(17,872)		(280)	280	(240)			18,331	(17,832)
Production and maintenance tools	11515	21,038	(12,750)	821	(190)	173	(1,248)			21,669	(13,825)
Land plots	11516	18,430								18,430	

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Availability and movement of fixed assets for 2020

Narrative	Code	At the beginning of the year		Changes for the period						At the end of the period	
		Historical cost	Accumulated depreciation	Added	Disposed		Depreciation accrued	Revaluation		Historical cost	Accumulated depreciation
					Historical cost	Accumulated depreciation		Historical cost	Accumulated depreciation		
Fixed assets (excluding income-bearing investments in tangible assets) - total	1151	3,476,854	(1,405,222)	93,838	(19,671)	14,958	(152,052)			3,551,021	(1,542,326)
including:											
Buildings	11511	1,653,859	(428,281)	3,291	(1,194)	1,034	(40,898)			1,655,956	(468,145)
Structures and transfer devices	11512	73,934	(84,613)	10,827	(2,406)	1,774	(1,091)			82,355	(63,930)
Machinery and equipment	11513	1,691,162	(882,007)	77,906	(14,437)	10,516	(108,138)			1,754,631	(979,629)
Transport vehicles	11514	20,231	(18,735)		(1,620)	1,620	(757)			18,611	(17,872)
Production and maintenance tools	11515	19,238	(11,586)	1,814	(14)	14	(1,178)			21,038	(12,750)
Land plots	11516	18,430								18,430	

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Useful life and depreciation methods for 2019-2020 by groups of fixed assets:

Narrative	As at 31 December 2021		As at 31 December 2020		As at 31 December 2019	
	Useful life (in months)	Depreciation methods	Useful life (in months)	Depreciation methods	Useful life (in months)	Depreciation methods
1	2	3	4	5	6	7
Buildings	120-1500	straight-line	120-1500	straight-line	120-1500	straight-line
Structures and transfer devices	60-600	straight-line	60-600	straight-line	60-600	straight-line
Machinery and equipment	12-364	straight-line	12-364	straight-line	12-364	straight-line
Production lines	84	Proportional to time in service	84	Proportional to time in service	84	Proportional to time in service
Transport vehicles	48-180	straight-line	48-180	straight-line	48-180	straight-line
Production and maintenance tools	36-364	straight-line	36-364	straight-line	36-364	straight-line

Change in the value of fixed assets as a result of completion, additional equipment, reconstruction and partial liquidation in 2020-2021 is shown below:

Narrative	For 2020	For 2020
1	2	3
Increase in the cost of fixed assets as a result of completion, additional equipment, reconstruction - TOTAL	23,685	23,795
Buildings	1,614	3,291
Structures and transfer devices	20,581	10,827
Machinery and equipment	1,490	9,677
Decrease in the cost of fixed assets as a result of partial liquidation - TOTAL:		1,022
Machinery and equipment		1,022

The Company owns land plots intended for industrial facilities. The book value of these land plots is RUB 18,430 thousand. Depreciation on the land plots is not accrued.

Information about real estate (from 1958 to 2008) without state registration:

Narrative	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
1	2	3	4
Buildings	6,981	9,686	9,707
including			
Refrigerating station, building 284	3,889	3,889	3,889
Structures and transfer devices	15,515	16,695	7,113
TOTAL	22,496	26,381	16,820

Information about temporarily shut down fixed assets, leased fixed assets, and other use of fixed assets, is set forth below at net book value (with due regard to impairment):

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Narrative	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
1	2	3	4
Leased-out fixed assets (on-balance sheet)	9,917	10,377	10,879
Real estate items commissioned and actually used, however, in the process of state registration			
Fixed assets that have been temporarily shut down	78,343	141,719	145,171
Other use of fixed assets (real estate was pledged to Sun Pharma (Netherlands) B.V.) to secure a loan (book value)		29,290	1,841,258

The Company transferred premises and equipment under lease contracts. The majority of these fixed assets were transferred under a lease contract with Individual Entrepreneur Oreshkin A.V. (RUB 9,832 thousand).

4.4. Capital investments in progress

Capital investments in progress presented in the Balance Sheet within line 1122 "R&D and intangible assets acquisition in progress":

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Availability and movement of R&D in progress expenses for 2021

Narrative	Code	Book value at the beginning of the year	Changes for the period			Book value at the end of the period
			costs for the period	written off to expenses (without positive results) (impairment provision)	recognised as intangible assets or R&D	
Expenses for R&D in progress - total	1122	13,901	679		(5,660)	8,920
Expenses for development work (development stage)	11221	13,901	679		(5,660)	8,920

Availability and movement of R&D in progress expenses for 2020

Narrative	Code	Book value at the beginning of the year	Changes for the period			Book value at the end of the period
			costs for the period	written off to expenses (without positive results) (impairment provision)	recognised as intangible assets or R&D	
Expenses for R&D in progress - total	1122	21,742	374		(8,215)	13,901
Expenses for development work (development stage)	11221	21,742	374		(8,215)	13,901

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In-progress capital investments presented in the Balance Sheet within line 1152 "In-progress capital investments in fixed assets" is presented below:

Narrative	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
In-progress capital investments in fixed assets - total	1152	162,401	158,616	125,828
including:				
equipment to be installed and materials in stock	11521	21,171	14,056	67,276
reconstruction and modernisation of fixed assets	11522	10,663	17,174	15,455
in-progress acquisition of other fixed assets	11523	5,014	123231	29,859
short-term accounts receivable on capital investments	11524	125,553	4,155	13,238

Accounts receivable (advances) on capital investments presented in the Balance Sheet within line 1152 "In-progress capital investments in fixed assets" is presented below:

Narrative	As at 31/12/2021		As at 31/12/2020		As at 31/12/2019	
	under a contract	bad debt provision	under a contract	bad debt provision	under a contract	bad debt provision
1	3	4	5	6	5	6
Short-term accounts receivable on capital investments	127,203	(1,650)	5,723	(1,568)	15,322	(2,084)
Including						
Pharmcontract LLC	1,568	(1,568)	1,568	(1,568)	1,568	(1,568)
F.P.S. Food and Pharma Systems s.r.l.					2,789	
BVT LLC					7,213	
NTP Energocontrol LLC					1,250	
Creator-Techno LLC			1,109			
IGN Stroy LLC			698			
CESIS NIKIRET CJSC			500			
EAST Industrial Support LLC			409			
STROY-GAZ-SERVICE LLC	105,682					
Steriline S.R.L.	11,244					
ZAVOD AGRARNYCH KHIMICHESKIKH PRODUKTOV LLC	6,279					
VENTAR	1,217					
Other	1,213	(82)	1,439		2,502	(516)

4.5. Long-term financial investments

All financial investments of the Company are not quoted, therefore, it is not possible to determine their current market value.

