

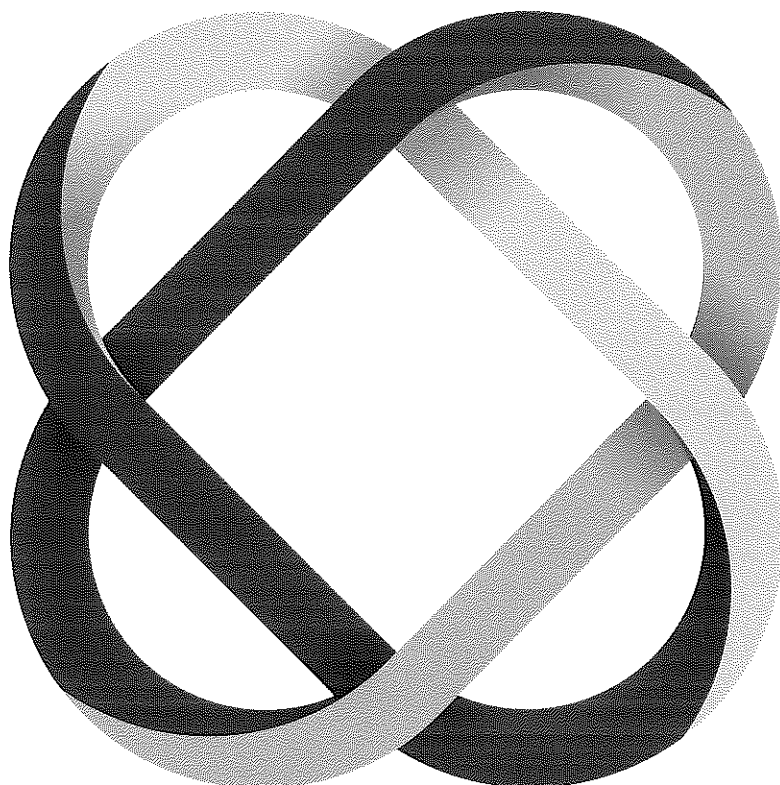
ФБК

Joint-Stock Company RANBAXY

Independent Auditor's Report on the Financial Statements

for the period ended 31 December 2021

Moscow | 2022





Independent Auditor's Report [Translation from Russian original]

To the Shareholders of
Joint-Stock Company RANBAXY

Opinion

We have audited the accompanying financial statements of Joint-Stock Company RANBAXY (hereinafter — JSC RANBAXY), which comprise the balance sheet as at 31 December 2021, statement of financial results for the year then ended, supplements to the balance sheet and the statement of financial results, including the statement of changes in equity and the statement of cash flows for 2021, notes to the balance sheet and the statement of financial results, and notes to the financial statements for 2021, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of JSC RANBAXY as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with Russian accounting standards.

Basis for Opinion

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Engagement partner on the audit
resulting in this independent
auditor's report acting on behalf of the audit firm
under power of attorney No. 67/22
dated 04 March 2022

L.A. Panfilova
Audit qualification certificate dated
18 April 2005 No. K022777,
registration number 22006035483

Date of the independent auditor's report: 04 April 2022

FBK

Audited entity

Name:

Joint-Stock Company RANBAXY (JSC RANBAXY).

Address of the legal entity within its location:

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

State registration:

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

Auditor

Name:

FBK, LLC.

Address of the legal entity within its location:

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

State registration:

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

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

Balance Sheet
as at 31 December 2021

Entity	<u>Joint-Stock Company RANBAXY</u>	Form on OKUD	Codes 0710001		
Taxpayer identification number		Date (day, month, year)	31	12	2021
Type of economic activity	<u>Wholesaling of pharmaceutical and medical products</u>	OKPO	72983356		
Organizational legal form / form of ownership	<u>Ownership of foreign legal entities</u>	INN	7720508094		
Measurement unit:	thousand rubles	OKVED 2	46.46.1		
Location (address)	<u>27 Elektrozavodskaya ul., bldg. 8, room 14/1, Moscow, 107023, Russia</u>	OKOPF/OKFS	12267	23	
		OKEI	384		

The financial statements are subject to statutory audit YES NO

Name of the audit firm/full name of the individual auditor
FBK, LLC

Taxpayer identification number of the audit firm/individual auditor

INN **7701017140**

Primary state registration number of the audit firm/individual auditor

OGRN/
OGRNIP **1027700058286**

Notes	Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
	ASSETS				
	I. NON-CURRENT ASSETS				
6.1.1	Intangible assets	1110	8 835	14 829	7 442
	Results of research and development	1120	-	-	-
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
6.1.2	Fixed assets	1150	13 867	7 433	3 158
	Income-bearing investments into tangible assets	1160	-	-	-
6.1.3	Financial investments	1170	1 005 000	550 000	-
6.1.4	Deferred tax assets	1180	65 516	143 007	81 030
	Other non-current assets	1190	-	-	-
	Total for Section I	1100	1 093 218	715 270	91 630
	II. CURRENT ASSETS				
6.1.5	Inventories	1210	1 039 399	1 184 707	2 446 667
6.1.6	Input value-added tax	1220	1 138	197	46 397
6.1.7	Accounts receivable	1230	3 273 413	3 026 081	2 993 593
6.1.8	Financial investments (excluding cash equivalents)	1240	180 000	525 000	281 022
6.1.9	Cash and cash equivalents	1250	54 193	200 662	78 999
	including:				
			-	-	-
6.1.9	Cash on hand		14	10	16
6.1.9	Operating accounts		54 179	180 958	78 983
6.1.9	Foreign currency accounts		-	19 695	-
6.1.10	Other current assets	1260	3 135	5 961	3 513
	Total for Section II	1200	4 551 278	4 942 608	5 850 192
	BALANCE	1600	5 644 496	5 657 878	5 941 822

Notes	Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
	EQUITY AND LIABILITIES				
	III. CAPITAL AND RESERVES				
5.1	Authorized capital (contributed capital, charter capital, contributions of partners)	1310	163 000	163 000	163 000
	Treasury shares	1320	-	-	-
	Revaluation of non-current assets	1340	-	-	-
	Additional capital (without revaluation)	1350	-	-	-
5.1	Reserve capital	1360	40 750	40 750	40 750
5.1	Retained earnings (uncovered loss)	1370	1 206 200	812 543	985 754
	Total for Section III	1300	1 409 950	1 016 293	1 189 504
	IV. LONG-TERM LIABILITIES				
6.1.11	Borrowings	1410	-	433 885	-
6.1.12	Deferred tax liabilities	1420	6 807	13 531	16 462
	Estimated liabilities	1430	-	-	-
	Other liabilities	1450	-	-	-
	Total for Section IV	1400	6 807	447 416	16 462
	V. CURRENT LIABILITIES				
6.1.13	Borrowings	1510	-	3 185	367 936
6.1.14	Accounts payable	1520	3 979 673	3 932 152	4 120 379
	Deferred income	1530	-	-	-
6.1.15	Estimated liabilities	1540	248 066	258 832	247 540
	Other liabilities	1550	-	-	-
	Total for Section V	1500	4 227 739	4 194 169	4 735 856
	BALANCE	1700	5 644 496	5 657 878	5 941 822

Director _____
(signature)

Artur Valiev
(print name)

18 March 2022

Statement of Financial Results
for January-December 2021

		Form on OKUD	Codes		
		Date (day, month, year)	0710002		
Entity	<u>Joint-Stock Company RANBAXY</u>		31	12	2021
Taxpayer identification number		OKPO	72983356		
Type of economic activity	<u>Wholesaling of pharmaceutical and medical products</u>	INN	7720508094		
Organizational legal form / form of ownership	<u>Ownership of foreign legal entities</u>	OKVED 2	46.46.1		
Joint-Stock Company	/	OKOPF/OKFS	12267	23	
Measurement unit:	thousand rubles	OKEI	384		

Notes	Item	Code	For January-December 2021	For January-December 2020
3.1.1	Revenue	2110	6 211 211	5 390 338
6.7.1	Cost of sales	2120	(3 921 848)	(3 715 589)
3.1.1	Gross profit (loss)	2100	2 289 363	1 674 749
3.1.3	Selling expenses	2210	(1 718 871)	(1 544 036)
	Administrative expenses	2220	-	-
3.1.2	Profit (loss) on sales	2200	570 492	130 713
	Income from participation in other entities	2310	-	-
3.1.6	Interest receivable	2320	50 587	32 380
3.1.5	Interest payable	2330	(5 718)	(15 691)
3.1.7	Other income	2340	140 717	148 869
3.1.7	Other expenses	2350	(253 043)	(503 558)
3.1.8	Profit (loss) before tax	2300	503 035	(207 287)
	Income tax	2410	(109 379)	34 075
	including:			
3.1.8	current income tax	2411	(38 611)	(30 833)
3.1.8	deferred income tax	2412	(70 768)	64 908
	Other	2460	-	-
	including:			
6.11.	Net profit (loss)	2400	393 656	(173 212)

Notes	Item	Code	For January-December 2021	For January-December 2020
	Result of revaluation of non-current assets not included in net profit (loss) for the period	2510	-	-
	Result of other operations not included in net profit (loss) for the period	2520	-	-
	Income tax from operations whose result is not included in net profit (loss) for the period	2530	-	-
6.11.	Total financial result for the period	2500	393 656	(173 212)
	FOR REFERENCE ONLY			
6.11.	Basic earnings (loss) per share	2900	2	(1)
	Diluted earnings (loss) per share	2910	-	-

Director _____
(signature)

Artur Valiev _____
(print name)

18 March 2022

Statement of Changes in Equity
for January-December 2021

Form on OKUD		Codes	
0710004		0710004	
31	12	2021	
Date (day, month, year)			
OKPO		72983356	
INN		7720508094	
OKVED 2		46.46.1	
OKOPFI/OKFS		12267	
OKEI		384	

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

1. Changes in equity

Item	Code	Authorized capital	Treasury shares	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Equity as at 31 December 2019	3100	163 000	-	-	40 750	985 754	1 189 504
<u>For 2020</u>							
Total increase in equity:	3210	-	-	-	-	-	-
including:							
Net profit	3211	X	X	X	X	-	-
Revaluation of assets	3212	X	X	-	X	-	-
Gains taken directly to equity	3213	X	X	-	X	-	-
Additional issue of shares	3214	-	-	-	X	X	-
Increase in par value of shares	3215	-	-	-	X	-	X
Reorganization of the legal entity	3216	-	-	-	-	-	-
	3217	-	-	-	-	-	-

