

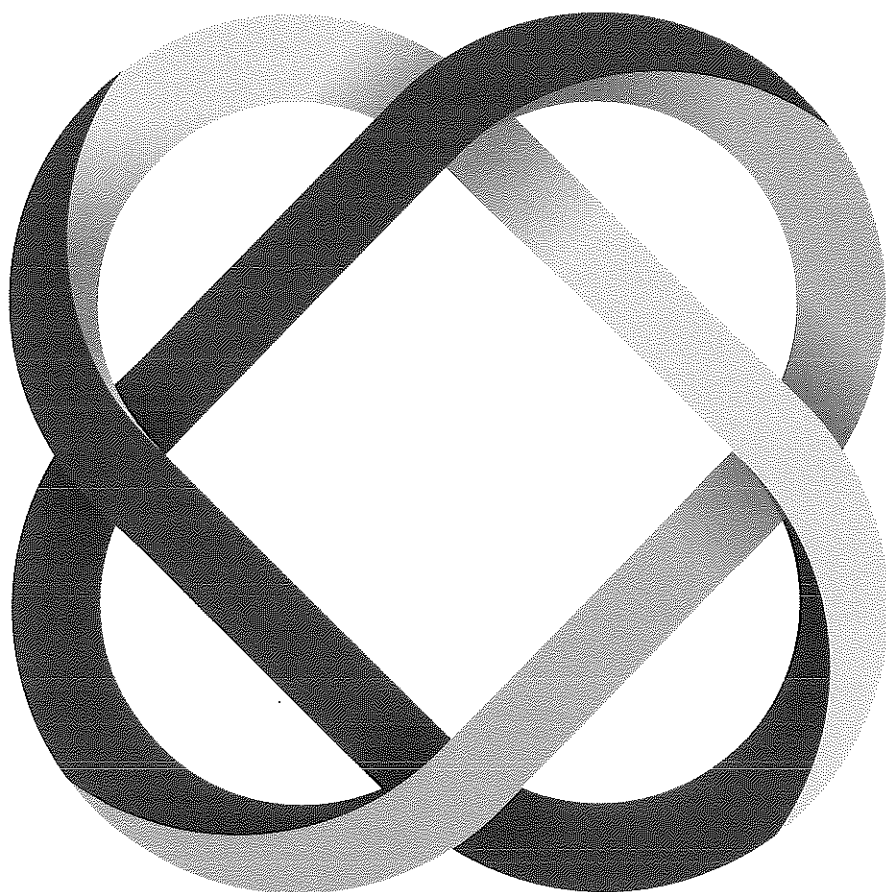


Biosintez Public Joint Stock Company

Independent Auditor's Report on the Financial Statements

for the period ended 31 December 2020

Moscow | 2021



Independent Auditor's Report [Translation from Russian original]

To the 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 2020, statement of financial results, supplements to the balance sheet and the statement of financial results, including the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements for the year ended 31 December 2020, 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 2020, its financial performance and its cash flows for the year then ended in accordance with Russian accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Russian accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Members of the Board of Directors are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

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

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

Date of the independent auditor's report: 25 March 2021

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:

Registered by the Administration of the Zheleznodorozhny District of Penza on 26 November 1992. Resolution No. 414.

The registration entry was made in the Unified State Register of Legal Entities on 11 September 2002 under primary state registration number (OGRN) 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:

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

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

Membership in a self-regulatory organization of auditors:

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

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

Balance Sheet
as of 31 Декабря 20 20

Organization BiosynteZ, an Public Joint Stock Company
 Taxpayer Identification Number _____
 Type of economic activities production of drugs
 Organizational legal form/ownership form _____
 PJS/PC/private ownership _____
 Unit of measurement: RUR / RUR '000 _____
 Location (address) 4, Druzhby St., Penza, 440033

OKUD form _____
 Date (day, month, year) _____
 OKPO _____
 TIN _____
 OKVED 2 _____
 OKOPF/OKFS _____
 OKEI _____

Codes	
0710001	
00480550	
5834001025	
21.20.1	
12247	16
384	

Financial statements are subject to mandatory audit

YES NO

Name of audit organization/
 surname, name, patronymic (if any) of the individual auditor
Financial & Accounting Consultants, LLC

Taxpayer Identification Number
 of audit company/individual auditor

TIN 7701017140

Main state registration
 number of audit organization/individual auditor

PSRN/OGRN 1027700058286

Explanations	Indicator Name	Code	As of 31 Декабря 20 20	As of 31 Декабря 20 19	As of 31 Декабря 20 18
ASSETS					
I. NON-CURRENT ASSETS					
4.1	Intangible assets	1110	1 598	1 897	2 200
4.2;4.4	Results of research and development	1120	23 165	26 658	41 040
	including:				
4.2	<i>Exploited results of research and development</i>	1121	9 264	4 916	5 791
4.4.	<i>Unfinished and unregistered R&D and unfinished operations for acquisition of intangible assets</i>	1122	13 901	21 742	35 249
	Intangible search assets	1130	0	0	0
	Tangible search assets	1140	0	0	0
4.3;4.4	Fixed assets	1150	2 167 311	2 197 460	2 251 810
	including:				
4.3	<i>Exploited results of research and development</i>	1151	2 008 695	2 071 632	2 146 459
4.4	<i>Unfinished and unregistered R&D and unfinished operations for acquisition of intangible assets</i>	1152	158 616	125 828	105 351
	Income-bearing investments into tangible valuables	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	112 721
4.7	Other non-current assets	1190	39 411	20 921	15 809
	Total for section I	1100	2 252 706	2 311 389	2 425 580
II. CURRENT ASSETS					
4.8	Reserves	1210	1 065 379	871 046	538 344
	including:				
	<i>raw and other materials and other similar valuables</i>	1211	676 632	441 404	372 357
	<i>costs in work-in-process</i>	1212	83 083	62 050	71 993
	<i>finished products and goods for resale</i>	1213	255 697	364 919	92 226
	<i>other reserves and costs</i>	1214	3 679	2 673	1 768
	<i>non-current equipment for sale</i>	1215	46 288	0	0
	Value added tax on acquired valuables	1220	6 311	11 204	14 174
4.9	Accounts receivable	1230	889 262	830 300	804 742
	including:				
	<i>Accounts receivable (for which payments are expected more than 12 months after the reporting date)</i>	1231	682	5 619	5 570
	<i>Accounts receivable (for which payments are expected within 12 months after the reporting date)</i>	1232	888 580	824 681	799 172
	Financial investments (except for cash equivalents)	1240	0	0	0
4.10	Cash and cash equivalents	1250	277 453	25 312	123 160
	including:				
	<i>deposit</i>	1251	0	0	100 000
4.11	Other current assets	1260	122	44	44
	Total for section II	1200	2 238 527	1 737 906	1 480 464
	BALANCE	1600	4 491 233	4 049 295	3 906 044