Information about the availability and movement of long-term financial investments is presented below:

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For 2021

Narrative	Code	At the beginning of the year			Changes for the period				At the end of the period			
		Historical cost	Accumulated adjustment	Cost with accumulated adjustment	Added	Disposed (repaid)		Accrual of interest (including to adjust cost to par value)	In current market value (impairment losses)	Historical cost	Accumulated adjustment	Cost with accumulated adjustment
						Historical cost	Accumulated adjustment					
Long-term - total including:	1170	2,000	-	2,000						2,000	-	2,000
Contributions to the charter (share) capitals of other companies	1171	2,000		2,000						2,000		2,000

For 2020

Narrative	Code	At the beginning of the year			Changes for the period				At the end of the period			
		Historical cost	Accumulated adjustment	Cost with accumulated adjustment	Added	Disposed (repaid)		Accrual of interest (including to adjust cost to par value)	In current market value (impairment losses)	Historical cost	Accumulated adjustment	Cost with accumulated adjustment
						Historical cost	Accumulated adjustment					
Long-term - total including:	1170	2,000	-	2,000						2,000	-	2,000
Contributions to the charter (share) capitals of other companies	1171	2,000		2,000						2,000		2,000

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4.6. Deferred tax assets

Deferred tax assets and deferred tax liabilities are reported in B/S lines 1180 "Deferred tax assets" or 1420 "Deferred tax liabilities" on a net basis.

Deferred tax assets are broken down below:

No.	Narrative	Amount as at 31/12/2021	Amount as at 31/12/2020	Amount as at 31/12/2019
1	Tax loss carried forward	58,813	118,259	155,964
2	Provisions for impairment of inventories, R&D	29,868	11,423	15,325
3	Provisions for payment of bonuses to customers	15,379	12,646	11,262
4	Other deferred tax assets	5,306	5,494	4,592
	TOTAL	109,366	147,822	187,142

Deferred tax liabilities are broken down below:

No.	Narrative	Amount as at 31/12/2021	Amount as at 31/12/2020	Amount as at 31/12/2019
1	Fixed assets	121,990	125,595	120,752
2	Intangible assets and R&D	3,676	3,006	3,937
	TOTAL	125,666	128,601	124,689

Netted result of lines 1180, 1420:

No.	Narrative	Amount as at 31/12/2021	Amount as at 31/12/2020	Amount as at 31/12/2019
1	Deferred tax assets	-	19,221	62,453
2	Deferred tax liabilities	16,300	-	-

4.7. Other non-current assets

Line 1190 "Other non-current assets" of the Balance Sheet presents investments in non-current assets failing to meet the requirements to the generation of indicators of the following Balance Sheet lines:

1. Line 1110 "Intangible assets";
2. Line 1120 "Research and development results";
3. Line 1150 "Fixed assets";
4. Line 1160 "Income-bearing investments in tangible assets";
5. Line 1170 "Financial investments".

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Information about other non-current assets:

No.	Narrative	Amount		
		31/12/2021	31/12/2020	31/12/2019
1	Prepaid expenses for the registration of pharmaceuticals	51,578	37,259	20,506
2	Certification and licensing	25	12	12
3	Other	600	2,140	403
	TOTAL	52,203	39,411	20,921

4.8. Inventories

Information about the movement of inventories in B/S line 1210 "Inventories" is presented below:

For 2021

No.	Narrative	Code	At the beginning of the period	Added	Disposed	At the end of the period
1	Raw materials, consumables and other similar assets	1211	676,632	1,480,201	(1,597,937)	558,896
2	Work in progress costs	1212	83,083	2,315,536	(2,312,756)	85,863
3	Finished products and goods for resale	1213	255,697	2,259,842	(2,086,546)	428,993
4	Prepaid expenses	1214	3,679	46,525	(42,228)	7,977
5	Non-current assets for sale (equipment)	1215	46,288		(46,288)	
	TOTAL	1210	1,065,379	X	X	1,081,729

For 2020

No.	Narrative	Code	At the beginning of the period	Added	Disposed	At the end of the period
1	Raw materials, consumables and other similar assets	1211	441,404	1,685,905	(1,450,677)	676,632
2	Work in progress costs	1212	62,050	2,049,586	(2,029,422)	83,083
3	Finished products and goods for resale	1213	364,919	2,001,874	(2,111,096)	255,697
4	Prepaid expenses	1214	2,673	10,425	(9,419)	3,679
5	Non-current assets for sale (equipment)	1215		46,288		46,288
	TOTAL	1210	871,046	X	X	1,065,379

The above inventory types are shown in the Balance Sheet net of inventory provision.

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Information about the movement in inventory provision is presented below:

For 2021

No.	Description of inventories (by groups)	At the beginning of the period	Provision established in the reporting period	Provision charged to income of the reporting period	At the end of the period
1.	Raw materials, consumables and other similar assets	34,891	122,552	(99,917)	57,526
2.	Work in progress costs	4,471	8,124	(7,987)	4,608
3.	Finished products and goods for resale	11,517	50,379	(28,241)	33,655
4.	Non-current assets for sale (equipment)	-	46,288	-	46,288
	TOTAL	50,879	227,343	(136,145)	142,077

Inventories include non-current assets for sale (equipment to be installed). As there are no potential customers for that equipment, a provision for impairment was established for 100% of its value.

For 2020

No.	Description of inventories (by groups)	At the beginning of the year	Provision established in the reporting period	Provision charged to income of the reporting period	At the end of the period
1.	Raw materials, consumables and other similar assets	40,254	34,461	(39,824)	34,891
2.	Work in progress costs	5,340	266	(1,135)	4,471
3.	Finished products and goods for resale	14,941	22,048	(25,472)	11,517
	TOTAL	60,535	56,775	(66,431)	50,879

4.9. Accounts receivable

Accounts receivable are presented in the Balance Sheet less bad debt provision. Information about accounts receivable is presented below:

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Breakdown of accounts receivable

Narrative	Code	As at 31/12/2021			As at 31/12/2020			As at 31/12/2019		
		Under a contract	Bad debt provision	Amount less bad debt provision	Under a contract	Bad debt provision	Amount less bad debt provision	Under a contract	Bad debt provision	Amount less bad debt provision
Long-term accounts receivable - total	1231	6,575		6,575	682	-	682	5,619	-	5,619
including buyers and customers	12311	-		-	-	-	-	-	-	-
advances paid	12312	6,575		6,575	682	-	682	207	-	207
other debtors	12313	-		-	-	-	-	5,412	-	5,412
Short-term accounts receivable - total	1232	1,145,939	(17,527)	1,128,412	899,015	(10,435)	888,580	832,646	(7,965)	824,681
including buyers and customers	12321	1,078,245	(7,151)	1,071,094	849,280	(4,642)	844,638	765,573	(4,941)	760,632
advances paid	12322	59,306	(8,794)	50,512	32,871	(3,753)	29,118	44,314	(917)	43,397
including advances to buy inventories	123221	18,173	(2,490)	15,623	18,788	(2,941)	15,847	30,381	(244)	30,137
taxes and levies receivable from the budget	12323	-	-	-	7,750	-	7,750	18,115	-	18,115
other debtors	12324	8,388	(1,582)	6,806	9,114	(2,040)	7,074	4,644	(2,107)	2,537
Total	1230	1,152,514	(17,527)	1,134,987	899,697	(10,435)	889,262	838,265	(7,965)	830,300

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Information about overdue accounts receivable is presented below (the book value less bad debt provision):

Narrative	Code	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
Short-term accounts receivable - total	1232	5,267	8,666	68,373
including buyers and customers	12321	2,150	3,021	66,892
advances paid	12322	3,117	5,645	1,445
other debtors	12324	-	-	36
Total		5,267	8,666	68,373

Information about the movement of bad debt provision is given below.

