

Ranbaxy Pharmaceuticals Ukraine LLC

Financial Statements
for the Year Ended December 31, 2022

RANBAXY PHARMACEUTICALS UKRAINE LLC

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RANBAXY PHARMACEUTICALS UKRAINE LLC

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Management is responsible for the preparation of the financial statements that present fairly the financial position of Limited Liability Company “Ranbaxy Pharmaceuticals Ukraine” (hereinafter, the “Company”) as at December 31, 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards (“IFRS”).

In preparing the financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company’s financial position and financial performance;
- Making an assessment of the Company’s ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with Ukrainian legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

On behalf of the Company’s Management:

Alok Batra,
General Manager

Kateryna Kotlyarova,
Chief Accountant

Ref. No. 18-3
as of 17.02.2023

INDEPENDENT AUDITOR'S REPORT

**To: Owners and Management of
Ranbaxy Pharmaceuticals Ukraine LLC**

Opinion

We have audited financial statements of Ranbaxy Pharmaceuticals Ukraine LLC (further – the Company), which comprise the Statement of financial position as at December 31, 2022, Statement of profit, loss, and other comprehensive income, Statement of changes in equity, Statement of cash flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements reflect fairly, in all material respects, the financial position of the Company as at December 31, 2022, its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and meet the requirements of the Law of Ukraine "On Financial Accounting and Financial Reporting in Ukraine" as of 16.07.1999 No. 996-XIV (Law of Ukraine No. 996-XIV) on the preparation of financial statements.

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 Financial Statements* section of our report.

We are independent from the Company in accordance with the Code of Ethics of Professional Accountants of the International Ethics Standards Board for Accountants and published by the International Federation of Accountants (including the International Standards on Independence) (IESBA Code) and with the ethical requirements relating to audit of financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw your attention to Note 2 to the financial statements, which describes that the Company suffered negative impact from the economic crisis in Ukraine, caused by the military aggression of the Russian Federation that started on February 24, 2022 and is continuing in its active phase from February 24, 2022 and as at the date of the approval of the Report. These conditions demonstrate that there exists material uncertainty that may cast doubt onto the ability of the Company to continue as a going concern. Our opinion was not modified on this matter.

Emphasis-of-matter paragraph – Concentration of related parties' transactions

We draw your attention to Note 7 to the financial statements, which discloses a material concentration of transactions and balances under transactions with the related parties of the Company. Our opinion was not modified on this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with the statement that we have met the relevant ethical requirements for independence, and we notify them of all relationships and other issues that might reasonably be considered to affect our independence and, where applicable, regarding appropriate precautionary measures.

The key audit partner on the engagement resulting in this independent auditor's report is Svitlana Kanana.

Key Audit Partner

Svitlana KANANA

HLB UKRAINE LLC

11/11 Gusovskogo Street, office 3, Kyiv, Ukraine

February 17, 2023

RANBAXY PHARMACEUTICALS UKRAINE LLC

STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2022 *In thousands of Ukrainian Hryvnias*

	Notes	December 31, 2022	December 31, 2021
Assets			
<i>Non-current assets</i>			
Property and equipment and capital investments	8	590	1,012
Intangible assets	8	131	240
Lease asset right	9	32,367	34,534
Deferred tax asset	22	4,140	2,966
Non-current receivables	11	379	397
Total non-current assets		37,607	39,149
<i>Current assets</i>			
Inventories	10	71,788	90,034
Trade and other receivables	11	54,005	61,680
Cash and cash equivalents	12	88,638	43,767
Total current assets		214,431	195,481
Total assets		252,038	234,630
Equity			
Authorised capital	13	39,950	39,950
Other capital		15	15
Retained earnings	14	154,427	133,253
Total equity		194,392	173,218
Liabilities			
<i>Non-current liabilities</i>			
Long-term lease liabilities	16	23,663	26,469
Total non-current liabilities		23,663	26,469
<i>Current liabilities</i>			
Lease liabilities	16	9,926	8,567
Trade and other payables	17	391	9,229
Provisions for liabilities and charges	15	20,844	14,724
Current income tax	22	2,822	2,423
Total current liabilities		33,983	34,943
Total liabilities		57,646	61,412
Total liabilities and equity		252,038	234,630