Explanations	Indicator Name	Code	As of 31 Декабря 20 20	As of 31 Декабря 20 19	As of 31 Декабря 20 18
	EQUITY AND LIABILITIES				
	III. EQUITY AND PROVISIONS				
4.12	Charter capital (contributed capital, charter fund, contributions of partners)	1310	286	286	286
	Own shares redeemed from shareholders	1320	(0)	(0)	(0)
4.13	Revaluation of non-current assets	1340	286 944	289 893	297 120
	Added capital (without revaluation)	1350	0	0	0
4.14	Reserve capital	1360	14	14	14
4.15	Retained profit (uncovered loss)	1370	165 462	(97 085)	(87 288)
	Total for section III	1300	452 706	193 108	210 132
	IV. LONG-TERM LIABILITIES				
4.17	Borrowed funds	1410	2 365 036	2 380 430	3 295 956
4.16	Deferred tax liabilities	1420	0	0	0
	Estimated liabilities	1430	0	0	0
	Other liabilities	1450	43 672	37 912	0
	Total for section IV	1400	2 408 708	2 418 342	3 295 956
	V. SHORT-TERM LIABILITIES				
4.17	Borrowed funds	1510	1 334 329	1 143 492	75 062
4.18	Accounts payable	1520	183 286	193 153	168 321
	Including:				
	<i>suppliers and contractors</i>	1521	118 049	158 039	88 257
	<i>indebtedness to the organization's personnel</i>	1522	17 120	15 524	15 176
	<i>indebtedness to state off-budget funds</i>	1523	11 160	5 322	8 980
	<i>indebtedness on taxes and levies</i>	1524	24 335	10 195	12 324
	<i>advance payments received</i>	1525	10 912	3 366	1 098
	<i>other creditors</i>	1526	1 710	707	42 486
	Incomes of future periods	1530	2 134	2 134	2 137
4.20	Estimated liabilities	1540	110 070	99 066	154 436
	Other liabilities	1550	0	0	0
	Total for section V	1500	1 629 819	1 437 845	399 956
	BALANCE	1700	4 491 233	4 049 295	3 906 044

Chief Executive

(signature)

D.V. Boldov

(signed by)

Chief Accountant

(signature)

T.Y. Tefanova

(signed by)

" 25 " March 20 21

Statement of Financial Results
for _____ the year _____ 20 20

Entity Biosintez Public Joint Stock Company Form on OKUD
 Taxpayer identification number _____ Date (day, month, year) _____
 Type of activity Drug manufacturing OKVED 2 _____ OKPO _____
 Legal form/property form PJSC / private INN _____
 Measurement unit: thousand RUB OKOPF/OKFS _____ OKEI _____

Codes		
0710002		
31	12	2020
00480550		
5834001025		
21.20.1		
12247		16
384		

Note	Narrative	Code	for the year 20 20	for the year 20 19
5.1.	Revenue	2110	3 210 166	2 424 556
	including from the sale of own-produced medical products	2111	3 189 090	2 395 138
5.2.	Cost of sales	2120	(2 136 736)	(1 746 073)
	including from the sale of own-produced medical products	2121	(2 125 437)	(1 728 496)
	Gross profit (loss)	2100	1 073 430	678 483
5.2.	Selling expenses	2210	(99 801)	(115 458)
5.2.	Administrative expenses	2220	(281 239)	(281 371)
	Sales profit (loss)	2200	692 390	281 654
	Income from participation in other entities	2310		
	Interest receivable	2320	1 704	6 225
	Interest payable	2330	(205 596)	(237 378)
5.3.	Other income	2340	37 239	136 210
5.3.	Other expenses	2350	(184 828)	(138 200)
	Profit (loss) before tax	2300	340 909	48 511
5.4.	Income tax	2410	(81 204)	(65 352)
	including current income tax	2411	(38 079)	(15 102)
	deferred income tax	2412	(43 125)	(50 250)
	Other	2460	(107)	(183)
5.5.	Net profit (loss)	2400	259 598	(17 024)

Note	Narrative	Code	for the year 20 <u>20</u>	for the year 20 <u>19</u>
	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	259 598	(17 024)
5.5.	Basic earnings (loss) per share	2900	1	(-)
5.5.	Diluted earnings (loss) per share	2910	1	(-)

General Director _____
(signature)

D.V. Boldov _____
(printed name)

Chief Accountant _____
(signature)

T.Y. Tefanova _____
(printed name)

25 March 20 21

Statement of Changes in Equity

for 20 20

Codes	
	0710004
31	12 2020
	00480550
	5834001025
	21.20.1
12247	16
	384

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

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 <u>20 18</u>	3100	286	(-)	297 120	14	(87 288)	210 132
for 20 <u>19</u>	3210	-	-	-	-	-	-
Increase in equity — total: including:							
net profit	3211	x	x	x	x	-	-
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	(17 024)	(17 024)
including:							
loss	3221	x	x	x	x	(17 024)	(17 024)
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	0
decrease in number of shares	3225	0			x	0	0
reorganisation of legal entity	3226					0	0
dividends	3227	x	x	x	x	0	0
Additional capital change	3230	x	x	(7227)		7 227	x
Reserve capital change	3240	x	x	x			x
Sale of own shares	32451	x		x		0	0
Balance as at 31 December 20 19	3200	286	(-)	289 893	14	(97 085)	193 108
for 20 20							
Increase in equity — total:	3310	-	-	-	-	259 598	259 598
including:							
net profit	3311	x	x	x	x	259 598	259 598
revaluation of assets	3312	x	x		x		
income directly attributable to equity	3313	x	x		x		
additional shares issue	3314				x	x	x
increase in share par value	3315				x		
reorganisation of legal entity	3316						
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	0
decrease in number of shares	3325	0			x	0	0
reorganisation of legal entity	3326					0	0
dividends	3327	x	x	x	x	0	0
Additional capital change	3330	x	x	(2 949)		2 949	0
Reserve capital change	3340	x	x	x	0	0	x
Balance as at 31 December 20 20	3300	286	(-)	286 944	14	165 462	452 706

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 18	20 19	From net profit (loss)	Due to other factors	
Equity — total						
before restatement	3400	0	()	(0)	-	0
restatement due to:						
changes in accounting policies	3410					
correction of accounting errors	3420	0		0	-	0
after restatement	3500	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)
other capital items						
restatements:						
(by items)						
before restatement	3402				()	()
restatement due to:						
changes in accounting policies	3412					
correction of accounting errors	3422					
after restatement	3502	0	()	()	0	0

3. Net assets

	Narrative	Code	As at 31 December 20 20	As at 31 December 20 19	As at 31 December 20 18
Net assets		3600	454 840	195 242	212 269

General Director _____
(signature)

D.V. Boldov _____
(printed name)

Chief Accountant

T.Y. Tefanova _____
(printed name)