For 2021

Type of asset	Code	At the beginning of the year	Provision established in the reporting period	Provision charged to other income of the reporting period	Provision used in the reporting period	At the end of the period
Short-term accounts receivable - total	1232	10,435	8,457	(1,135)	(230)	17,527
including buyers and customers	12321	4,642	3,369	(860)	-	7,151
advances paid	12322	3,753	5,088	-	(47)	8,794
other debtors	12324	2,040	-	(275)	(183)	1,582
TOTAL		10,435	8,457	(1,135)	(230)	17,527

For 2020

Type of accounts receivable	Code	At the beginning of the year	Provision established in the reporting period	Provision charged to other income of the reporting period	Provision used in the reporting period	At the end of the period
Short-term accounts receivable - total	1232	7,965	26,970	(24,204)	(295)	10,435
including buyers and customers	12321	4,941	22,139	(22,438)	-	4,642
advances paid	12322	917	4,830	(1,724)	(270)	3,753
other debtors	12324	2,107	-	(42)	(25)	2,040
TOTAL		7,965	26,970	(24,204)	(295)	10,435

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4.10. Cash and cash equivalents

Cash and cash equivalents in line 1250 "Cash and cash equivalents" of the Company's Balance Sheet include:

No.	Narrative	Amount as at 31/12/2021	Amount as at 31/12/2020	Amount as at 31/12/2019
1	Cash on hand	-	5	10
2	Cash on bank accounts in rubles	114,256	277,448	25,302
	TOTAL B/S line 1250	114,256	277,453	25,312
	Balance of cash and cash equivalents in the Statement of Cash Flows (lines 4450, 4500)	114,256	277,453	25,312

Information about cash flows is disclosed in the Statement of Cash Flows.

The Statement of Cash Flows presents cash flows from operating, investing and financing activities.

Foreign currency purchases/sales are presented in the Statement of Cash Flows on a net basis and separately within other payments from operating activities.

Breakdown of other receipts and other payments in the Statement of Cash Flows:

Narrative	Code	For 2021	For 2020
Cash flows from operating activities			
Other receipts	4119	47,067	65,937
Received fines and damages	41192	350	255
Receipts of interest under bank account contracts	41193	2,857	1,444
Receipts of interest on deposits (deposit period up to 3 months)	41194	10	260
Receipt of subsidies from the federal budget	41195	11,375	11,396
Insurance indemnity under insurance contracts on an occurrence basis	41196		3,340
Result of VAT transactions (including refund from the state budget)	41197	32,466	49,228
Other	41198	9	14
Other payments	4129	(46,719)	(61,449)
Internal receivables from employees (funds provided for current needs)	41291	(1,336)	(798)
Paid fines and damages	41292	(974)	(13,911)
State duties	41293	(2,933)	(3,249)
Losses on foreign currency exchange transactions	41294	(2,059)	(5,045)
Bank services	41295	(4,226)	(2,607)
Social payments	41296	(1,034)	(557)
Taxes (except for individual income tax, income tax) and tax-related fines	41297	(34,157)	(35,282)

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The Statement of Cash Flows shows net cash flows characterizing operations of the company's counterparts, rather than its own operations, and (or) when receipts from one person provide for payments to other persons.

The following items are presented on a net basis:

1. foreign exchange operations;
2. value added tax within receipts from buyers and customers, payments to suppliers and contractors and payments to the RF budgetary system and recovery therefrom;
3. receipt of reimbursable expenses and their transfer to service providers.

Presentation of value-added tax in the Statement of Cash Flows.

To present VAT in the Statement of Cash Flows on a net basis, the direct method of VAT calculation is used.

Line 4122 "Payments for wages and salaries" of the Statement of Cash Flows reflects amounts paid for wages and salaries, individual income tax and social charges to non-budgetary funds:

Narrative	Code	For 2021	For 2020
Payments for wages and salaries, including:	4122	(600,155)	(539,353)
Labour costs	41221	(389,555)	(354,073)
Amount withheld from salary and paid to third parties (alimony, writs of execution etc.)	41222	(13,131)	(10,354)
Individual income tax	41223	(57,592)	(52,443)
insurance contributions to non-budgetary funds	41224	(139,877)	(122,483)

4.11. Other current assets

Line 1260 "Other current assets" of the Balance Sheet shows the following:

No.	Narrative	Amount		
		As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
1	Monetary documents (postage stamps, envelopes, employee catering cards, vacation packages)	42	122	44
	TOTAL	42	122	44

4.12. Share capital

The share capital of the Company, according to the Articles of Association, makes up RUB 286,283 as at 31/12/2020.

The Company's share capital is divided into 214,712 ordinary personal uncertificated shares, each with the nominal value of RUB 1, and 71,571 preferred personal uncertificated shares, each with the nominal value of RUB 1.

The share capital has been paid in full. No share capital changes were made in 2020 or 2021.

The Company has not announced additional issue of shares, placement of bonds or other securities.

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4.13. Revaluation of non-current assets

Movement in revaluation of non-current assets for 2020-2021 is presented in the Statement of Changes in Equity.

The revaluation of non-current assets by types of non-current assets:

Narrative	Code	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
Revaluation of non-current assets, TOTAL	1340	271,156	286,944	289,893
including:				
Revaluation of fixed assets (1992-1997)	1341	271,156	286,944	289,893

4.14. Reserve capital

As at the reporting date, the Company established a reserve fund from net profit totalling RUB 14 thousand in accordance with the law. The reserve fund is intended to cover the Company's losses and to settle its bonds and buy out shares if the Company has no other funds.

The reserve fund had the following structure in 2020-2021:

Narrative	Code	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
Reserves in accordance with the legislation	1360	14	14	14
TOTAL	1361	14	14	14

4.15. Retained earnings (uncovered loss)

Movement of retained earnings (uncovered loss) is disclosed in the Statement of Changes in Equity.

Line 1370 "Retained earnings (uncovered loss)" includes not only retained earnings/loss, but also the accumulation fund established pursuant to the decision of the Company's shareholders.