Item	Code	Authorized capital	Treasury shares	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Total decrease in equity:	3220	-	-	-	-	(173 211)	(173 211)
including:							
Loss	3221	X	X	X	X	(173 211)	(173 211)
Revaluation of assets	3222	X	X	-	X	-	-
Expenses directly charged to equity	3223	X	X	-	X	-	-
Reduction in par value of shares	3224	-	-	-	X	-	-
Reduction in number of shares	3225	-	-	-	X	-	-
Reorganization of the legal entity	3226	-	-	-	-	-	-
Dividends	3227	X	X	X	X	-	-
Change in additional capital	3230	X	X	-	-	-	X
Change in reserve capital	3240	X	X	X	-	-	X
3245	-	-	-	-	-	-	-
Equity as at 31 December 2020	3200	163 000	-	-	40 750	812 543	1 016 293
For 2021							
Total increase in equity:	3310	-	-	-	-	393 656	393 656
including:							
Net profit	3311	X	X	X	X	393 656	393 656
Revaluation of assets	3312	X	X	-	X	-	-
Gains taken directly to equity	3313	X	X	-	X	-	-
Additional issue of shares	3314	-	-	-	X	X	-
Increase in par value of shares	3315	-	-	-	X	-	-
Reorganization of the legal entity	3316	-	-	-	-	-	X
3317	-	-	-	-	-	-	-
Total decrease in equity:	3320	-	-	-	-	-	-
including:							
Loss	3321	X	X	X	X	-	-
Revaluation of assets	3322	X	X	-	X	-	-
Expenses directly charged to equity	3323	X	X	-	X	-	-
Reduction in par value of shares	3324	-	-	-	X	-	-
Reduction in number of shares	3325	-	-	-	X	-	-
Reorganization of the legal entity	3326	-	-	-	-	-	-
Dividends	3327	X	X	X	X	-	-
Change in additional capital	3330	X	X	-	-	-	X
Change in reserve capital	3340	X	X	X	-	-	X
3345	-	-	-	-	-	-	-
Equity as at 31 December 2021	3300	163 000	-	-	40 750	1 206 200	1 409 950

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

Item	Code	As at 31 December 2019	Change in equity for 2020		As at 31 December 2020
			Due to net profit (loss)	Due to other factors	
Total capital					
Before adjustments	3400	-	-	-	-
Adjustments arising from:					
Changes in accounting policies	3410	-	-	-	-
Correction of errors	3420	-	-	-	-
After adjustments	3500	-	-	-	-
including:					
Retained earnings (uncovered loss):					
Before adjustments	3401	-	-	-	-
Adjustments arising from:					
Changes in accounting policies	3411	-	-	-	-
Correction of errors	3421	-	-	-	-
After adjustments	3501	-	-	-	-
Other capital items					
Before adjustments	3402	-	-	-	-
Adjustments arising from:					
Changes in accounting policies	3412	-	-	-	-
Correction of errors	3422	-	-	-	-
After adjustments	3502	-	-	-	-

3. Net assets

Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Net assets	3600	1 409 950	1 016 293	1 189 504

Director _____
(signature)

Director Artur Valiev
(print name)

18 March 2022 _____

Statement of Cash Flows
for January-December 2021

Form on OKUD	0710005		
Date (day, month, year)	31	12	2021
OKPO	72983356		
INN	7720508094		
OKVED 2	46.46.1		
OKOPF/OKFS	12267	23	
OKEI	384		

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

Item	Code	For January-December 2021	For January-December 2020
Cash flows from operating activities			
Total receipts	4110	6 069 070	5 459 517
including:			
Sales of products, goods, works and services	4111	6 015 657	5 372 740
Lease payments, license fees, royalties, commissions, fees	4112	-	-
Resale of financial investments	4113	-	-
	4114	-	-
Other receipts	4119	53 413	86 777
Total payments	4120	(5 730 783)	(4 558 465)
including:			
To suppliers (contractors) for materials, supplies, works and services	4121	(4 296 948)	(3 400 951)
Employee compensation	4122	(1 063 982)	(944 828)
Interest on debt obligations	4123	(8 574)	(17 288)
Corporate income tax	4124	(123 611)	-
	4125	-	-
Other payments	4129	(237 668)	(195 398)
Net cash flows from operating activities	4100	338 287	901 052
Cash flows from investing activities			
Total receipts	4210	936 129	34 778
including:			
Sales of non-current assets (excluding financial investments)	4211	16 231	11 217
Sale of shares (interests) in other entities	4212	-	-
Loans repayments, sale of debt securities (monetary claims against other persons)	4213	875 000	-
Dividends, interest on financial debt investments and similar receipts from equity participation in other organizations	4214	44 898	23 561
	4215	-	-
Other receipts	4219	-	-
Total payments	4220	(990 097)	(813 708)
including:			
Acquisition, creation, modernization, reconstruction and preparation of non-current assets for use	4221	(5 097)	(25 526)
Acquisition of shares (interests) in other entities	4222	-	-
Acquisition of debt securities (monetary claims against other persons), disbursement of loans	4223	(985 000)	(788 182)
Interest on debt liabilities, included into the cost of investment asset	4224	-	-
	4225	-	-
Other payments	4229	-	-
Net cash flows from investing activities	4200	(53 968)	(778 930)

Item	Code	For January-December 2021	For January-December 2020
Cash flows from financing activities			
Total receipts	4310	-	-
including:			
Credit and loan proceeds	4311	-	-
Monetary contributions of owners (members)	4312	-	-
Issue of shares, increase in participatory interests	4313	-	-
Issue of bonds, bills and other debt securities, etc.	4314	-	-
	4315	-	-
Other receipts	4319	-	-
Total payments	4320	(426 675)	-
including:			
To owners (members) in connection with repurchase of shares (interests) from them or termination or their participation	4321	-	-
Payment of dividends and other profit distributions to owners (members)	4322	-	-
In connection with redemption (repurchase) of bills and other debt securities, credit and loan repayments	4323	(426 675)	-
	4324	-	-
Other payments	4329	-	-
Net cash flows from financing activities	4300	(426 675)	-
Net cash flows for the reporting period	4400	(142 356)	122 122
Cash and cash equivalents as at the beginning of the reporting period	4450	200 662	78 999
Cash and cash equivalents as at the end of the reporting period	4500	54 193	200 663
Effect of changes in foreign exchange rates against the ruble	4490	(4 113)	(458)

Director _____
(signature)

Artur Valiev
(print name)

18 March 2022

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

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

p.1

Item	Code	Period	At the beginning of the year				Changes over the period						At the end of the period	
			Historical cost		Accumulated amortization and impairment losses	Additions	Disposal		Accrued amortization	Impairment loss	Revaluation		Historical cost	Accumulated amortization and impairment losses
			Historical cost	Accumulated amortization and impairment losses			Historical cost	Accumulated amortization and impairment losses			Historical cost	Accumulated amortization		
Total intangible assets	5100	For 2021	22 800	(9 294)	794	(1 194)	1 194	(6 878)	-	-	-	22 400	(14 978)	
	5110	For 2020	33 207	(26 264)	12 173	(22 580)	22 580	(5 609)	-	-	-	22 800	(9 294)	
including: Other intangible assets	5101	For 2021	22 130	(8 747)	794	(1 194)	1 194	(6 755)	-	-	-	21 730	(14 308)	
	5111	For 2020	32 537	(25 851)	12 173	(22 580)	22 580	(5 475)	-	-	-	22 130	(8 747)	
Exclusive copyright to computer programs and databases	5102	For 2021	670	(547)	-	-	-	(123)	-	-	-	670	(670)	
	5112	For 2020	670	(413)	-	-	-	(134)	-	-	-	670	(547)	

1.2. Historical cost of intangible assets developed in-house

Item	Code	As at 31 December 2021		As at 31 December 2020		As at 31 December 2019	
		5120	-	-	-	-	-
Total	5121	-	-	-	-	-	-
including:							

1.3. Fully amortized intangible assets

Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Total	5130	6 206	2 307	11 278
including: Exclusive copyright to computer programs and databases	5131	670	-	-
Other intangible assets	5132	5 536	2 307	11 278

1.4. Existence and movements of R&D results

Item	Code	Period	At the beginning of the year			Changes over the period			At the end of the period	
			Historical cost	Expensed portion	Additions	Disposal		Historical cost	Expensed portion	
						Historical cost	Expensed portion			
Total R&D	5140	For 2021	-	-	-	-	-	-	-	
	5150	For 2020	-	-	-	-	-	-	-	
including:	5141	For 2021	-	-	-	-	-	-	-	
	5151	For 2020	-	-	-	-	-	-	-	

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

Item	Code	Period	At the beginning of the year	Changes over the period			At the end of the period
				Costs for the period	Costs written off as unproductive	Recognized as intangible assets or R&D	
Costs of R&D in progress - total including:	5160	For 2021	-	-	-	-	
	5170	For 2020	-	-	-	-	
	5161	For 2021	-	-	-	-	
	5171	For 2020	-	-	-	-	
Acquisitions of intangible assets in progress - total including:	5180	For 2021	1 323	884	(794)	1 413	
	5190	For 2020	500	12 996	(12 173)	1 323	
Loyalty system	5181	For 2021	500	-	-	500	
	5191	For 2020	500	-	-	500	
Package design for "Vitastrong Aspacardio"	5182	For 2021	348	-	-	348	
	5192	For 2020	-	348	-	348	
Fexadin new package blister pack	5183	For 2021	350	-	-	350	
	5193	For 2020	-	350	-	350	
Site_Ulcermil, Nispam, Florioza, Mesacol, Pyjobact_gastrosuntube	5184	For 2021	126	454	(579)	-	
	5194	For 2020	-	126	-	126	
Brustel visual concept	5185	For 2021	-	215	-	215	
	5195	For 2020	-	-	-	-	
Brustrio visual concept	5186	For 2021	-	215	(215)	-	
	5196	For 2020	-	-	-	-	
Video clip "Pharyngosept. Demonstration"	5187	For 2021	-	-	-	-	
	5197	For 2020	-	4 345	(4 345)	-	
Site "Fexadin"	5188	For 2021	-	700	(700)	-	
	5198	For 2020	-	-	-	-	
Video clip "Florioza"	5189	For 2021	-	1 000	(1 000)	-	
	5199	For 2020	-	-	-	-	
Photo image "Coldact"		For 2021	-	235	(235)	-	
		For 2020	-	-	-	-	
Fexadin brand visual icon		For 2021	-	150	(150)	-	
		For 2020	-	-	-	-	
Site "Florioza"		For 2021	-	833	(833)	-	
		For 2020	-	-	-	-	
Video clip "Coldact. Marathon" 20,15,10,6,5 sec		For 2021	-	4 414	(4 414)	-	
		For 2020	-	-	-	-	
Photo image "Pharyngosept"		For 2021	-	420	(420)	-	
		For 2020	-	-	-	-	
Creative developments for the Florioza brand (a banner)		For 2021	-	75	(75)	-	
		For 2020	-	-	-	-	