25 March 20 21

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

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 <u>the year</u> 20 20	for <u>the year</u> 20 19
Cash flows from operating activities			
Receipts – total	4110	3 170 392	2 460 282
including:			
sales of products, goods, works and services	4111	3 103 114	2 366 057
rent payments, licence payments, royalties, commissions and other payments	4112	1 341	1 697
resale of financial investments	4113	0	-
other receipts	4119	65 937	92 528
<i>Including other receipts from related companies (Sun Pharma (Netherlands) B.V.)</i>	41191	-	-
Payments – total	4120	(2 942 856)	(2 529 606)
including:			
to suppliers for raw materials, works, services	4121	(2 113 626)	(1 756 634)
wages and salaries	4122	(539 353)	(546 035)
interest on borrowings	4123	(205 017)	(134 305)
<i>including interest on borrowings towards related parties (Sun Pharma (Netherlands) B.V.)</i>	41231	(96 527)	(134 194)
income tax	4124	(23 411)	(17 635)
other payments	4129	(61 449)	(74 997)
Net cash flows from operating activities	4100	227 536	(69 324)

Narrative	Code	for the year 20 20	for the year 20 19
Cash flows from investing activities			
Receipts – total	4210	845	1 563
including:			
from sales of non-current assets (except for financial investments)	4211	845	1 563
from sales of shares of other entities (ownership interest)	4212	0	-
from return of loans issued, sales of debt securities (rights of claiming cash from third parties)	4213	0	-
dividends, interest on debt financial investments and receipts from participation in other entities	4214	0	-
other receipts	4219	0	-
Payments – total	4220	(158 323)	(98 074)
including:			
acquisition, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(157 048)	(96 891)
acquisition of other entities shares (ownership interest)	4222	()	(-)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	()	(-)
borrowing costs included in the cost of the investment asset	4224	(1 275)	(1 183)
<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	(840)	(1 183)
other payments	4229	(-)	(-)
Net cash flows from investing activities	4200	(157 478)	(0)
Cash flows from financing activities			
Receipts – total	4310	4 200 000	1 190 000
including:			
borrowings	4311	4 200 000	1 190 000
<i>including borrowings from related companies (Sun Pharma (Netherlands) B.V.)</i>	43111	50 000	60 000
<i>including borrowings from related companies (JSC Ranbaxy)</i>	43111	550 000	30 000
contributions of owners (members)	4312	-	-
issue of shares, increase in ownership interest	4313	-	-
issue of bonds, promissory notes and other debt securities, etc.	4314	-	-
other receipts	4319	-	-

Narrative	Code	for the year	
		20 20	20 19
Payments – total	4320	(4 021 958)	(1 121 270)
including:			
to owners (members) due to the fact of share buy-back or cessation of membership	4321	(-)	(-)
dividend payments or other distribution of profit to owners (members)	4322	(-)	(-)
redemption (buy-back) of promissory notes and other debt securities, loan repayment	4323	(4 021 958)	(1 121 270)
<i>including repayment of loans from related companies (Sun Pharma (Netherlands) B.V.)</i>	43231	(671 958)	(1 091 270)
other payments	4329	(-)	(-)
Net cash flows from financing activities	4300	178 042	68 730
Net cash flows for the reporting period	4400	248 100	(97 105)
Cash and cash equivalents at the beginning of the reporting period	4450	25 312	123 160
Cash and cash equivalents at the end of the reporting period	4500	277 453	25 312
Effect of changes in the Russian ruble exchange rate	4490	4 041	(743)

General Director _____ (signature) D.V. Boldov _____ (printed name) Chief Accountant _____ (signature) T.Y. Tefanova _____ (printed name)

25 March 20 21

Biosintez PJSC
Notes to the Financial Statements for the year ended 31 December 2020
(in thousand Russian Rubles unless otherwise stated)

Biosintez Public Joint Stock Company

Notes
to the Financial Statements for the year ended
31 December 2020

Penza

Biosintez PJSC
Notes to the Financial Statements for the year ended 31 December 2020
(in thousand Russian Rubles unless otherwise stated)

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These notes form an integral part of the 2020 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 31/12/2018	As at 31/12/2019	As at 31/12/2020
1340	1201	1175

1.2. Basic activities

In 2019-2020, 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	ФС-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	18/08/2017	No. 00290-ПС, 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.П.000 001.02.17, for an unlimited term
7	Licence for bus transportation of passengers and other persons	Ministry of Transport of the Russian Federation, Federal Service for Supervision in the Sphere of Transport	19/04/2019	No. AH-58-000144, 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 31/12/2020.

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 31/12/2020:

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

The Company's shareholders (members) as at 31 December 2018:

Narrative	Number of shares	Participation interest, %
SUN PHARMA (Netherlands) B.V.	243,627	85.1
Heumann Pharma GmbH & Co. Generika KG, Germany	29,508	10.3
Other shareholders - legal entities	5,535	1.9
Other shareholders - individuals	7,613	2.7
Total:	286,283	100

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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 2020:

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	Alexander Voloshinov	Senior Lawyer at JSC Ranbaxy
4	Rakesh Sinha	Associate Vice President – legal and compliance, Sun Pharmaceutical Industries Limited
5	Kalpesh Shah	Associate Vice President – accounts and finance, Sun Pharmaceutical Industries Limited

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 Articles of Association of Biosintez PJSC as of 2019 do not provide for an internal audit committee.

The internal audit policy of Biosintez PJSC was approved by a decision of the Company's Board of Directors dated 24 June 2020. As of 31 December 2020, there is no appointed head of internal audit.

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.

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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.

The accounting policies for 2020 were approved by the General Director's order No. 1996 dated 31 December 2019.

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).

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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:

- 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 2020 as compared to 2019 which could have affected the Company's financial statements.

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:

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Currency	Exchange rate as at 31/12/2020	Exchange rate as at 31/12/2019	Exchange rate as at 31/12/2018
USD	73.8757	61.9057	69.4706
EUR	90.6824	69.3406	79.4605

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 2019 and 2020.

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

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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".

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 40 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 (88 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:

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- 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.

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.

2.10. Construction in progress

In accordance with the Guidelines for Accounting and Reporting in the Russian Federation approved by the Ministry of Finance 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.).

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;
- they were incurred before the working commission approves the asset and before KC-14 and OC-1

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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 Accounting Regulation "Accounting for Inventories" (RAR 5/01) approved by order No. 44n dated 9 June 2001 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.

Special clothing, irrespective of its useful life, is reported within current assets.

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 from 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.

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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).

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 nonfulfillment 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

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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;

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;
- 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 within the period exceeding 1 year;
- a decrease in the market price below the actual cost of finished products.

Provisions for impairment of materials are established for each batch in the amount of the total cost of inventories. The Company establishes (adjusts) provisions for impairment of raw materials and consumables (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 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, 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 inventories, bad debt provisions);
- income and expenses related to the purchase and sale of foreign currency;
- tare 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");
- b) a legal entity and/or an individual registered as an individual entrepreneur and a reporting entity involved in joint business activities;

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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 2019 and 31 December 2018 were formed by transferring data from the Balance Sheet for 2019.

The data in the Statement of Financial Results include data transferred from the respective lines of the Statement of Financial Results for 2019.