A decision of the sole shareholder dated 29 June 2021 states that the profit for 2020 is to be used to cover losses for 2018 and 2019. The remaining amount is to be left at the disposal of Biosintez PJSC:

Item	Amount for 2020
Profit for 2020	259,598
Loss for 2018 (uncovered portion)	(80,061)
Loss for 2019	(17,024)
Retained earnings	162,513

As at the date of the financial statements, there were no decisions of the sole shareholder to distribute the profit for 2021.

Retained earnings (uncovered loss) shown in line 1370 "Retained earnings (uncovered loss)" has the following structure:

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Narrative	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
Retained earnings (uncovered loss), TOTAL	529,987	165,462	(97,085)
including:			
Retained earnings (loss) of prior years	162,513	(97,085)	(87,288)
Retained earnings (loss) for the reporting year	348,737	259,598	(17,024)
Accumulation fund	18,737	2,949	7,227

4.16. Deferred tax liabilities

Deferred tax liabilities as at 31 December 2019 and 31 December 2020 are netted with deferred tax assets in B/S line 1180. As at 31 December 2021 they are netted in B/S line 1420. Information is provided in clause 4.6 hereof.

4.17. Loans and borrowings

The Company borrowed in the currency of the Russian Federation, rubles. Information about the Company's outstanding loans and borrowings and their movement is as follows:

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For 2021

Narrative	Code	At the beginning of the year	Changes for the period					Exchange difference	At the end of the period
			Received	Interest accrued	Principal repayment	Interest repayment	Reclassification from long-term to short-term indebtedness		
Long-term borrowings - total	1410	2,365,036	955,000		(525,000)		(289,883)	2,505,153	
Loans	1411	2,125,153	955,000		(525,000)		(50,000)	2,505,153	
Interest on loans	1412	239,883					(239,883)		
Short-term borrowings - total	1510	1,334,329	2,975,000	154,563	(3,809,009)	(166,036)	289,883	778,730	
Loans	1511	34,009			(9,009)		50,000	75,000	
Interest on loans	1512	47,718		113,000		(123,143)	239,883	277,458	
Bank loans	1513	1,250,000	2,975,000		(3,800,000)			425,000	
Interest on bank loans	1514	2,602		41,563		(42,893)		1,272	

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For 2020

Narrative	Code	At the beginning of the year	Changes for the period					Exchange difference	At the end of the period
			Received	Interest accrued	Principal repayment	Interest repayment	Reclassification from short-term to long-term indebtedness		
Long-term borrowings - total	1410	2,380,430	700,000		(671,957)	(9,428)	(34,009)	2,365,036	
Loans	1411	2,131,119	700,000		(671,957)		(34,009)	2,125,153	
Interest on loans	1412	249,311				(9,428)		239,883	
Short-term borrowings - total	1510	1,143,492	3,500,000	207,065	(3,350,000)	(200,237)	34,009	1,334,329	
Loans	1511						34,009	34,009	
Interest on loans	1512	41,729		97,736		(91,747)		47,718	
Bank loans	1513	1,100,000	3,500,000		(3,350,000)			1,250,000	
Interest on bank loans	1514	1,763		109,329		(108,490)		2,602	

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Main loans and borrowings

Narrative	Code	Annual interest rate	Maturity	As at 31/12/2021			As at 31/12/2020			As at 31/12/2019		
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total
Long-term borrowings - total	1410			2,505,153		2,505,153	2,125,153	239,883	2,365,036	2,131,119	249,311	2,380,430
Loans (lessor – Sun Pharma (Netherlands) B.V.)	A			1,500,153		1,500,153	1,500,153	239,883	1,740,036	2,131,119	249,311	2,380,430
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	27/12/2021				0			300,000		300,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	13/02/2022				120,000		12,000	120,000		120,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	19/03/2022				260,000		260,000	260,000		260,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	27/07/2022				94,000		94,000	94,000		94,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	21/09/2022				50,000		50,000	50,000		50,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	06/11/2022				100,000		100,000	100,000		100,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	15/05/2023	50,000		50,000	50,000		50,000	50,000		50,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	19/09/2023	70,000		70,000	70,000		70,000	70,000		70,000
Unnumbered dated 07/06/2017/17-БИО-225		7.5	20/12/2021				0					
Unnumbered dated 07/06/2017/17-БИО-225		5.0	20/12/2022				107,710		107,710	236,579		236,579
Unnumbered dated 07/06/2017/17-БИО-225		5.0	20/12/2023	538,442		538,442	538,442		538,442	538,442		538,442
Unnumbered dated 07/06/2017/17-БИО-225		7.5	30/12/2022				0	239,883	239,883		239,883	239,883
Unnumbered dated 07/06/2017/17-БИО-226		7.5	30/12/2021				0			252,098	9,428	261,526
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	24/07/2024	30,000		30,000	30,000		30,000	30,000		30,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	19/11/2024	30,000		30,000	30,000		30,000	30,000		30,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	11/11/2025	50,000		50,000	50,000		50,000			
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	13/02/2024	120,000		120,000						

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Narrative	Code	Annual interest rate	Maturity	As at 31/12/2021			As at 31/12/2020			As at 31/12/2019		
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	19/03/2024	260,000		260,000						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	27/07/2024	94,000		94,000						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	21/09/2024	50,000		50,000						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	06/11/2024	100,000		100,000						
Unnumbered dated 07/06/2017/17-БИО-225		5.0	20/12/2024	107,711		107,711						
Loans (lessor – JSC Raribaxy)				1,005,000		1,005,000	550,000		550,000			
19-БИО-362 dated 12/12/2019		Key rate*0.75	31/12/2024	1,005,000		1,005,000	550,000		550,000			
Loans (lessor – Industrial Development Fund)							75,000		75,000			
20-БИО-239 dated 17/06/2020		1.0	15/01/2022				12,500		12,500			
20-БИО-240 dated 17/06/2020		1.0	15/01/2022				12,500		12,500			
20-БИО-239 dated 17/06/2020		1.0	31/03/2022				12,500		12,500			
20-БИО-240 dated 17/06/2020		1.0	31/01/2022				12,500		12,500			
20-БИО-239 dated 17/06/2020		1.0	17/06/2022				12,500		12,500			
20-БИО-240 dated 17/06/2020		1.0	17/06/2022				12,500		12,500			
Short-term borrowings - total	1510			500,000	278,730	778,730	1,284,009	50,320	1,334,329	1,100,000	43,492	1,143,492
Loans (lessor – Sun Pharma (Netherlands) B.V.)	A				269,055	269,055	9,009	41,174	50,183		41,729	41,729
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	30/01/2020								11,281	11,281
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	28/02/2020								4,019	4,019
Unnumbered dated 07/06/2017/17-БИО-226		7.5	30/03/2020								9,480	9,480