Director _____
(signature)

18 March 2022

Artur Valiev
(print name)

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

Item	Code	Period	At the beginning of the year				Changes over the period						At the end of the period	
			Historical cost	Accumulated depreciation	Additions	Disposal		Accrued depreciation	impairment loss	Revaluation		Historical cost	Accumulated depreciation	
						Historical cost	Accumulated depreciation			Historical cost	Accumulated depreciation			
Total fixed assets (excluding income-bearing investments into tangible assets)	5200	For 2021	38 442	(31 230)	6 057	(17 706)	17 669	(3 492)	-	-	26 793	(17 053)		
	5210	For 2020	49 049	(46 539)	7 119	(17 726)	17 465	(2 155)	-	-	38 442	(31 230)		
including:														
Office equipment	5201	For 2021	17 907	(12 778)	6 057	(931)	893	(3 060)	-	-	23 033	(14 945)		
	5211	For 2020	16 580	(14 069)	4 963	(3 636)	3 375	(2 084)	-	-	17 907	(12 778)		
Vehicles	5202	For 2021	19 704	(17 620)	-	(16 694)	16 694	(431)	-	-	3 010	(1 357)		
	5212	For 2020	31 638	(31 638)	2 156	(14 090)	14 090	(72)	-	-	19 704	(17 620)		
Other fixed assets	5203	For 2021	157	(157)	-	(81)	81	-	-	-	75	(75)		
	5213	For 2020	157	(157)	-	-	-	-	-	-	157	(157)		
Machinery and equipment (except office equipment)	5204	For 2021	404	(404)	-	-	-	-	-	-	404	(404)		
	5214	For 2020	404	(404)	-	-	-	-	-	-	404	(404)		
Production and organizational stock	5205	For 2021	270	(270)	-	-	-	-	-	-	270	(270)		
	5215	For 2020	270	(270)	-	-	-	-	-	-	270	(270)		
Total income-bearing investments into tangible assets	5220	For 2021	-	-	-	-	-	-	-	-	-	-		
	5230	For 2020	-	-	-	-	-	-	-	-	-	-		
including:														
	5221	For 2021	-	-	-	-	-	-	-	-	-	-		
	5231	For 2020	-	-	-	-	-	-	-	-	-	-		

2.2. Capital investments in progress

Item	Code	Period	At the beginning of the year	Changes over the period			At the end of the period
				Costs for the period	Written off	Recognized as fixed assets or written up	
Construction in progress and acquisitions, modernization etc. of fixed assets in progress --- total							
including:							
Laptop HP PB 440 G6 Core i5 8256U + bag	5240	For 2021	221	9 963	-	(6 057)	4 127
	5250	For 2020	647	6 693	-	(7 119)	221
Laptop HP PB 440 G6 Core i5 8256U + bag	5241	For 2021	41	-	-	-	41
	5251	For 2020	-	1 722	-	(1 681)	41
Laptop HP PB 440 G7 Core i3-10110U + bag+ mouse_batch 13/07/2020 (44965.84)	5242	For 2021	180	-	-	(180)	-
	5252	For 2020	-	585	-	(405)	180
Server P19766-B21_bundle241/HPE ProLiant DL360	5243	For 2021	-	695	-	-	695
	5253	For 2020	-	-	-	-	-
Tape library/AK379A/HPR MSL2024 0-Drive Library	5244	For 2021	-	575	-	-	575
	5254	For 2020	-	-	-	-	-
Laptop HP PB 445 G7 14" Ryzen 7 4700U (2Ghz)	5245	For 2021	-	5 053	-	(4 492)	561
	5255	For 2020	-	-	-	-	-
Data processing station 7XGE RJ45 ports	5246	For 2021	-	91	-	-	91
	5256	For 2020	-	-	-	-	-
Laptop DELL VOSTRO 3400	5247	For 2021	-	703	-	-	703
14.0/black_54086.76 Batch 2	5257	For 2020	-	-	-	-	-
Laptop DELL VOSTRO 3400	5248	For 2021	-	1 460	-	-	1 460
14.0/black_54086.77 Batch 2	5258	For 2020	-	-	-	-	-
Coffee machine Jura X6 Dark Inox	5249	For 2021	-	134	-	(134)	-
	5259	For 2020	-	-	-	-	-
Laptop DELL VOSTRO 3400 14.0/black_54086.76		For 2021	-	379	-	(379)	-
		For 2020	-	-	-	-	-
Laptop DELL VOSTRO 3400 14.0/black_54086.77		For 2021	-	703	-	(703)	-
		For 2020	-	-	-	-	-
Server Mini SuperMicro (system unit platform SuperMicro+ processor intel original)		For 2021	-	169	-	(169)	-
		For 2020	-	-	-	-	-
Laptop HP PB 440 G5 i5-7200U w/o bag		For 2021	647	-	-	(647)	-
		For 2020	-	-	-	-	-
VersaLink B605S		For 2021	-	83	-	(83)	-
		For 2020	-	-	-	-	-
Laptop HP PB 440 G7 Core i3 - 10110U + bag+ mouse		For 2021	-	527	-	(527)	-
		For 2020	-	-	-	-	-
Laptop HP PB 440 G7 Core i3-10110U + bag+ mouse_batch 13/07/2020 (44965.83)		For 2021	-	1 349	-	(1 349)	-
		For 2020	-	-	-	-	-
Laptop HP ZBook G5+ bag + mouse		For 2021	-	72	-	(72)	-
		For 2020	-	-	-	-	-
Laptop MSI Prestige 15+ bag + mouse		For 2021	-	90	-	(90)	-
		For 2020	-	-	-	-	-
Car. Ford Refrigerated Truck, XD23720AALA000200		For 2021	-	-	-	-	-

	For 2020	-	2 156	-	(2 156)
Laptop Ultrabook DELL XPS 15 Core i5	For 2021	-	-	-	-
	For 2020	-	109	-	(109)

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

Item	Code	For 2021	For 2020
Total increase in the cost of fixed assets as a result of further construction, additional equipment, reconstruction including:	5260	-	-
	5261	-	-
Total decrease in the cost of fixed assets as a result of partial liquidation including:	5270	-	-
	5271	-	-

2.4. Other use of fixed assets

Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Leased out fixed assets on the balance sheet	5280	-	-	-
Leased out fixed assets off the balance sheet	5281	-	-	-
Leased fixed assets on the balance sheet	5282	-	-	-
Leased fixed assets off the balance sheet	5283	179 451	176 999	166 121
Items of immovable property accepted for operation and actually used, in process of state registration	5284	-	-	-
Fixed assets transferred to conservation	5285	-	-	-
Other use of fixed assets (collateral, etc.)	5286 5287	- -	- -	- -

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3. Financial investments
3.1. Existence and movements of financial investments

Item	Code	Period	At the beginning of the year		Changes over the period						At the end of the period	
			Historical cost	Accumulated adjustment	Additions	Disposed of (repaid)		Accrual of interest (including to bring historical cost to par value)	Current market value (impairment loss)	Historical cost	Accumulated adjustment	
						Historical cost	Accumulated adjustment					
Long-term - total	5301	For 2021	550 000	-	955 000	(500 000)	-	-	-	1 005 000	-	
	5311	For 2020	-	-	550 000	-	-	-	-	550 000	-	
including: Loans issued	5302	For 2021	550 000	-	955 000	(500 000)	-	-	-	1 005 000	-	
	5312	For 2020	-	-	550 000	-	-	-	-	550 000	-	
Short-term - total	5305	For 2021	519 204	5 796	7 960 000	(8 305 000)	-	-	-	180 000	-	
	5315	For 2020	285 938	(4 916)	18 517 399	(18 279 217)	-	-	5 796	519 204	5 796	
including: Loans issued	5306	For 2021	-	-	30 000	-	-	-	-	30 000	-	
	5316	For 2020	-	-	-	-	-	-	-	-	-	
Bank deposits	5307	For 2021	519 204	5 796	7 930 000	(8 305 000)	-	-	-	150 000	-	
	5317	For 2020	285 938	(4 916)	18 517 399	(18 279 217)	-	-	5 796	519 204	5 796	
Total financial investments	5300	For 2021	1 059 204	5 796	8 915 000	(8 605 000)	-	-	-	1 185 000	-	
	5310	For 2020	285 938	(4 916)	19 067 399	(18 279 217)	-	-	5 796	1 069 204	5 796	

3.2. Other use of financial investments

Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Pledged financial investments — total	5320	-	-	-
including:				
Financial investments transferred to third parties (except sale) — total	5321	-	-	-
including:				
Other use of financial investments	5325	-	-	-
	5326	-	-	-
	5329	-	-	-

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4. Inventories
4.1. Existence and movements of inventories