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

Balance Sheet as at 31 December 2018:

B/S item	Code	As at 31/12/2018 in the financial statements for the previous year	Restated figure as at 31/12/2018 in the current financial statements	Restatement amount	Reason for restatement
Deferred tax assets	1180	226,694	112,721	-113,973	Netted reporting of deferred tax assets and deferred tax liabilities
Deferred tax liabilities	1420	113,973	0	-113,973	

Balance Sheet as at 31 December 2019:

B/S item	Code	As at 31/12/2019 in the financial statements for the previous year	Restated figure as at 31/12/2019 in the current financial statements	Restatement amount	Reason for restatement
Deferred tax assets	1180	187,142	62,453	-124,689	Netted reporting of deferred tax assets and deferred tax liabilities
Deferred tax liabilities	1420	124,689	0	-124,689	

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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 2019-2020 is presented in the tables below.

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	
					Added	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		

Movement of intangible assets for 2019

Narrative	Code	As at 31/12/2018						Changes for the period						As at 31/12/2019		
		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	
					Added	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	5,407	(3,207)	2,200		(13)	13	(303)				5,394	(3,497)	1,897		
including																
Patents	1111	3,444	(1,560)	1,884				(232)				3,444	(1,792)	1,652		
Trademark and service mark	1112	1,963	(1,647)	316		(13)	13	(71)				1,950	(1,705)	245		

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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 2020	As at 31 December 2019	As at 31 December 2018
1	2	3	4	5
Intangible assets created by the company, TOTAL	1110	5,354	5,394	5,407
including: Patents	1111	3,404	3,444	3,444
Trademark and service mark	1112	1,950	1,950	1,963
Including: fully amortised intangible assets, TOTAL		1,295	1,295	1,234
including: Trademark and service mark	1113	1,295	1,295	1,234

Information about useful lives and amortisation methods:

Narrative	As at 31 December 2020		As at 31 December 2019		As at 31 December 2018	
	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	97-226	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 2019-2020 is presented in the below tables.

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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	Added		Disposed		Part of the cost recognised in other expenses	Part of the cost recognised for ordinary activities	Historical cost	Part of the cost recognised in expenses	Net book value
					Historical cost	Part of the cost recognised in expenses	Historical cost	Part of the cost recognised in expenses					
R&D - total	1121	13,950	(9,034)	4,916	8,215	(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	8,215	(5,594)	5,594	(3,867)		16,571	(7,307)	9,264	

Availability and movement of R&D expenses for 2019

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	Added		Disposed		Part of the cost recognised in other expenses	Part of the cost recognised for ordinary activities	Historical cost	Part of the cost recognised in expenses	Net book value
					Historical cost	Part of the cost recognised in expenses	Historical cost	Part of the cost recognised in expenses					
R&D - total	1121	13,757	(7,966)	5,791	2,224	(2,031)	2,031	(3,099)		13,950	(9,034)	4,916	
including:													
Manufacturing technologies for new pharmaceuticals	11211	13,757	(7,966)	5,791	2,224	(2,031)	2,031	(3,099)		13,950	(9,034)	4,916	

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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 1150 "Fixed assets".

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 2019-2020 is presented below:

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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	(152,062)			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	(64,613)	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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Availability and movement of fixed assets for 2019

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	3,431,094	(1,284,635)	88,582	(42,822)	30,353	(150,940)			3,476,854	(1,405,222)
including:											
Buildings	11511	1,629,551	(397,383)	42,822	(18,514)	9,307	(40,205)			1,653,859	(428,281)
Structures and transfer devices	11512	71,266	(63,425)	2,717	(49)	47	(1,235)			73,934	(64,613)
Machinery and equipment	11513	1,669,344	(786,505)	37,037	(15,219)	11,959	(107,461)			1,691,162	(882,007)
Transport vehicles	11514	28,742	(25,884)	5	(8,516)	8,516	(1,367)			20,231	(18,735)
Production and maintenance tools	11515	13,761	(11,438)	6,001	(524)	524	(672)			19,238	(11,586)
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 2020		As at 31 December 2019		As at 31 December 2018	
	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 2019-2020 is shown below:

Narrative	For 2021	For 2019
1	2	3
Increase in the cost of fixed assets as a result of completion, additional equipment, reconstruction - TOTAL	23,795	45,688
Buildings	3,291	42,822
Structures and transfer devices	10,827	2,472
Machinery and equipment	9,677	394
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 2020	As at 31 December 2019	As at 31 December 2018
1	2	3	4
Buildings	9,686	9,707	9,728
including			
Refrigerating station, building 284	3,889	3,889	3,889
Structures and transfer devices	16,695	7,113	4,979
TOTAL	26,381	16,820	14,707

Information about temporarily shut down fixed assets, leased fixed assets, and other use of fixed assets, is set forth below at net book value:

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Narrative	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
1	2	3	4
Leased-out fixed assets (on-balance sheet)	10,371	10,879	11,402
Real estate items commissioned and actually used, however, in the process of state registration			
Fixed assets that have been temporarily shut down	141,719	145,171	115,839
Other use of fixed assets (real estate was pledged to Sun Pharma (Netherlands) B.V.) to secure a loan until 20/12/2023) (book value)	29,290	1,841,258	1,918,945

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 10,289 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 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

Availability and movement of R&D in progress expenses for 2019

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	35,249	166	(11,449)	21,742
Expenses for development work (development stage)	11221	35,249	166	(11,449)	21,742

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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 2020	As at 31 December 2019	As at 31 December 2018
In-progress capital investments in fixed assets - total	1152	158,616	125,828	105,351
including:				
equipment to be installed and materials in stock	11521	14,056	67,276	33,308
reconstruction and modernisation of fixed assets	11522	17,174	15,455	54,958
in-progress acquisition of other fixed assets	11523	123,231	29,859	1,680
short-term accounts receivable on capital investments	11524	4,155	13,238	15,405

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 31/12/2020		As at 31/12/2019		As at 31/12/2018	
	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	5,723	(1,568)	15,322	(2,084)	23,000	(7,595)
Including						
Tekhno Fasad LLC					6,074	(5,069)
PVS LLC					6,608	
Kord LLC					2,919	
NPO Eko-Intekh LLC					1,555	
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					
Other	1,439		2,502	(516)	4,276	(958)

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 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	1170	2,000	-	2,000						2,000	-	2,000
including:												
Contributions to the charter (share) capitals of other companies	117 1	2,000		2,000						2,000		2,000

For 2019

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	1170	2,000	-	2,000						2,000	-	2,000
including:												
Contributions to the charter (share) capitals of other companies	117 1	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 line 1180 Deferred tax assets on a net basis. Deferred tax assets are broken down below:

No.	Narrative	Amount as at 31/12/2020	Amount as at 31/12/2019	Amount as at 31/12/2018
1	Tax loss carried forward	118,259	155,964	171,129
2	Provisions for impairment of inventories, R&D	11,423	15,325	28,407
3	Provisions for payment of bonuses to customers	12,646	11,262	17,132
4	Other deferred tax assets	5,494	4,592	10,026
	TOTAL	147,822	187,142	226,694

Deferred tax liabilities are broken down below:

No.	Narrative	Amount as at 31/12/2020	Amount as at 31/12/2019	Amount as at 31/12/2018
1	Fixed assets	125,595	120,752	109,398
2	Intangible assets and R&D	3,006	3,937	4,575
	TOTAL	128,601	124,689	113,973

Netted result in line 1180:

No.	Narrative	Amount as at 31/12/2020	Amount as at 31/12/2019	Amount as at 31/12/2018
1	Deferred tax assets	19,221	62,453	112,721

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".