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Narrative	Code	Annual interest rate	Maturity	As at 31/12/2021			As at 31/12/2020			As at 31/12/2019		
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/03/2020								3,452	3,452
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/04/2020								8,021	8,021
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/06/2020								1,861	1,861
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/07/2020								247	247
Unnumbered dated 07/06/2017/17-БИО-226		7.5	30/07/2020								622	622
Narrative	Code	Annual interest rate	Maturity	Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total
Unnumbered dated 07/06/2017/17-БИО-225		7.5	30/07/2020								2,746	2,746
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	27/12/2021	9,009		9,009						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	28/02/2021		7,880	7,880						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	28/02/2021		1,509	1,509						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/01/2021		227	227						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	28/02/2021		2,122	2,122						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	28/02/2021		656	656						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	28/02/2021		2,016	2,016						
Unnumbered dated 07/06/2017/17-БИО-225		5.0	28/02/2021		16,494	16,494						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/03/2021		2,295	2,295						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/04/2021		985	985						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/04/2021		690	690						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/04/2021		3,658	3,658						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/06/2021		751	751						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/06/2021		172	172						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/06/2021		314	314						
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/06/2021		342	342						

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Narrative	Code	Annual interest rate	Maturity	As at 31/12/2021			As at 31/12/2020			As at 31/12/2019				
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total		
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/07/2021						5					
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/07/2021					1,059						1,059
Unnumbered dated 07/06/2017/17-БИО-225		5.0	30/01/2022	16,198		16,198								
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	28/02/2022	2,680		2,680								
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/03/2022	2,301		2,301								
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/04/2022	5,348		5,348								
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/06/2022	1,583		1,583								
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/07/2022	1,062		1,062								
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	30/12/2022	239,883		239,883								
				425,000	1,272	426,272	1,250,000	2,602	1,252,602	1,100,000	1,763	1,101,763		
Bank loan (lender - Citibank JSC, Moscow)														
19-БИО-351 dated 24/04/2018		6.5	03/02/2020							150,000	0	150,000		
19-БИО-351 dated 24/04/2018		6.5	21/02/2020							950,000	0	950,000		
19-БИО-351 dated 24/04/2018		6.5	29/02/2020							0	1,763	1,763		
19-БИО-351 dated 24/04/2018		7.2	01/02/2021				150,000	1,741	151,741					
19-БИО-351 dated 24/04/2018		7.2	19/02/2021				950,000	0	950,000					
19-БИО-351 dated 24/04/2018		5.0	19/02/2021				150,000	860	150,860					
19-БИО-351 dated 24/04/2018		7.8	17/01/2022	425,000	1,272	426,272								
Loans (lessor - Industrial Development Fund)				75,000	22	75,022	25,000	30	25,030					
20-БИО-239 dated 17/06/2020		1.0	30/09/2021				12,500	0	12,500					
20-БИО-240 dated 17/06/2020		1.0	30/09/2021				12,500	0	12,500					
20-БИО-239 dated 17/06/2020		1.0	20/03/2021				0	15	15					

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Narrative	Code	Annual interest rate	Maturity	As at 31/12/2021			As at 31/12/2020			As at 31/12/2019		
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total
20-БИО-240 dated 17/06/2020		1.0	20/03/2021				0	15	15			
20-БИО-239 dated 17/06/2020		1.0	15/01/2022	12,500		12,500						
20-БИО-240 dated 17/06/2020		1.0	15/01/2022	12,500		12,500						
20-БИО-239 dated 17/06/2020		1.0	31/03/2022	12,500		12,500						
20-БИО-240 dated 17/06/2020		1.0	31/03/2022	12,500		12,500						
20-БИО-239 dated 17/06/2020		1.0	17/06/2022	12,500		12,500						
20-БИО-240 dated 17/06/2020		1.0	17/06/2022	12,500		12,500						
20-БИО-239 dated 17/06/2020		1.0	20/03/2022		11	11						
20-БИО-240 dated 17/06/2020		1.0	20/03/2022		11	11						
Loans (lessor – JSC Ranbaxy)												
19-БИО-362 dated 12/12/2019		Key rate*0.75	28/02/2021		8,381	8,381		6,514	6,514			
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/03/2022		5,451	5,451	0	6,514	6,514			
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/06/2022		2,082	2,082						
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/07/2022		848	848						

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Information on the amount of cost of borrowings included in other expenses and in the value of investment assets is as follows:

No.	Narrative	For 2021		For 2020	
		Amount	Interest	Amount	Interest
1	Interest amount included in other expenses	154,359	99.9	205,596	99.3
2	Amount of capitalised interest	204	0.1	1,469	0.7
2.1.	Amount of interest on loans received for the purposes not related to the acquisition, erection and (or) production of an investment asset that was included in the cost of the investment asset			1,004	0.5

Unreceived amounts of loans (credits) as compared to the terms of loan contracts as at 31/12/2021:

Creditor:	Contract number and date	Period of loan under the contract	Amount of loan under the contract	Actually received cash	Unreceived cash
Sun Pharma (Netherlands) B.V.	Unnumbered dated 14/12/2016/16-БИО-1067	60 months after the date of loan (tranche) use	1,989,500	1,500,153	489,347
Citibank JSC (Moscow)	19-БИО-351 dated 24/04/2018	364 calendar days	2,239,923	425,000	1,814,923
JSC Ranbaxy	19-БИО-362 dated 12/12/2019	Until 31/12/2024	1,500,000	1,005,000	495,000

4.18. Accounts payable

Information about the structure of accounts payable is presented below.

Narrative	Code	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
Other liabilities - long-term accounts payable	1450	-	43,672	37,912
including Sun Pharma (Netherlands) B.V.	1451	-	43,129	37,912
Short-term accounts payable - total	1520	308,200	183,286	193,153
including:				
suppliers and contractors	1521	180,467	118,049	158,039
advances received	1525	7,227	10,912	3,366
payables to company employees	1522	18,076	17,120	15,524
payables to state non-budgetary funds	1523	12,130	11,160	5,322
charge and tax payables	1524	45,919	24,335	10,195
including value-added tax	15241	21,361	-	-
other creditors	1526	44,381	1,710	707
including Sun Pharma (Netherlands) B.V.	15261	43,310	-	-

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Narrative	Code	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
Total		308,200	226,958	231,065

Information about overdue accounts payable is presented below:

Narrative	Code	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
Short-term accounts payable - total	1520	26,645	53,185	56,663
including:				
suppliers and contractors	1521	26,568	53,108	56,462
advances received	1525	-	-	-
other creditors	1526	77	77	201
Total		26,645	53,185	56,663

4.19. Government assistance

Information about government assistance is as follows:

Narrative	For 2021	For 2020
Public funds received – total	11,375	11,396
including for current expenses (reimbursement of expenses for exported cargo carriage)	11,375	11,396

4.20. Estimated liabilities, contingent liabilities and contingent assets

Information about estimated liabilities is as follows:

For 2021

Narrative	At the beginning of the year	Recognised		Repaid	Written off as surplus amount	At the end of the year
		amount recognised in the reporting period	increase in the present value for the reporting period (interest)			
Total	110,070	200,676		(181,781)	(2,418)	126,547
including:						
Estimated liabilities for vacation payments to employees	46,192	53,908	not applicable	(51,715)		48,385
Provision for settlements with contractors	647	2,281	not applicable	(1,660)		1,268
Provision for bonuses to customers	63,231	144,487	not applicable	(128,406)	(2,418)	76,894

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For 2020

Narrative	At the beginning of the year	Recognised		Repaid	Written off as surplus amount	At the end of the year
		amount recognised in the reporting period	increase in the present value for the reporting period (interest)			
Total	99,066	260,306		(245,482)	(3,820)	110,070
including:						
Estimated liabilities for vacation payments to employees	42,070	46,889	not applicable	(42,767)		46,192
Provision for settlements with contractors	691	2,289	not applicable	(2,333)		647
Provision for bonuses to customers	56,305	211,128	not applicable	(200,382)	(3,820)	63,231

Information about the Company's contingent liabilities and contingent assets occurred in the reporting period is given below: As at 31/12/2021 there are no contingent liabilities or contingent assets.