Item	Code	Period	At the beginning of the year				Changes over the period					At the end of the period		
			Cost	Provision for impairment	Book value	Receipts and costs	Disposal	Impairment losses	Inventory turnover between groups (types)	Cost	Provision for impairment	Book value		
													Costs, other expenses	Provision for impairment
Total inventories			1 656 088	(471 381)	1 184 707	4 140 978	(4 689 281)	705 161	(302 165)	X	1 107 784	(68 385)	1 039 399	
	5400	For 2021	2 602 151	(155 484)	2 446 667	2 969 232	(3 915 296)	106 292	(424 189)	X	1 656 088	(471 381)	1 184 707	
including:														
Raw materials, supplies and other similar assets														
	5401	For 2021	29	-	29	33 856	(33 851)	-	-	-	3	-	3	
	5421	For 2020	2 745	-	2 745	32 970	(35 387)	-	-	-	29	-	29	
Finished products														
	5402	For 2021	-	-	-	-	-	-	-	-	-	-	-	
	5422	For 2020	-	-	-	-	-	-	-	-	-	-	-	
Goods for resale														
	5403	For 2021	1 647 348	(471 381)	1 175 967	4 083 560	(4 637 879)	705 161	(302 165)	-	1 103 028	(68 385)	1 034 643	
	5423	For 2020	2 586 657	(155 484)	2 431 173	2 922 698	(3 862 008)	109 292	(424 189)	-	1 647 348	(471 381)	1 175 967	
Goods and finished products shipped														
	5404	For 2021	-	-	-	-	-	-	-	-	-	-	-	
	5424	For 2020	-	-	-	-	-	-	-	-	-	-	-	
Work in progress costs														
	5405	For 2021	-	-	-	-	-	-	-	-	-	-	-	
	5425	For 2020	-	-	-	-	-	-	-	-	-	-	-	
Other inventories and costs (allocated expenses, including cargo services at customs, transportation expenses etc.)														
	5406	For 2021	8 712	-	8 712	13 552	(17 511)	-	-	-	4 753	-	4 753	
	5426	For 2020	12 749	-	12 749	13 864	(17 901)	-	-	-	8 712	-	8 712	
	5507	For 2021	-	-	-	-	-	-	-	-	-	-	-	
	5527	For 2020	-	-	-	-	-	-	-	-	-	-	-	

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

Item	Code	Period	At the beginning of the year		At the end of the period	
			Accounted for under agreement	Provision for doubtful debts	Accounted for under agreement	Provision for doubtful debts
Total long-term receivables	5501	For 2021	-	-	-	-
	5521	For 2020	-	-	-	-
Including:						
Settlements with buyers and customers	5502	For 2021	-	-	-	-
	5522	For 2020	-	-	-	-
Advances made	5503	For 2021	-	-	-	-
	5523	For 2020	-	-	-	-
Other	5504	For 2021	-	-	-	-
	5524	For 2020	-	-	-	-
	5505	For 2021	-	-	-	-
	5525	For 2020	-	-	-	-
Total short-term receivables	5510	For 2021	3 132 659	(106 576)	3 379 991	(106 576)
	5530	For 2020	3 099 917	(106 324)	3 132 659	(106 576)
Including:						
Settlements with buyers and customers	5511	For 2021	3 004 237	(105 530)	3 243 867	(105 530)
	5531	For 2020	2 957 854	(105 276)	3 004 237	(105 530)
Advances made	5512	For 2021	32 350	(1 048)	30 159	(1 048)
	5532	For 2020	72 351	(1 048)	32 330	(1 048)
Other	5513	For 2021	96 092	-	105 945	-
	5533	For 2020	69 712	-	96 092	-
	5514	For 2021	-	-	-	-
	5534	For 2020	-	-	-	-
Total	5500	For 2021	3 132 659	(106 576)	3 379 991	(106 576)
	5520	For 2020	3 099 917	(106 324)	3 132 659	(106 576)

5.2. Overdue receivables

Item	As at 31 December 2021		As at 31 December 2020		As at 31 December 2019		
	Code	Accounted for under agreement	Book value	Accounted for under agreement	Book value	Accounted for under agreement	Book value
Total	5540	105 578	-	106 578	-	106 324	-
including:							
Settlements with buyers and customers	5541	105 530	-	105 530	-	105 276	-
Settlements with suppliers and customers (on advance payments, prepayments)	5542	1 048	-	1 048	-	1 048	-
Other	5543	-	-	-	-	-	-
	5544	-	-	-	-	-	-

5.3. Existence and movements of payables

Item	Code	Period	Balance at the beginning of the year	Balance at the end of the period
Total long-term payables	5551	For 2021	433 885	-
	5571	For 2020	-	433 885
including:				
Credits	5552	For 2021	-	-
	5572	For 2020	-	-
Loans	5553	For 2021	433 885	-
	5573	For 2020	-	-
Other	5554	For 2021	-	433 885
	5574	For 2020	-	-
	5555	For 2021	-	-
	5575	For 2020	-	-
Total short-term payables	5560	For 2021	3 935 337	3 979 673
	5580	For 2020	4 488 315	3 935 337
including:				
Settlements with suppliers and contractors	5561	For 2021	3 817 968	3 843 341
	5581	For 2020	4 092 654	3 817 968
Advances received	5562	For 2021	237	204
	5582	For 2020	246	237
Settlements on taxes and levies	5563	For 2021	102 430	124 129
	5583	For 2020	3 307	102 430
Credits	5564	For 2021	-	-
	5584	For 2020	-	-
Loans	5565	For 2021	3 185	-
	5585	For 2020	367 938	3 185
Other	5566	For 2021	11 518	11 998
	5586	For 2020	34 172	11 518
	5567	For 2021	-	-
	5587	For 2020	-	-
Total	5550	For 2021	4 369 222	3 979 673
	5570	For 2020	4 488 315	4 369 222

5.4. Overdue payables

Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Total	5590	-	-	-
Including:				
Settlements with suppliers and contractors	5591	-	-	-
Settlements with buyers and customers	5592	-	-	-
	5593	-	-	-

Director _____
(signature)

Artur Valiev
(print name)

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6. Cost of production

Item	Code	For 2021	For 2020
Material expenses	5610	3 985 350	3 769 896
Labour costs	5620	856 453	768 215
Social security contributions	5630	218 019	192 079
Depreciation	5640	10 370	7 764
Other costs	5650	568 527	521 671
Total	5660	5 640 719	5 259 625
Change in balances (increase [-]); of work in progress, finished goods, etc.	5670	-	-
Change in balances (decrease [+]); of work in progress, finished goods, etc.	5680	-	-
Total expenses from ordinary activities	5600	5 640 719	5 259 625

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7. Estimated liabilities

Item	Code	Balance at the beginning of the year	Recognized	Reversed	Written off as excess	Balance at the end of the period
Estimated liabilities --- total	5700	258 832	508 540	(496 137)	(23 169)	248 066
including:						
Provision for vacation pay	5701	22 135	71 744	(73 499)	-	20 470
Provision for payment of annual bonuses to employees	5702	21 181	22 683	(17 766)	(10 800)	15 298
Provision for use of advances to employees	5703	3 407	849	-	-	4 256
Bonuses to buyers Volume Discount (01.04.14)	5704	139 672	378 459	(362 762)	-	155 569
Provision for use of fuel and lubricants	5705	-	(774)	774	-	-
Other expenses	5706	-	-	-	-	-
Bonuses to buyers Cash Discount (01.04.14)	5707	52 554	32 749	(44 261)	-	41 042
Provision for payment of quarterly bonuses to employees	5708	19 107	(8 481)	-	-	10 626
Provision for write-off of promotional materials (10.06)	5709	-	(1 287)	1 287	-	-
#Provision for returned goods		576	12 599	-	(12 368)	807

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8. Security of obligations

Item	Code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Received — total	5800	4 625 000	3 355 000	2 960 000
including:				
Bank guarantee	5801	2 965 000	2 295 000	2 000 000
Surety agreement	5802	1 660 000	1 060 000	960 000
Issued — total	5810	-	-	-
including:				
	5811	-	-	-

Director _____
 (signature)

Artur Valiev
 (print name)

18 March 2022

9. Government aid

Item	Code	For 2021		For 2020	
		At the beginning of the year	Received during the year	Repaid during the year	At the end of the year
Budgetary funds received — total	5900	-	-	-	-
including:					
For current expenditures	5901	-	-	-	-
For investments in non-current assets	5905	-	-	-	-
Budgetary loans — total					
including:					
For 2021	5910	-	-	-	-
For 2020	5920	-	-	-	-
For 2021	5911	-	-	-	-
For 2020	5921	-	-	-	-

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18 March 2022

Notes
to the financial statements of JSC RANBAXY for 2021

1. Information about the Company

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

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

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

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

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

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

1.6. The Company has no subsidiaries or affiliates.

1.7. Information about standalone subdivisions.

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

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

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

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

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

As at 31/12/2020

Chairman of the Board of Directors:

Vivek Kapur

Members of the Board of Directors:

Kanniputur Kamalakkannan Kuppusvami

Kalpesh Shakh

Artur Valiev

Kharin P Mekhta

General Director of JSC Ranbaxy

Artur Valiev

Financial Director

Vivek Kapur

Chief Accountant

Ludmila Alekseevna Manuilova

As at 31/12/2021

Chairman of the Board of Directors:

Not appointed

Members of the Board of Directors:

Kanniputur Kamalakkannan Kuppusvami

Kalpesh Shakh

Artur Valiev

Kharin P Mekhta

General Director of JSC Ranbaxy

Artur Valiev

Director of the Finance Department

Arvind Abrol

Chief Accountant

Ludmila Alekseevna Manuilova

As at 03/02/2022

Chairman of the Board of Directors:

Sergey Lepetan

Members of the Board of Directors:

Rakesh Sinha

Viswanathan Sethuraman

Yulia Khivantseva

Artur Valiev

Sergey Lepetan

General Director of JSC Ranbaxy

Artur Valiev

Director of the Finance Department

Arvind Abrol

Chief Accountant

Ludmila Alekseevna Manuilova

An internal audit commission is not established.

2. Significant Accounting Policies of the Company.

2.1. Accounting policies for bookkeeping purposes.

The Company's accounting records are maintained in accordance with the accounting legislation of the Russian Federation. The Company's financial statements have been prepared on the basis of the current accounting and reporting rules of the Russian Federation, Federal Law No. 402-FZ dated 6 December 2011 and accounting regulations.