Information about other non-current assets:

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No.	Narrative	Amount		
		31/12/2020	31/12/2019	31/12/2018
1	Prepaid expenses for the registration of pharmaceuticals	37,259	20,506	15,595
2	Certification and licensing	12	12	214
3	Other	2,140	403	
	TOTAL	39,411	20,921	15,809

4.8. Inventories

Line 1210 "Inventories" of the Balance Sheet accounts for the following:

No.	Narrative	Code	Amount		
			31/12/2020	31/12/2019	31/12/2018
1	Raw materials, consumables and other similar assets	1211	676,632	441,404	372,357
2	Work in progress costs	1212	83,083	62,050	71,993
3	Finished products and goods for resale	1213	255,697	364,919	92,226
4	Prepaid expenses	1214	3,679	2,673	1,768
5	Non-current assets for sale (equipment)	1215	46,288	0	0
	TOTAL	1210	1,065,379	871,046	538,344

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

Information about the movement in inventory provision is presented below:

For 2020

No.	Description of inventories (by groups)	At the beginning of the year	Provision established in the reporting period	Provision charged to other 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

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For 2019

No.	Description of inventories (by groups)	At the beginning of the year	Provision established in the reporting period	Provision charged to other income of the reporting period	At the end of the period
1.	Raw materials, consumables and other similar assets	47,257	81,463	(88,466)	40,254
2.	Work in progress costs	5,165	2,057	(1,881)	5,340
3.	Finished products and goods for resale	18,205	4,765	(8,030)	14,941
	TOTAL	70,627	88,285	(98,377)	60,535

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 31/12/2020			As at 31/12/2019			As at 31/12/2018		
		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	682	-	682	5,619	-	5,619	5,570	-	5,570
including buyers and customers	12311	-	-	-	-	-	-	-	-	-
advances paid	12312	682	-	682	207	-	207	455	-	455
other debtors	12313	-	-	-	5,412	-	5,412	5,115	-	5,115
Short-term accounts receivable - total	1232	899,015	(10,435)	888,580	832,646	(7,965)	824,681	873,722	(74,550)	799,172
including buyers and customers	12321	849,280	(4,642)	844,638	766,573	(4,941)	760,632	760,700	(59,354)	701,346
advances paid	12322	32,871	(3,753)	29,118	44,314	(917)	43,397	74,631	(4,729)	69,902
taxes and levies receivable from the budget	12323	7,750	-	7,750	18,115	-	18,115	25,274	-	25,274
other debtors	12324	9,114	(2,040)	7,074	4,644	(2,107)	2,537	13,117	(10,467)	2,650
Total	1230	899,697	(10,435)	889,262	838,265	(7,965)	830,300	879,292	(74,550)	804,742

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

Narrative	Code	As at 31/12/2020	As at 31/12/2019	As at 31/12/2018
Short-term accounts receivable - total	1232	8,666	68,373	28,360
including buyers and customers	12321	3,021	66,892	25,432
advances paid	12322	5,645	1,445	2,880
other debtors	12324	-	36	48
Total		8,666	68,373	28,360

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

For 2020

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	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

For 2019

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	74,550	32,787	(91,018)	(8,354)	7,965
including buyers and customers	12321	59,354	24,837	(79,228)	(22)	4,941
advances paid	12322	4,729	7,950	(11,695)	(67)	917
other debtors	12324	10,467	-	(95)	(8,265)	2,107
TOTAL		74,550	32,787	(91,018)	(8,354)	7,965

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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 31/12/2020	Amount as at 31/12/2019	Amount as at 31/12/2018
1	Cash on hand	5	10	3
2	Cash on bank accounts in rubles	277,448	25,302	22,649
3	Cash on bank accounts in foreign currency			508
4	Short-term deposits			100,000
	TOTAL B/S line 1250	277,453	25,312	123,160
	Balance of cash and cash equivalents in the Statement of Cash Flows (lines 4450, 4500)	277,453	25,312	123,160

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.

Information about advances received/paid is presented in the Statement of Cash Flows as advance account turnover.

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 2020	For 2019
Cash flows from operating activities			
Other receipts	4119	65,937	92,528
Received fines and damages	41192	255	1,260
Receipts of interest under bank account contracts	41193	1,444	3,026
Receipts of interest on deposits (deposit period up to 3 months)	41194	260	3,598
Receipt of subsidies from the federal budget	41195	11,396	9,397
Insurance indemnity under insurance contracts on an occurrence basis	41196	3,340	22
Result of VAT transactions (including refund from the state budget)	41197	49,228	75,224
Other	41198	14	1
Other payments	4129	(61,449)	(74,997)
Internal receivables from employees (funds provided for current needs)	41291	(798)	(3,202)
Paid fines and damages	41292	(13,911)	(6,085)
State duties	41293	(3,249)	(3,504)

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Narrative	Code	For 2020	For 2019
Losses on foreign currency exchange transactions	41294	(5,045)	(2,289)
Bank services	41295	(2,607)	(4,073)
Social payments	41296	(557)	(309)
Taxes (except for individual income tax, income tax) and tax-related fines	41297	(35,282)	(55,535)

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 2020	For 2019
Payments for wages and salaries, including:	4122	(539,353)	(546,035)
Labour costs	41221	(354,073)	(358,300)
Amount withheld from salary and paid to third parties (alimony, writs of execution etc.)	41222	(10,354)	(12,065)
Individual income tax	41223	(52,443)	(52,787)
insurance contributions to non-budgetary funds	41224	(122,483)	(122,883)

4.11. Other current assets

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

No.	Narrative	Amount		
		As at 31/12/2020	As at 31/12/2019	As at 31/12/2018
1	Monetary documents (postage stamps, envelopes, employee catering cards, vacation packages)	122	44	44
	TOTAL	122	44	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.

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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 2019 or 2020.

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

4.13. Revaluation of non-current assets

Movement in revaluation of non-current assets for 2019-2020 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 31/12/2020	As at 31/12/2019	As at 31/12/2018
Revaluation of non-current assets, TOTAL	1340	286,944	289,893	297,120
including:				
Revaluation of fixed assets (1992-1997)	1341	286,944	289,893	297,120

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 2019-2020:

Narrative	Code	As at 31/12/2020	As at 31/12/2019	As at 31/12/2018
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.

The sole shareholder's decision dated 25 June 2020 is to cover loss of 2019 in the following reporting periods using net profit:

Item	Amount for 2019
Loss	(17,024)
Uncovered loss	(17,024)

The General Meeting which is supposed to consider the issue of distribution of the 2020 profit has not been convened as at the reporting date.