4.21. Accounting for hedge transactions

Hedge contracts were not concluded in 2020 or 2021.

4.22. Leased fixed assets

Information about the structure of leased fixed assets is presented below:

Narrative	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
Leased fixed assets - TOTAL	38,024	38,024	41,139
Land	38,024	38,024	41,139

List of land plots leased by the Company:

No.	Location of the land plot	Area	Cadastral value	Lessor	Remained term of lease, months
1	11 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
2	9 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
3	10 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
4	3 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
No.	Location of the land plot	Area	Cadastral value	Lessor	Remained term of lease, months
5	4 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422

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6	5 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
7	6 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
8	7 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
9	8 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
10	12 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
11	13 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
12	2 Podlesny, Penza, Penza Region	16,897	14,779	Municipal Property Management Committee of the Administration of Penza	422
13	4 Druzhby St., Penza, Penza Region	2,179	3,489	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	438
14	4 Druzhby St., Penza, Penza Region	4,416	6,927	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	408
15	4 Druzhby St., Penza, Penza Region	2,293	3,477	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	408
16	4 Druzhby St., Penza, Penza Region	2,710	4,138	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	408
17	4 Druzhby St., Penza, Penza Region	1,603	2,599	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	408
18	4 Druzhby St., Penza, Penza Region	1,402	2,483	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	408
	TOTAL	41,400	38,024		

Leased land plots are presented in the financial statements at cadastral value.

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The movement of leased fixed assets for 2021:

Narrative	At the beginning of the year	Changes for the period		At the end of the period
		Added/disposed	Change in value	
Leased fixed assets, TOTAL including:	38,024			38,024
Land	38,024			38,024

The movement of leased fixed assets for 2020:

Narrative	At the beginning of the year	Changes for the period		At the end of the period
		Added/disposed	Change in value	
Leased fixed assets, TOTAL including:	41,139	(3,115)		38,024
Land	41,139	(3,115)		38,024

4.23. Off-balance sheet inventories

Information about off-balance sheet inventories is as follows.

Narrative	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
Inventories accepted for custody	598	472	284
Inventories accepted for processing	782	1,171	1,082
TOTAL	1,380	1,643	1,366

4.24. Collateral and surety issued and received

Collateral and surety in security for liabilities and payments, received and issued, is presented below:

Narrative	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
Collateral and surety received, total:	72,975	28,067	19,918
including surety	2	2	2
bank guarantees	72,973	28,065	19,916
Collateral and surety issued, total:	5,000	128,896	1,984,981
including pledge of property and property rights	5,000	128,896	1,984,981
including the cost of pledged fixed assets (pledge value)	-	112,240	1,962,299

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5. Notes to the Statement of Financial Results

5.1. Income from ordinary activities

The income from the sale of goods, products, works, services (net of VAT and other similar payments) shown in line 2110 of the Statement of Financial Results, is as follows:

Narrative	Code	For 2021	For 2020
Sale of pharmaceuticals for export	2111	548,598	656,743
Sale of pharmaceuticals on the domestic market	2111	2,761,613	2,468,052
Other sales	2112	24,296	21,076
Total revenue	2110	3,334,507	3,145,871

5.2. Expenses for ordinary activities

The cost of sales presented in line 2120 of the Statement of Financial Results is as follows:

Narrative	Code	For 2021	For 2020
Sale of pharmaceuticals for export	2121	402,948	463,712
Sale of pharmaceuticals on the domestic market	2121	1,752,112	1,652,070
Other sales	2122	8,799	11,299
Total cost of sales	2120	2,163,859	2,127,081

The selling expenses in line 2210 of the Statement of Financial Results are as follows:

Narrative	For 2021	For 2020
Maintenance of the executive office	11,398	11,742
Transportation of products to destination	32,677	41,625
Expenses of warehouses of finished products	28,573	24,580
Non-capital expenses related to the improvement of technology and organisation of work	13,117	11,312
Expenses for the use of intellectual property (royalty)		258
Advertising	2,632	2,362
Other selling expenses	9,400	7,922
Total selling expenses	97,797	99,801

The administrative expenses in line 2220 of the Statement of Financial Results are as follows:

Narrative	For 2021	For 2020
Material costs	34,865	33,177
Payroll costs	146,007	131,352

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Social charges	37,534	34,365
Depreciation	19,172	15,939
Other	76,837	66,406
Total administrative expenses	314,415	281,239

Expenses for ordinary activities by cost item are as follows:

Narrative	For 2021	For 2020
Material costs	1,885,747	1,601,497
Payroll costs	475,137	432,105
Insurance contributions to non-budgetary funds	127,705	117,862
Depreciation	157,489	156,099
Other expenses	128,344	108,076
including Repair of fixed assets	5,541	4,415
Representation expenses	4	18
Total by cost items	2,774,422	2,415,639
Changes in inventories and expenses (+ increase, - decrease)	(198,351)	92,482
Total expenses for ordinary activities	2,576,071	2,508,121

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5.3. Other income and expenses

The other income and expenses for 2020 – 2021 shown in lines 2340 and 2350 of the Statement of Financial Results, respectively, are as follows:

No.	Narrative	For 2021	For 2020
1	Other income	27,763	20,483
1.1.	Property sale:	6,110	1,049
1.1.1.	<i>Sale of raw materials and consumables</i>	5,526	1,049
1.1.2.	<i>Sale of fixed assets</i>	584	-
1.2.	Exchange differences	6,901	-
1.3.	Donated property	-	22
1.4.	Surpluses identified during stocktaking	8	178
1.5.	Overdue accounts payable	4	178
1.6.	Subsidies	11,375	11,396
1.7.	Other income	2,865	7,660
2	Other expenses	(191,003)	(113,432)
2.1.	Foreign currency sale and purchase	(2,059)	(5,045)
2.2.	Accrual (reversal) of provisions	(54,721)	(4,240)
2.3.	Exchange differences	-	(29,715)
2.4.	Donated property, services	-	(1,285)
2.5.	Services of credit institutions	(3,197)	(4,167)
2.6.	Other expenses	(131,026)	(68,980)
2.6.1.	<i>including expenses related to the disposal (write-off) of fixed assets and other tangible assets</i>	(20,164)	(15,844)
2.6.2.	<i>social expenses</i>	(13,870)	(5,489)
2.6.3.	<i>property tax</i>	(26,158)	(26,624)
2.6.4.	<i>changes in accounting estimates of fixed assets</i>	(57,218)	-
2.6.5.	<i>other expenses</i>	(13,616)	(21,023)