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

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

Sales are recorded in the accounting records as follows:

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

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

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

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

2.1.4. Useful lives of fixed assets are determined based of the Classification of fixed assets included in depreciation groups approved by Resolution of the Russian Government No. 1 dated 01 January 2002. Since 01 January 2017, the entity has applied the classifier of depreciation groups updated by Resolution of the Russian

Government dated 07 July 2016 No. 640. For new fixed assets the following depreciation periods are established:

Office equipment	35 months
Vehicles	60 months
Other fixed assets	37 months
Machinery and equipment (except office equipment)	61 months
Production and organizational stock	61 months

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

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

2.1.7. Annual revaluation of fixed assets is not performed.

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

As advances made:

- Insurance expenses;
- Passes;
- Advertising.

As other current assets:

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

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

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

2.1.11. A provision for impairment of inventories is made at the end of the year taking into account the remaining shelf life. The amount of the provision is calculated on a monthly basis. For goods with a remaining shelf life of no more than 6 months, the provision is made at 100 percent. For goods not sold within more than 12 months, the provision is made at 100 percent. In addition, goods are measured on other factors in accordance with FSBU 5/2019.

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

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

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

goods or advertise them. Bonuses to customers for the current reporting period are reported within revenue. Bonuses to customers for the previous reporting period are reported within other expenses.

2.1.15. Short-term deposits opened with banks for up to 3 months are reported in the Statement of Cash Flows on a net basis.

2.1.16. In the Statement of Financial Results, the following other income and expenses are reported on a net basis:

foreign exchange gains and losses;

gains and losses from sale and purchase of foreign currency;

allocations to provisions and income from reversed provisions;

expenses from creation and increase of estimated liabilities and income from decrease in their value

2.2. Accounting policies for tax purposes.

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

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

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

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

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

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

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

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

2.3. Changes in accounting policies applicable from 2021

2.3.1. The following changes were made to the accounting policies for bookkeeping purposes due to the enactment of order No. 180n dated 15 November 2019 of the Ministry of Finance of the Russian Federation "On Approval of the Federal Accounting Standard FSBU 5/2019 "Inventories":

- inventories are accounted for in accordance with Federal Accounting Standard FSBU 5/2019 "Inventories".

A provision for impairment of inventories is made at the end of the year taking into account the remaining shelf life. The amount of the provision is calculated on a monthly basis. For goods not sold within more than 12 months, the provision is made at 100 percent.

The Company applies FSBU 5/2019 prospectively.

Adjustments of prior periods

In order to present comparatives in the Company's financial statements, figures of the Statement of Financial Results for 2020 were retrospectively restated. Adjustment of figures of the Statement of Financial Results for 2020 is shown in the table below:

Statement of Financial Results line	Amount for 2020 before adjustment, RUB'000	Adjustment amount	Amount for 2020 after adjustment, RUB'000	Note
2340 "Other income"	258,967	(110,098)	148,869	Foreign exchange gains and losses; gains and losses from sale and purchase of foreign currency, allocations to provisions and income from reversed provisions and expenses from creation and increase of estimated liabilities and income from decrease in their value are presented on a net basis
2350 "Other expenses"	(613,656)	110,098	(503,558)	

3. Financial and Economic Activities of the Company.

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

3.1.1. In 2021, revenues from sales of goods within operating activities totalled RUB 6,211,211 thousand (excluding VAT), which makes up 99.74 percent of total sales; other income from sales of fixed assets amounted to RUB 16,285 thousand (excluding VAT), which accounts for 0.26 percent of total sales. Gross operating profit was RUB 2,289,363 thousand. Revenue is shown net of bonuses to buyers in the amount of RUB 411,208 thousand.

In 2020, revenues from sales of goods within operating activities totalled RUB 5,390,338 thousand (excluding VAT), which makes up 99.78 percent of total sales; other income from sales of fixed assets amounted to RUB 11,694 thousand (excluding VAT), which accounts for 0.22 percent of total sales. Gross operating profit was RUB 1,674,749 thousand. Revenue is shown taking into account bonuses to buyers in the amount of RUB 379,901 thousand.

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

3.1.2. In 2021, the Company generated RUB 570,492 thousand in profit from sales versus RUB 130,713 thousand in 2020.

The increase in profit is attributable to the following factors:

- An increase in revenues by RUB 820,873 thousand (15.23%)
- An increase in cost by RUB 206,259 thousand (5.55%)
- An increase in selling expenses by RUB 174,834 thousand (11.32%)

3.1.3. The structure of selling expenses is as follows:

The structure of selling expenses

Type of expenses	2021	2020	Change
Payroll	789,536	684,712	104,824
Allocations to funds	200,989	171,445	29,544
Advertising	276,476	241,526	34,950
Marketing	21,804	28,674	(6,870)
Processing of goods	44,710	53,200	(8,491)
Certification	5,051	4,253	798
Maintenance and repair of motor vehicles	23,732	32,449	(8,717)
Car leasing	45,806	45,965	(159)
Insurance	31,153	30,433	720
Rent	38,456	32,076	6,379
Depreciation	10,370	7,764	2,605
Travel expenses	39,181	23,668	15,513
Hospitality expenses	806	200	607
Audit	2,130	2,154	(24)
Software products	21,024	15,312	5,712
Other material costs	10,235	7,015	3,220
Provision for vacation pay	71,744	69,274	2,471
Provision for payment of annual bonuses to employees	22,683	29,894	(7,211)
Provision for payment of quarterly bonuses to employees	(8,481)	4,968	(13,449)
Other expenses	71,465	59,053	12,411
Total	1,718,871	1,544,036	174,834

In 2021, payroll, provisions and allocations to funds account for the largest share of the Company's selling expenses (57.63 percent), with advertising expenses being another major contributor (16.08 percent). In 2020, payroll, provisions and allocations to funds account for the largest share of the Company's selling expenses (55.45 percent), with advertising expenses being another major contributor (15.64 percent). Compared to the previous year, payroll expenses and advertising expenses increased in 2021. Advertisements were placed on TV, in printed press and in the Internet.

The Company increased its staffing in 2021. The average number of employees in 2021 was 465 versus 456 in 2020, representing a 1.97 percent increase (by 9 persons).

3.1.4. The Company's accounts receivable from customers and buyers as at 31 December 2021 amounted to RUB 3,138,356 thousand.

Provision for doubtful receivables from customers and buyers

RUB'000

Period	At the beginning of the period	Creation of provision	Use of provision	Reversal of provision	At the end of the period
for 2021	105,530	-	-	-	105,530
for 2020	105,276	254	-	-	105,530

At the end of 2021, the Company created a provision for doubtful debts for the following organizations:

- For accounts receivable from buyers:

- ZAO Genesis in the amount of RUB 7,764,525.34 (seven million seven hundred sixty four thousand five hundred twenty five rubles and 34 kopecks).
- Rosta JSC in the amount of RUB 97,765,726.09 (ninety seven million seven hundred sixty five thousand seven hundred twenty six rubles and 9 kopecks).

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

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

On 16 August 2021, the Arbitration Court of Moscow Region delivered a decision in case No. A41-79022/2017 and declared Rosta JSC insolvent (bankrupt). The bankruptcy proceedings were extended until 31 January 2022.

On 20 January 2022, the Arbitration Court of Moscow Region delivered a decision in case No. A41-79022/2017 and declared Rosta JSC insolvent (bankrupt). The bankruptcy proceedings were extended until 31 July 2022.

Provision for doubtful receivables from suppliers (advances made)

RUB'000

Period	At the beginning of the period	Creation of provision	Use of provision	Reversal of provision	At the end of the period
for 2021	1,048	-	-	-	1,048
for 2020	1,048	-	-	-	1,048

- For accounts receivable from suppliers:

- ZAO TK Novatorrus-Invest in the amount of RUB 1,048,078.94 (one million forty eight thousand seventy eight rubles and 94 kopecks).

The Company's accounts payable to suppliers and contractors as at 31 December 2021 totalled RUB 3,843,341 thousand. Accounts payable to suppliers increased by 0.7 percent (RUB 25,373 thousand) compared to the previous year. In 2020, accounts payable amounted to RUB 3,817,968 thousand. The accounts payable

increased, mostly, to main suppliers of pharmaceutical products due to outstanding payments for supplied goods.

The key suppliers of JSC RANBAXY in 2021 were SUN PHARMACEUTICAL INDUSTRIES LTD (India), SC TERAPIA SA (Romania). Accounts payable to SUN PHARMACEUTICAL INDUSTRIES LTD (India) amounted to RUB 3,562,327 thousand (92.69 percent of total payables), to SC TERAPIA SA (Romania) — RUB 266,813 thousand (6.94 percent of total payables).

3.1.5. In 2021, interest in the amount of RUB 5,718 thousand was accrued and interest in the amount of RUB 8,574 thousand was paid on the short-term loan received in 2013 from private company limited by shares SUN PHARMA (NETHERLANDS) B.V. (until 21 July 2017 — Ranbaxy (Netherlands) B.V.). In 2020, interest in the amount of RUB 15,691 thousand was accrued and interest in the amount of RUB 17,288 thousand was paid.

3.1.6. In 2021, the Company received income in the form of interest. Income in the form of interest on short-term bank deposits amounted to RUB 10,144 thousand. Income in the form of interest on balances of bank accounts amounted to RUB 2,565 thousand. Income in the form of interest received on loans granted amounted to RUB 37,877 thousand.

As at 31 December 2021, the funds placed on short-term deposits amounted to RUB 150,000 thousand at Sberbank OJSC with the maturity in January 2022.

In 2020, the Company received income in the form of interest. Income in the form of interest on short-term bank deposits amounted to RUB 23,561 thousand. Income in the form of interest on balances of bank accounts amounted to RUB 2,304 thousand. Income in the form of interest received on loans granted amounted to RUB 6,515 thousand.