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

Narrative	As at 31/12/2020	As at 31/12/2019	As at 31/12/2018
Retained earnings (uncovered loss), TOTAL	165,462	(97,085)	(87,288)
including:			
Retained earnings (loss) of prior years	(97,085)	(87,288)	147,989
Retained earnings (loss) for the reporting year	259,598	(17,024)	(444,962)
Accumulation fund	2,949	7,227	209,685

4.16. Deferred tax liabilities

Deferred tax liabilities are netted against deferred tax assets in line 1180 of the Balance Sheet.

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 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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For 2019

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	3,295,956	60,000	115,744	(1,091,270)			2,380,430	
Loans	1411	3,162,389	60,000		(1,091,270)			2,131,119	
Interest on loans	1412	133,567		115,744				249,311	
Short-term borrowings - total	1510	75,062	1,130,000	122,532	(30,000)	(154,102)		1,143,492	
Loans	1511		30,000		(30,000)				
Interest on loans	1512	75,062		120,769		(154,102)		41,729	
			1,100,000					1,100,000	
				1,763				1,763	

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Main loans and borrowings

Narrative	Code	Annual interest rate	Maturity	As at 31/12/2020			As at 31/12/2019			As at 31/12/2018		
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total
Long-term borrowings - total	1410			2,125,153	239,883	2,365,036	2,131,119	249,311	2,380,430	3,162,389	133,567	3,295,956
Loans (lessor – Sun Pharma (Netherlands) B.V.)	A											
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	19/12/2021	0	0	0	0	0	0	263,784	0	263,784
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	27/12/2021	0	0	0	300,000	0	300,000	300,000	0	300,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	13/02/2022	120,000	0	12,000	120,000	0	120,000	120,000	0	120,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	19/03/2022	260,000	0	260,000	260,000	0	260,000	260,000	0	260,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	27/07/2022	94,000	0	94,000	94,000	0	94,000	94,000	0	94,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	21/09/2022	50,000	0	50,000	50,000	0	50,000	50,000	0	50,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	06/11/2022	100,000	0	100,000	100,000	0	100,000	100,000	0	100,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	15/05/2023	50,000	0	50,000	50,000	0	50,000	50,000	0	50,000
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	19/09/2023	70,000	0	70,000	70,000	0	70,000	70,000	0	70,000
Unnumbered dated 07/06/2017/17-БИО-225		7.5	20/12/2021	0	0	0	0	0	0	532,032	0	532,032
Unnumbered dated 07/06/2017/17-БИО-225		5.0	20/12/2022	107,710	0	107,710	236,579	0	236,579	532,032	0	532,032
Unnumbered dated 07/06/2017/17-БИО-225		5.0	20/12/2023	538,442	0	538,442	538,442	0	538,442	538,443	0	538,443
Unnumbered dated 07/06/2017/17-БИО-225		7.5	30/12/2022	0	239,883	239,883	0	239,883	239,883	0	124,139	124,139
Unnumbered dated 07/06/2017/17-БИО-226		7.5	30/12/2021	0	0	0	252,098	9,428	261,526	252,098	9,428	261,526
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	24/07/2024	30,000	0	30,000	30,000	0	30,000			
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	19/11/2024	30,000	0	30,000	30,000	0	30,000			
Unnumbered dated 14/12/2016/16-БИО-1068		5.0	11/11/2025	50,000	0	50,000						
Loans (lessor – JSC												

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Ranbaxy)																			
19-БИО-362 dated 12/12/2019		Key rate*0.75	31/12/2024	550,000	0	550,000													
Loans (lessor – Industrial Development Fund)																			
20-БИО-239 dated 17/06/2020		1.0	15/01/2022	12,500	0	12,500													
20-БИО-240 dated 17/06/2020		1.0	15/01/2022	12,500	0	12,500													
20-БИО-239 dated 17/06/2020		1.0	31/03/2022	12,500	0	12,500													
20-БИО-240 dated 17/06/2020		1.0	31/01/2022	12,500	0	12,500													
20-БИО-239 dated 17/06/2020		1.0	17/06/2022	12,500	0	12,500													
20-БИО-240 dated 17/06/2020		1.0	17/06/2022	12,500	0	12,500													
Short-term borrowings - total	1510			1,284,009	50,320	1,334,329	1,100,000	43,492	1,143,492	0	75,063	75,062							
Loans (lessor – Sun Pharma (Netherlands) B.V.)	A																		
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	30/01/2019							0	9,919	9,919							
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	30/07/2019							0	9,865	9,865							
Unnumbered dated 14/12/2016/16-БИО-1067		7.5	30/07/2019							0	650	650							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	09/01/2019							0	3,781	3,781							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	09/01/2019							0	1,890	1,890							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	28/02/2019							0	3,032	3,032							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/03/2019							0	11,219	11,219							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/03/2019							0	3,452	3,452							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/08/2019							0	11,281	11,281							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/04/2019							0	5,503	5,503							
Unnumbered dated 14/12/2016/16-БИО-1068		7.5	30/04/2019							0	1,482	1,482							

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Unnumbered dated 14/12/2016/16-БИО-1068	7.5	30/04/2019								0	1,038	1,038
Unnumbered dated 14/12/2016/16-БИО-1068	7.5	30/06/2019								0	1,130	1,130
Unnumbered dated 14/12/2016/16-БИО-1068	7.5	30/06/2019								0	473	473
Unnumbered dated 14/12/2016/16-БИО-1068	7.5	30/09/2019								0	247	246
Unnumbered dated 14/12/2016/16-БИО-1068	7.5	30/01/2019								0	9,479	9,479
Unnumbered dated 07/06/2017/17-БИО-226	7.5	30/11/2019								0	622	622
Unnumbered dated 07/06/2017/17-БИО-226	7.5	30/01/2020			0	11,281					11,281	
Unnumbered dated 14/12/2016/16-БИО-1067	7.5	28/02/2020			0	4,019					4,019	
Unnumbered dated 14/12/2016/16-БИО-1068	7.5	30/03/2020			0	9,480					9,480	
Unnumbered dated 07/06/2017/17-БИО-226	7.5	30/03/2020			0	3,452					3,452	
Unnumbered dated 14/12/2016/16-БИО-1068	7.5	30/04/2020			0	8,021					8,021	
Unnumbered dated 14/12/2016/16-БИО-1068	7.5	30/06/2020			0	1,861					1,861	
Unnumbered dated 14/12/2016/16-БИО-1068	7.5	30/07/2020			0	247					247	
Unnumbered dated 07/06/2017/17-БИО-226	7.5	30/07/2020			0	622					622	
Unnumbered dated 07/06/2017/17-БИО-225	7.5	30/07/2020			0	2,746					2,746	
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	27/12/2021	9,009	0	9,009							
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	28/02/2021	0	7,880	7,880							
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	28/02/2021	0	1,509	1,509							
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/01/2021	0	227	227							
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	28/02/2021	0	2,122	2,122							
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	28/02/2021	0	656	656							
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	28/02/2021	0	2,016	2,016							
Unnumbered dated 07/06/2017/17-БИО-225	5.0	28/02/2021	0	16,494	16,494							
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/03/2021	0	2,295	2,295							