The other income and expenses shown in lines 2340 and 2350 of the Statement of Financial Results on a net basis are as follows:

For 2021

Narrative	Income	Expenses	Total
Currency sale	476,310	(478,369)	(2,059)
Sale of fixed assets	960	(376)	584
Sale of raw materials and consumables	15,324	(9,798)	5,526
Result of fixed asset write-off	610	(9,775)	(9,165)
Tare income and expenses	1,530	(1,032)	498
Exchange differences	25,330	(18,429)	6,901
Accrual (reversal) of bad debt provisions	1,082	(8,486)	(7,404)
Social expenses	19	(13,889)	(13,870)

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For 2020

Narrative	Income	Expenses	Total
Currency sale	509,417	(514,462)	(5,045)
Sale of fixed assets	4,075	(4,239)	(164)
Sale of raw materials and consumables	7,488	(6,439)	1,049
Result of fixed asset write-off	821	(851)	(30)
Tare income and expenses	1,622	(1,000)	622
Exchange differences	33,355	(63,070)	(29,715)
Accrual (reversal) of equipment impairment provisions	130	(1,722)	(1,592)
Accrual (reversal) of bad debt provisions	24,321	(26,970)	(2,649)
Social expenses	48	(5,537)	(5,489)

5.4. Income tax

Income tax for tax purposes (current income tax – line 2410 of the Statement of Financial Results) is determined on the basis of provisional income tax expense/benefit adjusted for permanent tax liabilities, deferred tax assets and deferred tax liabilities pertaining to the reporting period.

The data used to calculate the current income tax are presented below:

No.	Narrative	For 2021	For 2020
1.	Provisional income tax expense (benefit)	88,741	68,182
2.	Permanent tax liability	6,227	13,022
3.	Deferred tax asset (DTA)	(38,456)	(39,320)
4.	Deferred tax liability (DTL)	2,934	(3,805)
	Current income tax (current tax loss)	59,446**	38,079*

* including income tax for 2019 in the amount of RUB 207 thousand as per the amended tax return.

** including income tax for 2020 in the amount of RUB 13 thousand as per the amended tax return.

Permanent and temporary differences that arose in the reporting period and entailed adjustment of provisional income tax expense/benefit are:

No.	Narrative	For 2021	For 2020
1.	Permanent differences, including:	31,136	65,109
1.1.	loan interest in excess of norms	106	41,181
1.2.	social expenses	12,351	4,586
1.3.	write-off of inventories and other assets	15,315	15,406
1.4.	donated property, services	2,944	3,711
1.5.	other	420	225
2.	Temporary (taxable) differences, including:	(42,548)	(19,022)
2.1.	fixed assets	(39,196)	(23,675)
2.2.	Intangible assets, R&D	(3,352)	4,653
3.	Temporary (deductible) differences, including:	(135,060)	(196,601)
3.1.	Tax loss carried forward (recognised to decrease the tax base)	(297,233)	(188,522)

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3.2.	accrual (reversal) of provision for settlements with contractors	(4,562)	7,646
3.3.	accrual (reversal) of bad debt provision	4,665	2,254
3.4.	Accrual (reversal) of provision for impairment of inventories, R&D, FA	149,445	(19,512)
3.5.	Accrual (reversal) of provision for bonuses to customers	13,664	6,926
3.6	additional loan expenses	-	(6,951)
3.5.	other	(1,039)	1,558

5.5. Disclosure of information about earnings per share.

The weighted average number of ordinary shares outstanding during the reporting period:

For 2021	For 2020
214,712	214,712

Basic earnings per share

The basic earnings (loss) of the reporting period are calculated by decreasing (increasing) earnings (loss) of the reporting period left after tax and other mandatory payments to the state budget and non-budgetary funds by the amount of dividends on preferred shares accrued to their holders for the reporting period.

Basic earnings (loss) per share is calculated as the ratio of the basic earnings (loss) of the reporting period to the weighted average number of ordinary shares outstanding during the reporting period:

Narrative	2021	2020
Earnings (loss) of the reporting period left after tax and other mandatory payments, RUB	348,736,628.81	259,598,150.15
Dividends on preferred shares accrued to their holders for the reporting period	71,571	71,571
Basic earnings (loss) of the reporting period, RUB	348,665,057.81	259,226,579.15
Weighted average number of ordinary shares	214,712	214,712
Basic earnings (loss) per one share, RUB	1,623.87	1,207.32

Diluted earnings (loss) per share

Diluted earnings (loss) per share shows the greatest possible decrease in earnings (increase of loss) per one ordinary share of the joint-stock company.

Narrative	2021	2020
Weighted average number of ordinary shares	214,712	214,712
Maximum weighted average number of shares after conversion	286,283	286,283
Adjusted basic earnings (loss), RUB	348,736,628.81	259,598,150.15
Diluted earnings (loss) per one share, RUB	1,218.15	906.78

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6. Other notes

6.1. Information about discontinued operations

The Company did not make any decisions to discontinue operations in 2021.

6.2. Related parties

The list of related parties for 2020-2021 and relevant information are given below:

Nature of relationship with related parties

Group Name of related party	Nature of relationship*		Changes in related parties
	for 2021	for 2020	
Predominant (participating) companies			
Sun Pharma (Netherlands) B.V.	B	B	
Key management personnel: Members of the Board of Directors			
Arun Kumar Rajput - chairman	B	B	
Arvind Kumar		B	before 25/06/2020
Vivek Mittal		B	before 25/06/2020
Rakesh Sinha	B	B	from 25/06/2020 till 11/11/2021
Kalpesh Shah	B	B	from 25/06/2020 till 11/11/2021
Viswanathan Sethuraman	B		after 11/11/2021
Sergey Lepetan	B		after 11/11/2021
Arvind Abrol	B	B	
Alexander Voloshinov	B	B	
General Director Dmitry Boldov	B	B	
Other related parties			
SUN PHARMACEUTICAL INDUSTRIES LIMITED, India	B	B	
JSC Ranbaxy, Moscow	C	C	

A* - a legal entity (individual) is under control or significant influence of the Company

B* - a legal entity (individual) has control or significant influence over the Company

C* - a legal entity (individual) and the Company are under control or significant influence (direct or indirect) of one and the same legal entity and (or) individual (group of individuals)

The Company belongs to SUN PHARMACEUTICAL INDUSTRIES LIMITED.

The full list of related parties as at 31 March 2021 is presented in the consolidated financial statements of the group at the company's website

<https://sunpharma.com/wp-content/uploads/2021/08/SPII-AR-2020-21-Consolidated-Financial-.pdf>

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There were no material changes in the group structure as at 31 December 2021.