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

3.1.7. Other income and expenses of the Company recorded in lines 2340 and 2350 of the Statement of Financial Results for 2021 were as follows:

Description	Other income (RUB'000)	Other expenses (RUB'000)
Exchange differences	5,676	-
Income (expenses) related to sale (purchase) of foreign currency	-	(159)
Provision for impairment of inventory	-	(208,330)
Provision for returned goods	-	(230)
Destruction of pharmaceutical products	-	(10,636)
Bonuses from suppliers	82,329	-
Insurance indemnity / expenses for insured events	3,644	-
Write-off of accounts receivable / payable	5,000	(60)
Sales and write-offs of fixed assets	16,285	(37)
Bank services	-	(651)
Other	16,982	(32,940)
Reversal of provision for payment of annual bonuses to employees	10,800	-
Total	140,717	(253,043)

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

Description	Other income (RUB'000)	Other expenses (RUB'000)
Exchange differences	-	(65,394)
Provision for impairment of inventory	-	(412,879)
Provision for doubtful debts	-	(255)
Provision for returned goods	-	(236)
Destruction of pharmaceutical products	-	(12,319)
Bonuses from suppliers	115,604	-
Bonuses to customers	-	(6,007)
Insurance indemnity / expenses for insured events	713	-
Write-off of accounts receivable / payable	258	(22)
Sales and write-offs of fixed assets	11,614	(262)
Bank services	-	(538)
Other	7,249	(5,646)
Reversal of provision for payment of annual bonuses to employees	13,430	-
Total	148,869	(503,558)

3.1.8. According to the accounting data, in 2021 the Company earned a profit before tax of RUB 503,035 thousand; according to the tax accounting data, the Company received a profit of RUB 193,053 thousand. Current income tax amounted to RUB 38,611 thousand.

Permanent differences totalled RUB 43,858 thousand in 2021, resulting in a permanent tax benefit / expense of RUB 8,771 thousand. The bulk of this amount consisted of non-deductible expenses: medical insurance of employees' family members, provision for returned goods, depreciation, regulated expenses, expenses for goods destruction and other non-deductible expenses.

Deferred income tax in 2021 amounted to RUB 70,768 thousand. This amount was basically composed of a temporary difference on other expenses recorded as estimated liabilities. Relevant expenses will be recorded in the period of registration of source documents. For financial accounting purposes the amount of customs charges and duties are taken into account in the value of goods, and for tax accounting purposes they are written off to costs as a lump sum.

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

Permanent differences totalled RUB 36,910 thousand in 2020, resulting in a permanent tax benefit / expense of RUB 7,382 thousand. The bulk of this amount consisted of non-deductible expenses: medical insurance of employees' family members, provision for returned goods, depreciation, regulated expenses, expenses for goods destruction and other non-deductible expenses.

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

Corporate income tax

Item	For 2021	For 2020
Profit (loss) before tax according to the accounting data	503,035	(207,287)
including:		
Profit taxable at 20%*	503,035	(207,287)
Provisional income tax expense (benefit)	100,607	(41,457)
Permanent tax expense (benefit)	8,771	7,382
Income tax expense (benefit)	109,378	(34,075)
Deferred income tax, including	70,768	(64,908)
Current income tax (current tax loss)	38,610	30,833

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

4. Social Indicators

RUB'000

Num ber	Indicator	2021	2020
1	Average number of employees	465	456
2	Accrued wages	789,536	684,712
3	Provisions for vacation pay and payment of quarterly and year-end bonuses	85,947	104,136
4	Amount of accrued contributions, RUB'000	200,989	171,445

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

5.1. Indicators

Num ber	Indicator	2021	2020
1	Authorized capital	163,000	163,000
2	Reserve capital	40,750	40,750
3	Retained earnings	1,206,200	812,543

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

6. Reference Data

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

Narrative		Balance sheet line code	At the beginning of reporting year	At the end of reporting year
I. Assets				
1.	Intangible assets	1110	14,829	8,835
2.	Fixed assets	1150	7,433	13,867
3.	Other non-current assets	1190	-	-
4.	Income-bearing investments into tangible assets	1160	-	-
5.	Long-term and short-term financial investments	1170+1240	1,075,000	1,185,000
6.	Other non-current assets	1120+1130+1140+1180	143,007	65,516
7.	Inventories	1210	1,184,707	1,039,399
8.	Input value-added tax	1220	197	1,138
9.	Accounts receivable	1230	3,026,081	3,273,413
10.	Cash	1250	200,662	54,193
11.	Other current assets	1260	5,961	3,135
12.	Total assets taken into account in the calculation (sum of items 1–11)		5,657,878	5,644,496
II. Equity and liabilities				
13.	Long-term liabilities under loans and credits	1410	433,885	-
14.	Other long-term liabilities	1420+1450	13,531	6,807
15.	Short-term liabilities under loans and credits	1510	3,185	-
16.	Accounts payable	1520	3,932,152	3,979,673
17.	Estimated liabilities	1540	258,832	248,066
18.	Other short-term liabilities	1550	-	-
19.	Total equity and liabilities taken into account in the calculation (sum of items 13–18)		4,641,585	4,234,546
20.	Net asset value of the company (total assets taken into account in the calculation (item 12) less total equity and liabilities taken into account in the calculation (item 19))		1,016,293	1,409,950

6.1.1. Intangible assets

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

6.1.2. Fixed assets

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

6.1.3. Financial investments

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

Information about the existence and movements of financial investments is presented below:

No	Borrower	Loan term	Annual interest rate	Loan amount		
				As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
1	PJSC Biosintez	31/12/2024	Refinancing rate x 0.75	1,005,000	550,000	-
2	Sun Pharmaceutical Industries LLC	07/07/2022	Refinancing rate x 1.25	30,000	-	-
	Total:			1,035,000	550,000	-

RUB'000

No	Financial investment	as at 31/12/2021			as at 31/12/2020			as at 31/12/2019		
		Term (days)	Rate	Amount	Term (days)	Rate	Amount	Term (days)	Rate	Amount
1	Short-term deposit	13	7.50%	150,000	13	3.80%	525,000	21	5.65%	125,000
2	Short-term deposit			-				8	4.70%	125,000
3	Short-term deposit in foreign currency							90	1.83%	31,022
	TOTAL			150,000			525,000			281,022

Interest of RUB 6,514 thousand was accrued in 2020 on a loan granted to PJSC Biosintez as at 31 December 2020.

In 2021, a loan granted to PJSC Biosintez was repaid in the amount of RUB 500,000 thousand. Interest of RUB 36,620 thousand was accrued in 2021 on a loan granted to PJSC Biosintez. Interest of RUB 1,257 thousand was accrued in 2021 on a loan granted to Sun Pharmaceutical Industries LLC.

The amount of interest accumulated and not received on loans granted is shown within short-term accounts receivable.

Within short-term accounts receivable in line 1230 of the Balance Sheet, interest accrued on financial investments amounted to RUB 9,637 thousand as at 31 December 2021, RUB 6,514 thousand as at 31 December 2020, RUB 0.00 thousand as at 31 December 2019.

In 2022, under a Debt Forgiveness Agreement a debt of RUB 30 million was written off under a loan agreement with Sun Pharmaceutical Industries LLC (group company).

6.1.4. Deferred tax assets

According to the data from the Balance Sheet, deferred tax assets amounted to RUB 65,516 thousand as at 31 December 2021, RUB 143,007 thousand as at 31 December 2020 and RUB 81,030 thousand as at 31 December 2019.

6.1.5. Inventories

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

6.1.6. Value-added tax

According to the data from the Balance Sheet, value-added tax not accepted for deduction due to non-provision of VAT invoices by the service providers amounted to RUB 1,138 thousand as at 31 December 2021, RUB 197 thousand as at 31 December 2020 and RUB 46,397 thousand as at 31 December 2019.

6.1.7 Accounts receivable

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

6.1.8. Financial investments (excluding cash equivalents)

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

6.1.9. Cash and cash equivalents

According to the data from the Balance Sheet as at 31 December 2021, they amounted to RUB 54,193 thousand, including: cash on hand — RUB 14 thousand, settlement accounts — RUB 54,179 thousand; as at 31 December 2020 they amounted to RUB 200,662 thousand, including: cash on hand — RUB 10 thousand, settlement

accounts — RUB 200,653 thousand; as at 31 December 2019 they amounted to RUB 78,999 thousand, including: cash on hand — RUB 16 thousand, settlement accounts — RUB 78,983 thousand.

6.1.10. Other current assets

According to the data from the Balance Sheet as at 31 December 2021, they amounted to RUB 3,135 thousand, as at 31 December 2020 — RUB 5,961 thousand; as at 31 December 2019 — RUB 3,513 thousand.

6.1.11. Borrowings (long-term liabilities)

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

6.1.12. Deferred tax liability

According to the data from the Balance Sheet as at 31 December 2021, they amounted to RUB 6,807 thousand, as at 31 December 2020 — RUB 13,531 thousand; as at 31 December 2019 — RUB 16,462 thousand.

6.1.13. Borrowings (short-term liabilities)

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

6.1.14. Accounts payable

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

6.1.15. Estimated liabilities

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

6.2. Information on leased fixed assets.

6.2.1 Leased premises.

As at 31/12/2021, JSC RANBAXY did not have its own premises.

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

- **LE FORTAKO LIMITED in Moscow.** Agreement w/o No. dated 15 May 2018 for 1,073.7 sq.m. (the monthly fee is RUB 2,108,643.59, including VAT). Pursuant to clause 9.3.1 of the Agreement dated 15 May 2018 for 1,073.7 sq.m. the monthly fee was increased starting from 15 June 2020 and amounted to RUB 2,265,304.49, including VAT. Additional Agreement 1 dated 11 June 2021 (the monthly fee was reduced from 15 June 2021 (for rent, parking fee remained the same) and amounted to RUB 2,963,324.08, including VAT). Date of the agreement termination is 14 June 2023.

- **Flarida Gazzalievna Vakarina (individual)** for 50.7 sq. m — an office in the city of Yekaterinburg Agreement No. 01-2020 dated 01 June 2020 (the monthly fee is RUB 35,000 without VAT). Date of the agreement termination is 30 April 2021. The agreement was terminated early – the termination agreement is dated 20 February 2021

- **OOO Inform-Future** for 80.7 sq. m, an office, and for 3.7 sq. m, a utility room in St. Petersburg. Additional Agreement 2 dated 27 August 2020 (the monthly fee is RUB 116,700.98 with VAT and without VAT starting from January 2021).

Date of the agreement termination is 30 September 2021.

- **OOO Ecor-Plus** changed its owner from 01 June 2021 (formerly OOO Inform-Future) for 80.7 sq. m, an office, and for 3.7 sq. m, a utility room in St. Petersburg (the monthly fee is RUB 102,113.24, including VAT, from June 2021). Agreement 41/44/Б/2021 dated 01 October 2021 (the monthly fee is RUB 116,532.00, including VAT). Date of the agreement termination is 31 August 2022.