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Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/04/2021	0	985	985					
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/04/2021	0	690	690					
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/04/2021	0	3,658	3,658					
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/06/2021	0	751	751					
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/06/2021	0	172	172					
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/06/2021	0	314	314					
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/06/2021	0	342	342					
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/07/2021	0	5	5					
Unnumbered dated 14/12/2016/16-БИО-1068	5.0	30/07/2021	0	1,059	1,059					
Bank loan (lender - Citibank JSC, Moscow)										
19-БИО-351 dated 24/04/2018	6.5	03/02/2020		150,000	0	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					
Loans (lessor - Industrial Development Fund)										
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					
20-БИО-240 dated 17/06/2020	1.0	20/03/2021	0	15	15					
Loans (lessor - JSC Rambaxy)										
19-БИО-362 dated 12/12/2019	Key rate*0.75	28/02/2021	0	6,514	6,514					

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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 2020		For 2019	
		Amount	Interest	Amount	Interest
1	Interest amount included in other expenses	205,596	99.3	237,378	99.6
2	Amount of capitalised interest	1,469	0.7	896	0.4
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	896	0.4

Unreceived amounts of loans (credits) as compared to the terms of loan contracts as at 31/12/2020:

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	1,509,162	480,338
Citibank JSC (Moscow)	19-БИО-351 dated 24/04/2018	364 calendar days	2,216,271	1,250,000	966,271

4.18. Accounts payable

Information about the structure of accounts payable is presented below.

Narrative	Code	As at 31/12/2020	As at 31/12/2019	As at 31/12/2018
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	183,286	193,153	168,321
including:				
suppliers and contractors	1521	118,049	158,039	88,257
advances received	1525	10,912	3,366	1,098
payables to company employees	1522	17,120	15,524	15,176
payables to state non-budgetary funds	1523	11,160	5,322	8,980
charge and tax payables	1524	24,335	10,195	12,324
including value-added tax	15241	-	-	-
other creditors	1526	1,710	707	42,486
including Sun Pharma (Netherlands) B.V.	15261	-	-	41,209
Total		226,958	231,065	168,321

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Information about overdue accounts payable is presented below:

Narrative	Code	As at 31/12/2020	As at 31/12/2019	As at 31/12/2018
Short-term accounts payable - total	1520	53,185	56,663	10,219
including:				
suppliers and contractors	1521	53,108	56,462	9,736
advances received	1525	-	-	-
other creditors	1526	77	201	483
Total		53,185	56,663	10,219

4.19. Government assistance

Information about government assistance is as follows:

Narrative	For 2020	For 2019
Public funds received – total	11,396	9,397
including for current expenses (reimbursement of expenses for exported cargo carriage)	11,396	9,397

4.20. Estimated liabilities, contingent liabilities and contingent assets

Information about estimated liabilities is as follows:

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

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For 2019

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	154,436	203,887		(217,887)	(41,370)	99,066
including:						
Estimated liabilities for vacation payments to employees	45,616	45,639	not applicable	(48,949)	(236)	42,070
Estimated liabilities for annual bonuses to employees	23,160		not applicable		(23,160)	-
Provision for settlements with contractors	-	2,873	not applicable	(2,182)		691
Provision for bonuses to customers	85,660	155,375	not applicable	(166,756)	(17,974)	56,305

Information about the Company's contingent liabilities and contingent assets occurred in the reporting period is given below: As at 31/12/2020 there are no contingent liabilities or contingent assets.

4.21. Accounting for hedge transactions

Hedge contracts were not concluded in 2019 or 2020.

4.22. Leased fixed assets

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

Narrative	As at 31/12/2020	As at 31/12/2019	As at 31/12/2018
Leased fixed assets - TOTAL	38,024	41,139	59,510
Land	38,024	41,139	59,510

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
5	4 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422
6	5 Podlesny, Penza, Penza Region	900	12	Municipal Property Management Committee of the Administration of Penza	422

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Notes to the Financial Statements for the year ended 31 December 2020

(in thousand Russian Rubles unless otherwise stated)

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.

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

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The movement of leased fixed assets for 2019:

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:	59,510		(18,371)	41,139
Land	59,510		(18,371)	41,139

4.23. Off-balance sheet inventories

Information about off-balance sheet inventories is as follows.

Narrative	As at 31/12/2020	As at 31/12/2019	As at 31/12/2018
Inventories accepted for custody	472	284	17,299
Inventories accepted for processing	1,171	1,082	1,128
TOTAL	1,643	1,366	18,427

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 31/12/2020	As at 31/12/2019	As at 31/12/2018
Collateral and surety received, total:	28,067	19,918	2
including surety	2	2	2
bank guarantees	28,065	19,916	
Collateral and surety issued, total:	128,896	1,984,981	1,984,981
including pledge of property and property rights	128,896	1,984,981	1,984,981
including the cost of pledged fixed assets (pledge value)	112,240	1,962,299	1,962,299

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 2020	For 2019
Sale of pharmaceuticals for export	2111	656,743	492,303

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Narrative	Code	For 2020	For 2019
Sale of pharmaceuticals on the domestic market	2111	2,532,347	1,902,835
Other sales	2112	21,076	29,418
Total revenue	2110	3,210,166	2,424,556

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 2020	For 2019
Sale of pharmaceuticals for export	2121	463,712	355,766
Sale of pharmaceuticals on the domestic market	2121	1,661,725	1,372,730
Other sales	2122	11,299	17,577
Total cost of sales	2120	2,136,736	1,746,073

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

Narrative	For 2020	For 2019
Maintenance of the executive office	11,742	11,914
Transportation of products to destination	41,625	26,207
Expenses of warehouses of finished products	24,580	27,497
Non-capital expenses related to the improvement of technology and organisation of work	11,312	37,280
Expenses for the use of intellectual property (royalty)	258	1,091
Advertising	2,362	3,447
Other selling expenses	7,922	8,022
Total selling expenses	99,801	115,458

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

Narrative	For 2020	For 2019
Material costs	33,177	34,358
Payroll costs	131,352	132,897
Social charges	34,365	33,743
Depreciation	15,939	12,883
Other	66,406	67,490
Total administrative expenses	281,239	281,371

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Expenses for ordinary activities by cost item are as follows:

Narrative	For 2020	For 2019
Material costs	1,611,152	1,582,824
Payroll costs	432,105	423,702
Insurance contributions to non-budgetary funds	117,862	114,217
Depreciation	156,099	154,213
Other expenses	108,076	127,608
including Repair of fixed assets	4,415	3,630
Representation expenses	18	70
Total by cost items	2,425,294	2,402,564
Changes in inventories and expenses (+ increase, - decrease)	92,482	(259,662)
Total expenses for ordinary activities	2,517,776	2,142,902