Dilip Shantilal Shanghvi, who heads the parent company of SUN PHARMACEUTICAL INDUSTRIES LIMITED and owns over 25% of this company, is the Company's ultimate beneficiary.

Related party transactions for 2020-2021:

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Related party transactions for 2021

Item (name of related party)	Type of transaction	Outstanding as at 31 December 2020 (Debit +, Credit -)	Receipt of goods, acceptance of works and services	Repayment of indebtednes s	Outstanding as at 31 December 2021 (Debit +, Credit -)		Bad debt provision as at the end of the reporting period	Amount of written off accounts receivable with expired limitation period, other bad debts, including against bad debt provision	Type of settlement
					within 12 months	over 12 months			
<i>Predominant (participating) companies</i>									
SUN PHARMA (NETHERLANDS) B.V.	Loan receipt	(1,790,218)	(75,446)	96,456	(269,055)	(1,500,153)			non-cash
	Assignment of rights (claims) (payables to PJSC Sberbank)	(43,129)	(181)		(43,310)				no payment
<i>Other related parties</i>									
JSC Ranbaxy, Moscow	Purchase of goods, works, services		(11)	11					non-cash
JSC Ranbaxy, Moscow	Sale of medicines		20,579	(19,573)	1,006				non-cash
JSC Ranbaxy, Moscow	Sale of services		1,538	(1,538)					non-cash
JSC Ranbaxy, Moscow	Loan receipt	(556,514)	(991,621)	534,754	(8,381)	(1,005,000)			non-cash
Sun Pharmaceutical Industries Ltd., India	Purchase of goods, works, services	(8,386)	(5,048)	12,306	(1,128)				non-cash
Total		(2,398,247)	(1,050,190)	622,416	(320,868)	(2,505,153)			

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Related party transactions for 2020

Item (name of related party)	Type of transaction	Outstanding as at 31 December 2019 (Debit +, Credit -)	Receipt of goods, acceptance of works and services	Repayment of indebtedness	Outstanding as at 31 December 2020 (Debit +, Credit -)		Bad debt provision as at the end of the reporting period	Amount of written off accounts receivable with expired limitation period, other bad debts, including against bad debt provision	Type of settlement
					within 12 months	over 12 months			
<i>Predominant (participating) companies</i>									
SUN PHARMA (NETHERLANDS) B.V.	Loan receipt	(2,422,159)	(140,758)	722,698	(50,183)	(1,740,035)			non-cash
	Assignment of rights (claims) (payables to PJSC Sberbank)	(37,912)	(5,217)			(43,129)			no payment
<i>Other related parties</i>									
JSC Ranbaxy, Moscow	Purchase of goods, works, services		(43)	43					non-cash
JSC Ranbaxy, Moscow			401	(401)					
JSC Ranbaxy, Moscow	Loan receipt		(556,514)		(6,514)	(550,000)			non-cash
Sun Pharmaceutical Industries Ltd., India	Purchase of goods, works, services	(2)	(17,594)	9,211	(8,386)				non-cash
Total		(2,460,073)	(719,725)	731,551	(65,083)	(2,333,164)			

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6.3. Remuneration to key management personnel

Information about remuneration accrued for key management of the Company*:

No.	Narrative	For 2021	For 2020
1	Short-term remunerations – the amounts to be paid during the reporting period, and 12 months after the reporting date (payroll for the reporting period, taxes and other mandatory payments to the corresponding budgets and non-budgetary funds accrued thereon, annual paid leave for work in the reporting period, payment for medical treatment, health services, utilities and other payments to the benefit of the key management personnel)	26,549	21,209
	TOTAL	26,549	21,209

* In accordance with cl. 11 of RAR 11/2008 "Information about Related Parties", key management personnel shall be understood to mean managers (General Director, other persons acting as a sole executive body of the entity), their deputies, members of the collegiate executive body, members of the Board of Directors (Supervisory Council) or other collegiate management bodies and other officials vested with authorities and responsibilities related to planning, management and control over the entity.

The list of members of the Board of Directors is provided in the General information section of the notes.

No loans were granted to members of the Board of Directors by the Company.

Remuneration to the Head of Internal Audit for 2021 amounted to RUB 102.6 thousand (payment nature - salary for the reporting period, related taxes and other mandatory payments to the respective budgets and non-budgetary funds, annual paid leave for work in the reporting period, business travel expenses). Supervisory bodies were not formed in 2020.

6.4. Subsequent events

A subsequent event is recognised as an economic event which might impact the Company's financial position and performance and which occurs between the reporting date and the date the financial statements for the reporting year are signed.

In February 2022, the economic situation in the Russian Federation was adversely affected by the escalated geopolitical conflict in Ukraine and ongoing international sanctions against certain Russian entities and citizens. These factors caused a substantially increased instability in financial markets, frequent and significant price changes, weakening of the ruble against key world currencies, volatility of demand and prices in international oil and gas markets.

An extended international list of sanctions restricted access of certain entities to international financial markets for borrowing purposes. The Central Bank of the Russian Federation hiked its key rate to 20%, which may also affect the possibility to borrow in the internal market.

The expected further extension of the list of sanctions, barring some Russian banks from SWIFT, new restrictions for the Bank of Russia and other entities, airspace closure for Russian airlines by quite a few countries may have a significant impact on the economic situation in the Russian Federation in the future, which is hard to forecast.

The impact of these events that occurred in February 2022 on the Company's operations will depend on the duration of the high geopolitical tension and the extent to which the Russian economy will be able to adapt to the sanctions.

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According to the estimates of the Company's management, the described factors do not affect the Company's ability to continue its activities continuously in the foreseeable future. The measures and development plans taken by the Company make it possible to ensure uninterrupted operation and fulfillment of obligations to counterparties.

6.5. Tax legislation

Russian tax, foreign exchange and customs laws allow for different interpretation and are subject to frequent changes. Interpretation of this legislation by the management of the Company with regard to operations and activity of the Company can be contested by the corresponding regional or federal authorities. Recent events that occurred in the Russian Federation indicate that the tax authorities can take a tougher line towards interpretation of legislation and review of tax calculations, and there is a certain probability that operations that have arisen no doubt in the past can be contested at present. Tax audits may cover three calendar years preceding the year when the particular audit is held. Earlier periods may also be subject to audit, if required.

The Company's management believes that as of 31 December 2021 their interpretation of the relevant legislation was appropriate, and the Company's financial position given the applicable tax, foreign exchange and customs legislative environment is highly likely to be sustained.

6.6. Impact of COVID-19 on the Company's operations

During the high alert mode introduced to curb the spread of COVID-19, certain employees of the Company were sent to work remotely. COVID-19 has not had a material negative impact on the Company's ability to continue as a going concern in the future.

General Director of Biosintez PJSC

D.V. Boldov

Chief Accountant at Biosintez PJSC

T.Y. Tefanova

22 March 2022