- **Federation of Trade Unions of Rostov Region** for 42.24 sq. m — an office in Rostov-on-Don. Additional Agreement 1 dated 16 September 2020 to Agreement No. 11/20 dated 01 November 2019 (the monthly fee is RUB 28,723.20 without VAT). Date of the agreement termination is 31 August 2021. The agreement was terminated early – the termination agreement is dated 26 April 2021
- **OOO Danom** — a warehouse in Moscow Region. Agreement No. Д-CA-18/18 dated 15 October 2018 for 358.7 sq.m. (the monthly fee is RUB 289,158, including VAT). The Agreement is valid for 11 months. Additional Agreement 6 dated 21 September 2020 for 358.7 sq.m. (the monthly fee is RUB 289,158, including VAT). Date of the agreement termination is 14 July 2021. Additional Agreement 7 dated 08 October 2021 for 358.7 sq.m. (the monthly fee is RUB 289,158, including VAT). Date of the agreement termination is 14 June 2022
- **IE Zueva I.V.** for 48.3 sq. m — lease of an office in the city of Krasnodar. Agreement No. 20 dated 01 May 2020 (the monthly fee is RUB 29,000.00 without VAT). Date of the agreement termination is 31 March 2021. The agreement was terminated early – the termination agreement is dated 01 March 2021.
- **IE Sachli K.I.** for 51.3 sq.m. — lease of an office in the city of Krasnodar. Agreement dated 01 March 2021 (the monthly fee is RUB 31,000.00 without VAT). Date of the agreement termination is 01 February 2022.
- **LLC Development Department** for 50.3 sq. m. — an office in the city of Novosibirsk. Agreement No. 12/06-2020 dated 01 June 2020 (the monthly fee is RUB 42,755.00 without VAT). Date of the agreement termination is 30 April 2021. Agreement No. 12/05-2021 dated 30 April 2021 (the monthly fee is RUB 42,755.00 without VAT). Date of the agreement termination is 31 May 2022.
- **IE Yarovoy** for 25.7 sq.m. — an office in the city of Vladivostok. Agreement No. БИЦ 2-9 dated 01 October 2017 (the monthly fee is RUB 25,700.00 without VAT). Additional Agreement dated 01 July 2020. Date of the agreement termination is 31 May 2021. The agreement was terminated early – the termination agreement is dated 04 March 2021.
- **Valentina Olegovna Chesnokova (individual)** for 46.58 sq. m — an office in the city of Nizhny Novgorod. Additional Agreement 1 dated 01 November 2020 to Agreement No. 1 dated 01 December 2019 (the monthly fee is RUB 26,500.00 without VAT). Date of the agreement termination is 30 September 2021. Additional Agreement dated 24 August 2021 to Agreement No. 1 dated 01 December 2019 (the monthly fee is RUB 26,500.00 without VAT). Date of the agreement termination is 31 August 2022.

6.2.2 Movable property

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

6.3. *Additional information about the goods rejection procedure.*

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

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

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

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

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

Structure of the accrued and paid amounts in favour of the Company's employees in 2021:

Subdivision	2021, in RUB'000	2021, %	2020, in RUB'000	2020, %
Head Office (Moscow)	860,135	99.62%	779,549	99.57%
Standalone subdivision Warehouse for wholesaling medical products in Istra District	3,308	0.38%	3,389	0.43%
Total	863,443	100%	782,938	100%

As at the end of 2021, the liabilities for payment of wages were discharged in full.

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

The employees' accrued and unused vacations as at 31/12/2021, including insurance contributions:

RUB 20,470 thousand; bonuses based on 2021 results, including insurance contributions: RUB 15,298 thousand.

6.6. *Notes to the Balance Sheet*

6.6.1. The accounts receivable recorded in balance sheet line 1230 are short-term and amount to RUB 3,273,413 thousand. There are no long-term accounts receivable. When preparing the balance sheet, the Company additionally discloses receivables relating to settlements with accountable persons and other settlements with employees; for comparison purposes, the balance sheet shows settlements as at 31/12/2020 and 31/12/2019.

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

Type	2021	2020
Settlements on advances issued	29,111	31,282
Settlements with buyers and customers	3,138,356	2,898,706
Settlements with the budget (individual income tax)	6	-
Settlements with the budget (advance income taxes)	20,487	-
Other taxes and levies	-	-
Payments to extra-budgetary funds	-	7,191
Settlements with employees on payroll	11	2
Advances to employees	4,256	3,407
Settlements with employees on loans issued	4,500	7,902
Insurance settlements	-	-
Settlements of claims	-	-
Settlements with other debtors	76,685	77,590
TOTAL	3,273,413	3,026,080

6.7. *Notes to the Statement of Financial Results*

6.7.1. Information on the expenses from ordinary activities.

The expenses from ordinary activities (production cost and selling expenses) reported in the Statement of Financial Results for 2021 amounted to RUB 5,640,718 thousand. The cost of goods sold was RUB 3,921,848 thousand (including suppliers' bonuses of RUB 99,339 thousand). Selling expenses amounted to RUB 1,718,871 thousand.

The expenses from ordinary activities (production cost and selling expenses) reported in the Statement of Financial Results for 2020 amounted to RUB 5,259,625 thousand. The cost of goods sold was RUB 3,715,589 thousand (including suppliers' bonuses of RUB 41,629 thousand). Selling expenses amounted to RUB 1,544,036 thousand.

6.8. Notes to the Statement of Cash Flows

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

Other receipts	2021	2020
Refund of taxes and levies from the budget	40,878	26,737
Value-added tax	-	56,276
Insurance indemnity	3,644	713
Other refunds	8,891	3,050
Total	53,413	86,776

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

Other payments	2021	2020
Customs payments	130,119	112,355
Value-added tax	9,022	-
Payment for insurance	29,891	30,603
Advances to employees	37,417	31,886
Interest-free loans to employees	7,056	12,243
Other payments	24,163	8,310
Total	237,668	195,397

In 2021, the Company applied the method of accounting for customs payments to report cash flows: payment of VAT to the customs is shown as a separate item of cash flows and reduces the VAT balance in the Statement of Cash Flows, which is recorded within other receipts in line 4119.

In 2021, the Company received advance payments from buyers of goods in the amount of RUB 979,024 thousand, in 2020 — in the amount of RUB 181,342 thousand. In the Statement of Cash Flows, the advance payments received are shown in line 4111 Receipts, including from sale of goods, works and services.

In 2021, the Company made advance payments to suppliers of goods, works and services in the amount of RUB 460,741 thousand, in 2020 — in the amount of RUB 440,338 thousand. In the Statement of Cash Flows, the advance payments made are shown in line 4121 Payments, including to suppliers (contractors) for materials, supplies, goods, services.

6.9. Other data

6.9.1. Tax audits and decisions

There were no tax audits in 2021.

6.9.2. Events after the balance sheet date

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

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

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

Nevertheless, the current political and economic situation does not cast any doubt on the Company's ability to continue as a going concern during at least 12 months after the reporting date. Measures taken by the Company's management allow the Company to ensure uninterrupted functioning and fulfil obligations towards its counterparties.

FSBU 6/2020 "Fixed Assets", FSBU 25/2018 "Lease Accounting" and FSBU 26/2020 "Capital Investments" are applied starting from the financial statements for 2022 prospectively.

6.9.3. Provisions, contingent assets and liabilities

In accordance with PBU 8/2010, the Company made the following provisions for future expenses as at as at 31 December 2021:

- For payment of annual bonuses to staff in the amount of RUB 15,298 thousand,
- For payment of quarterly bonuses to staff in the amount of RUB 10,625 thousand,
- A provision for payment of forthcoming vacations in the amount of RUB 20,470 thousand,
- A provision for returned goods in the amount of RUB 806 thousand,
- A provision for use of advances to employees in the amount of RUB 4,256 thousand,
- For future expenses for providing bonuses to buyers for 2021 in the amount of RUB 196,611 thousand. The estimated liability for future expenses for awarding bonuses to buyers was established on the basis of a monetary valuation by the Company's management.

The Company has no contingent assets or liabilities.

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

- For payment of annual bonuses to staff in the amount of RUB 21,181 thousand,
- For payment of quarterly bonuses to staff in the amount of RUB 19,107 thousand,
- A provision for payment of forthcoming vacations in the amount of RUB 22,135 thousand,
- A provision for returned goods in the amount of RUB 576 thousand,
- A provision for use of advances to employees in the amount of RUB 3,407 thousand,

- For future expenses for providing bonuses to buyers for 2020 in the amount of RUB 192,426 thousand. The estimated liability for future expenses for awarding bonuses to buyers was established on the basis of a monetary valuation by the Company's management.

The Company has no contingent assets or liabilities.

6.9.4. Related party transactions

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

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

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

<https://sunpharma.com/investors-annual-reports-presentations/>

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

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

Transactions with related parties during the reporting period:

<i>Related parties</i>	<i>Type of relation</i>	<i>Type of transactions</i>	<i>Applied pricing methods for each type of transactions</i>	<i>Volume of transactions in 2021</i>	<i>Volume of transactions in 2020</i>
SUN PHARMACEUTICAL INDUSTRIES LTD (India)	Other related party (parent company of Sun Pharmaceutical Industries group)	Purchase of goods	According to the agreement (market price)	RUB 3,217,132 thousand	RUB 2,133,737 thousand
SUN PHARMACEUTICAL INDUSTRIES LTD (India)	Other related party (parent company of Sun Pharmaceutical Industries group)	Compensation for discount given to the buyer	According to the agreement	RUB 174,668 thousand	RUB 149,278 thousand
SC TERAPIA SA (Romania)	Other related party (a company from Sun Pharmaceutical Industries group)	Purchase of goods	According to the agreement (market price)	RUB 713,949 thousand	RUB 675,019 thousand