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5.3. Other income and expenses

The other income and expenses for 2018 – 2019 shown in lines 2340 and 2350 of the Statement of Financial Results, respectively, are as follows:

No.	Narrative	For 2020	For 2019
1	Other income	37,239	136,210
1.1.	Property sale:	1,049	6,132
1.1.1.	<i>Sale of raw materials and consumables</i>	1,049	4,666
1.1.2.	<i>Sale of fixed assets</i>	-	1,466
1.2.	Accrual (reversal) of provisions	16,756	100,356
1.3.	Exchange differences	-	12,335
1.4.	Donated property	22	3
1.5.	Surpluses identified during stocktaking	178	309
1.6.	Overdue accounts payable	178	243
1.7.	Subsidies	11,396	9,397
1.8.	Other income	7,660	7,435
2	Other expenses	(184,828)	(138,200)
2.1.	Foreign currency sale and purchase	(5,045)	(2,289)
2.2.	Accrual (reversal) of provisions	(70,752)	(49,222)
2.3.	Exchange differences	(29,715)	-
2.4.	Donated property, services	(1,285)	-
2.5.	Services of credit institutions	(4,167)	(3,689)
2.6.	Other expenses	(73,864)	(83,000)
2.6.1.	<i>including expenses related to the disposal (write-off) of fixed assets and other tangible assets</i>	(15,844)	(22,986)
2.6.2.	<i>social expenses</i>	(5,489)	(6,415)
2.6.3.	<i>property tax</i>	(26,624)	(27,027)
2.6.4.	<i>bonuses and discounts to customers</i>	(4,884)	(8,923)
2.6.5.	<i>other expenses</i>	(21,023)	(17,649)

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 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 inventory impairment provisions	66,561	(58,498)	8,063
Accrual (reversal) of bad debt provisions	24,321	(26,970)	(2,649)
Accrual (reversal) of provision for bonuses to customers	151,718	(211,129)	(59,410)
Special-purpose expenses	48	(5,537)	(5,489)

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For 2019

Narrative	Income	Expenses	Total
Currency sale	517,408	(519,697)	(2,289)
Sale of fixed assets	1,850	(384)	1,466
Sale of raw materials and consumables	12,469	(7,803)	4,666
Result of fixed asset write-off	4,210	(16,039)	(11,829)
Tare income and expenses	1,312	(1,161)	151
Exchange differences	20,404	(8,069)	12,335
Accrual (reversal) of inventory impairment provisions	168,098	(172,410)	(4,312)
Accrual (reversal) of bad debt provisions	91,018	(27,797)	63,221
Accrual (reversal) of provision for bonuses to customers	124,207	(155,375)	(31,168)
Special-purpose expenses	37	(6,452)	(6,415)

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 2020	For 2019
1.	Provisional income tax expense (benefit)	68,182	9,701
2.	Permanent tax liability	13,022	55,651
3.	Deferred tax asset (DTA)	(39,320)	(39,552)
4.	Deferred tax liability (DTL)	(3,805)	(10,698)
	Current income tax (current tax loss)	38,079*	15,102

* including income tax for 2019 in the amount of RUB 207 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 2020	For 2019
1.	Permanent differences, including:	65,109	278,253
1.1.	loan interest in excess of norms	41,181	188,456
1.2.	social expenses	4,586	5,514
1.3.	write-off of inventories and other assets	15,406	81,164
1.4.	donated property, services	3,711	2,939
1.5.	other	225	180
2.	Permanent (taxable) differences, including:	(19,022)	(53,492)
2.1.	fixed assets	(23,675)	(56,680)
2.2.	Intangible assets, R&D	4,653	3,188
3.	Temporary (deductible) differences, including:	(196,601)	(197,760)
3.1.	Tax loss carried forward (recognised to decrease the tax base)	(188,522)	(75,825)

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3.2.	accrual (reversal) of provision for settlements with contractors	7,646	1,120
3.3.	accrual (reversal) of bad debt provision	2,254	(17,683)
3.4.	Accrual (reversal) of provision for impairment of inventories, R&D	(19,512)	(65,410)
3.5.	Accrual (reversal) of provision for bonuses to customers	6,926	(29,355)
3.6	additional loan expenses	(6,951)	(10,604)
3.5.	other	1,558	(3)

5.5. Disclosure of information about earnings per share.

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

For 2020	For 2019
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	2020	2019
Earnings (loss) of the reporting period left after tax and other mandatory payments, RUB	259,598,150.15	(17,024,102.46)
Dividends on preferred shares accrued to their holders for the reporting period	71,571	-
Basic earnings (loss) of the reporting period, RUB	259,226,579.15	(17,024,102.46)
Weighted average number of ordinary shares	214,712	214,712
Basic earnings (loss) per one share, RUB	1,207.32	(79.29)

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	2020	2019
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	259,598,150.15	(17,024,102.46)
Diluted earnings (loss) per one share, RUB	906.78	(59.47)

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6. Other notes

6.1. Information about discontinued operations

The Company did not make any decisions to discontinue operations in 2020.

6.2. Related parties

The list of related parties for 2019-2020 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 2020	for 2019	
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	B	before 25/06/2020
Vivek Mittal	B	B	before 25/06/2020
Rakesh Sinha	B		after 25/06/2020
Kalpesh Shah	B		after 25/06/2020
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 and (or) individual (group of individuals)

The Company belongs to SUN PHARMACEUTICAL INDUSTRIES LIMITED.

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

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

There were no material changes in the group structure as at 31 December 2020.

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 2019-2020:

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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	Loan receipt		401	(401)					
JSC Ranbaxy, Moscow	Purchase of goods, works, services		(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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Related party transactions for 2019

Item (name of related party)	Type of transaction	Outstanding as at 31 December 2018 (Debit +, Credit -)	Receipt of goods, acceptance of works and services	Repayment of indebtedness	Outstanding as at 31 December 2019 (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	(3,371,018)	(296,401)	1,245,260	(41,729)	(2,380,430)			non-cash
	Assignment of rights (claims) (payables to PJSC Sberbank)	(41,209)		3,297		(37,912)			no payment
<i>Other related parties</i>									
JSC Ranbaxy, Moscow	Purchase of goods, works, services	(11)	(42)	53					non-cash
JSC Ranbaxy, Moscow	Loan receipt		(30,111)	30,111					non-cash
Sun Pharmaceutical Industries Ltd., India	Purchase of goods, works, services		(803)	801	(2)				non-cash
Total		(3,412,238)	(327,357)	1,279,522	(41,731)	(2,418,342)			

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6.3. Remuneration to key management personnel

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

No.	Narrative	For 2020	For 2019
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)	21,209	28,085
	TOTAL	21,209	28,085

* 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 members of the internal audit committee for 2019 amounted to RUB 1,004 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.

There were no identified material events after the reporting date and before the date of the financial statements, which could have affected the financial position or financial performance of the Company.

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.

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The Company's management believes that as of 31 December 2020 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

25 March 2021