SC TERAPIA SA (Romania)	Other related party (a company from Sun Pharmaceutical Industries group)	Compensation due to recall of a pharmaceutical product	According to the agreement	-	RUB 7,794 thousand
Sun Pharmaceutical Industries LLC	Other related party (a company from Sun Pharmaceutical Industries group)	Sublease agreement	According to the agreement	RUB 360 thousand	RUB 360 thousand
Sun Pharmaceutical Industries LLC	Other related party (a company from Sun Pharmaceutical Industries group)	Loan agreement	Issued loan	RUB 30,000 thousand	-
Sun Pharmaceutical Industries LLC	Other related party (a company from Sun Pharmaceutical Industries group)	Accrual of interest under the short-term loan agreement	According to the agreement	RUB 1,257 thousand	-
Representative office of Sun Pharmaceutical Industries Limited	Other related party (representative office of a company of Sun Pharmaceutical Industries group in Russia)	Agency agreement	According to the agreement	RUB 1,689 thousand	RUB 1,687 thousand
Sun Pharma (Netherlands) B.V. Private company limited by shares	Principal shareholder (99 percent of stocks)	Repayment of a short-term / long-term loan		USD 5,873 thousand RUB 455,275 thousand	-
Sun Pharma (Netherlands) B.V. Private company limited by shares	Principal shareholder (99 percent of stocks)	Accrual of interest under the short-term loan agreement	3M Libor + 150 bp p.a.	USD 120 thousand RUB 9,159 thousand	USD 216 thousand RUB 15,691 thousand
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Loan agreement	Issued loan	RUB 955,000 thousand	RUB 550,000 thousand
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Loan agreement	Repayment of the issued loan	RUB 500,000 thousand	-
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Accrual of interest under the short-term loan agreement	According to the agreement	RUB 36,620 thousand	RUB 6,514 thousand
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Under contracts for the sale of goods, works, services	According to the agreement	RUB 11 thousand	RUB 43 thousand
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Goods sale and purchase agreement	According to the agreement	RUB 19,573 thousand	RUB 401 thousand
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Agreement (for contract manufacturing)	According to the agreement	RUB 1,538 thousand	RUB 401 thousand

Accounts receivable and payable to related parties of the Company
as at 31 December 2021 were as follows:

Related party	Type of relation	Amount of accounts receivable (payable)	Amount of accounts receivable (payable)
		2021 (RUB'000)	2020 (RUB'000)
SUN PHARMACEUTICAL INDUSTRIES LTD (India)	Other related party (parent company of Sun Pharmaceutical Industries group)	(3,562,327)	(3,391,765)
SC TERAPIA SA (Romania)	Other related party (a company from Sun Pharmaceutical Industries group)	(266,813)	(410,528)
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	(1,006)	-
PJSC Biosintez (loans granted and related interest)	Other related party (a company from Sun Pharmaceutical Industries group)	1,013,381	556,514
Sun Pharmaceutical Industries LLC	Other related party (a company from Sun Pharmaceutical Industries group)	-	30
Sun Pharmaceutical Industries LLC (loans granted and related interest)	Other related party (a company from Sun Pharmaceutical Industries group)	31,257	-
Sun Pharma (Netherlands) B.V. Private company limited by shares (for received loans and loan interest)	Principal shareholder (99 percent of stocks)	-	(437,070)

Cash flows with related parties:

Related parties	Type of relation	Type of transactions	Amount in 2021	Amount in 2020
SUN PHARMACEUTICAL INDUSTRIES LTD (India)	Other related party (parent company of Sun Pharmaceutical Industries group)	Payment of goods	RUB 2,871,903 thousand	RUB 2,055,073 thousand
SC TERAPIA SA (Romania)	Other related party (a company from Sun Pharmaceutical Industries group)	Payment of goods	RUB 857,664 thousand	RUB 823,338 thousand
Sun Pharmaceutical Industries LLC	Other related party (a company from Sun Pharmaceutical Industries group)	Issued loan	RUB 30,000 thousand	-
Sun Pharmaceutical Industries LLC	Other related party (a company from Sun Pharmaceutical Industries group)	Payment under the sublease agreement	RUB 390 thousand	RUB 360 thousand
Representative office of Sun Pharmaceutical Industries Limited	Other related party (representative office of a company of Sun Pharmaceutical Industries group in Russia)	Payment under agreements	RUB 1,689 thousand	RUB 1,687 thousand
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Under contracts for the sale of goods, works, services	RUB 11 thousand	RUB 43 thousand
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Goods sale and purchase agreement	RUB 19,573 thousand	RUB 401 thousand
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Agreement (for contract manufacturing)	RUB 1,538 thousand	-
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Issued loan	RUB 955,000 thousand	RUB 550,000 thousand
PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Repayment of the issued loan	RUB 500,000 thousand	-

PJSC Biosintez	Other related party (a company from Sun Pharmaceutical Industries group)	Payment of interest under the loan agreement	RUB 34,754 thousand	-
Sun Pharma (Netherlands) B.V. Private company limited by shares	Principal shareholder (99 percent of stocks)	Repayment of a short-term / long-term loan	USD 5,873 thousand RUB 455,275 thousand	-
Sun Pharma (Netherlands) B.V. Private company limited by shares	Principal shareholder (99 percent of stocks)	Payment of interest under the loan agreement	USD 120 thousand RUB 9,159 thousand	RUB 17,288 thousand

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

In 2021, the following amounts were accrued in favour of key management personnel (management)*: wages — RUB 88,524 thousand; paid annual leave in the amount of RUB 9,226 thousand; year-end bonus for 2020 in the amount of RUB 7,100 thousand, other bonuses — RUB 5,540 thousand, sick leave payments amounted to RUB 80 thousand. In 2021, the Company granted short-term interest-free loans to management personnel amounting to RUB 600 thousand. There were no long-term payments in favour of key management personnel in 2020.

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

* *Key management personnel (management):*

General Director

Chief Accountant

Financial Director

Director of the Department (Finance Division)

HR Director

Head of the Commercial Department

Marketing Director

Director of the Department (Prescription Medicines Department)

Director for Regulatory and Government Affairs

Director of the Department (Business Development and Analytics Division)

Senior pharmacist in charge of the warehouse for wholesaling medical products

Head of the Legal Division

National Sales Manager (Prescription Medicines Division)

National Sales Manager (Pharmacy Division)

Head of Commercial Sales (Commercial Sales Division)

Field Force Effectiveness Manager

Head of Proposals

Head of Pharmacy Division

Senior Medical Advisor

6.10. Information about the risks of business activity

6.10.1 General information about potential major risks of business activity.

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

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

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

6.10.2 Disclosure of information about credit risks.

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

Management is making every possible effort to minimize the Company's risk exposure. In particular, the creditworthiness of customers is assessed on the basis of the contractors' financial statements, which is a prerequisite for establishing credit limits under contracts for supply of goods. Management believes that there are no significant losses for which no provision for impairment related to these and other receivables was made as at 31 December 2021.

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

As at 31 December 2021, the receivables secured by guarantees and sureties were as follows:

Buyer	Debt amount, rubles	Collateral amount, rubles	Guarantor / Surety
BSS OOO	2,946,569	10,000,000	VTB Bank OAO
Vita Line OOO	100,108,687	130,000,000	Rosbank
Grand Capital FC OOO	470,113,882	250,000,000	Alfa-Bank AO
		500,000,000	VTB Bank OAO
GDP	19,805,630	20,000,000	Moscow Credit Bank PAO
Zdravservis OOO	334,555	15,000,000	Alfa-Bank AO
InterLek OOO	42,032,606	40,000,000	Alfa-Bank AO
		70,000,000	Sberbank of Russia PAO
Katren NPK AO	728,348,731	1,500,000,000	Katren ZAO (Russia)
Magnit Pharma OOO	29,773,110	160,000,000	Tender AO
NEO-PHARM	4,814,371	30,000,000	Sberbank of Russia PAO
Protek TsV ZAO	1,172,726,036	1,150,000,000	Sberbank of Russia PAO
Pulse FC OOO	184,695,298	600,000,000	RaiffeisenBank JSC
Farmperspektiva JSC	209,446,602	150,000,000	RaiffeisenBank JSC
Total	2,965,146,077	4,625,000,000	

6.10.3 Disclosure of information about liquidity risk.

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

6.10.4 Disclosure of information about currency risks.

In 2021, the Company settled a debt denominated in a foreign currency (US dollars) related to loans received, so the Company minimized its currency risk exposure. Due to the devaluation of the dollar during 2021, the Company incurred foreign exchange gains totalling RUB 5,517 thousand.

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

Existence and movements of liabilities denominated in foreign currencies:

	Liabilities denominated in US dollars (USD'000)	Liabilities denominated in Euros (EUR'000)
Balance as at 31/12/2019	5,916	None
New liabilities	77	None

Reversed	(5,993)	None
Balance as at 31/12/2020	0	None
Balance as at 31/12/2021	0	None

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

	Exchange rate as at 31/12/2021	Exchange rate as at 31/12/2020
US dollar (USD)	74.2926	73.8757

After the reporting date, the ruble rate dropped by 41.07 % against the US dollar and at the date of signing (compiling) of these statements (18 March 2021) amounted to 104.8012 rubles per US dollar.

6.10.5 *Disclosure of information about other risks.*

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

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

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

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

The tax risks resulting from all these facts considerably exceed those that are customary for companies in countries with a better developed tax system. Management believes that the relevant provisions of legislation have been interpreted correctly and that the probability of maintaining the status of the Company in the context of tax, currency and customs legislation as at 31 December 2021 is high.

6.10.6 *Impact of the pandemic on the operations*

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

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

6.11. *Summary*

According to the results of its activities in 2021, the Company earned a profit of RUB 393,656 thousand. According to the results of its activities in 2020, the Company incurred a loss of RUB (173,212) thousand.

RUB '000

<i>Indicator</i>	<i>2021</i>	<i>2020</i>
Net profit	393,656	(173,212)
Number of ordinary shares	163,000	163,000
Basic earnings / loss per share	2	(1)

In 2021, sales increased by 15.23 percent, while the share of the cost of sales in revenue decreased by 5.79 percent (63.14 percent in 2021 vs. 68.93 percent in 2020), and the share of selling expenses in revenue decreased insignificantly by 0.97 percent (27.67 percent in 2021 vs 28.64% percent in 2020).

Other expenses decreased significantly in 2021 by RUB 250,515 thousand (49.75 percent) as a result of the establishment of a provision for impairment of goods close to their expiry dates and exchange differences. Other income also decreased by RUB 8,152 thousand (5.45 percent) as a result of the receipt of bonuses from suppliers of goods and exchange differences.

Director

Artur Valiev

18 March 2022