Alok Batra,
Managing Director

Kateryna Kotlyarova,
Chief Accountant

RANBAXY PHARMACEUTICALS UKRAINE LLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

In thousands of Ukrainian Hryvnias

	Notes	<u>2022</u>	<u>2021</u>
Revenue	18	346,997	408,689
Cost of sales	19	<u>(160,747)</u>	<u>(196,094)</u>
Gross profit		186,250	212,595
Distribution costs	21	(117,804)	(129,686)
General and administrative expenses	21	(25,494)	(23,556)
Other operating income	20	4,937	7,875
Other operating expenses	21	(14,305)	(8,285)
Foreign currency exchange gain/(loss)		<u>(3,925)</u>	<u>(888)</u>
Profit/(loss) from operations		29,659	58,055
Financial expenses from lease operations		<u>(2,579)</u>	<u>(936)</u>
Profit/(loss) before income tax		27,080	57,119
Income tax benefit/(expense)	22	<u>(5,904)</u>	<u>(10,413)</u>
Profit/(loss) for the year		<u>21,176</u>	<u>46,706</u>
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>21,176</u>	<u>46,706</u>

Alok Batra,
Managing Director

Kateryna Kotlyarova,
Chief Accountant

RANBAXY PHARMACEUTICALS UKRAINE LLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022 *In thousands of Ukrainian Hryvnias*

	Notes	Authorised capital	Other capital	Retained earnings	Total equity
Balance as at January 1, 2021		39,950	15	86,547	126,512
Profit for the year		0	0	46,706	46,706
Balance as at December 31, 2021		39,950	15	133,253	173,218
Correction	14			(2)	(2)
Balance as at December 31, 2021 corrected		39,950	15	133,251	173,216
Profit for the year				21,176	21,176
Balance as at December 31, 2022		39,950	15	154,427	194,392

Alok Batra,
Managing Director

Kateryna Kotlyarova,
Chief Accountant

RANBAXY PHARMACEUTICALS UKRAINE LLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022 *In thousands of Ukrainian Hryvnias*

	Notes	2022	2021
Cash flows from operating activities			
Profit/(loss) for the year		21,176	46,706
Income tax (benefit)/expense	22	5,904	10,413
Profit/(loss) before income tax		27,080	57,119
<i>Adjustments for:</i>			
Amortisation of intangible assets	8	108	135.86348
Depreciation of fixed assets	8	497	486.83326
Depreciation of lease assets	9	10,365	11,664
Financial expenses		2,579	936
Changes in provisions	15	6,083	(729)
Foreign currency exchange (gain)/loss unrealised		14,574	1167.5701
Other non-cash operating costs		11,239	-12,690
Operating cash flows before working capital changes		72,524	58,090
<i>Working capital adjustments:</i>			
Decrease/(increase) in inventories	10	18,246	-2,726
Decrease/(increase) in trade receivables	11	7,304	(6,371)
Decrease/(increase) in other receivables	11	371	1,728
Increase/(decrease) in trade payables	17	(23,366)	(4,523)
Increase/(decrease) in other payables	16	(7,326)	14,117
Net working capital changes:		(4,771)	2,226
Interests received		1,843	674.98822
Income tax paid (benefit)		9,558	13,086
Net cash provided by/(used in) operating activities		60,039	47,905
Cash flows from investing activities			
Proceeds from sale of property and equipment		0	2
Purchase of property and equipment		(92)	(264)
Income tax from investments activities		14	39

Net cash used in investing activities

(78)

(223)

Cash flows from financial activities

Lease payments

16

(15,823)

(16,323)

Other interest paid

16

(2,579)

(936)

Income tax from financial activities

3,312

3,107

Net cash used in financial activities

(15,090)

(14,152)

Net increase/(decrease) in cash and cash equivalents

44,871

33,530

Cash and cash equivalents at the beginning of the year

12

43,767

10,237

Cash and cash equivalents at the end of the year

12

88,638

43,767

Alok Batra,
Managing Director

Kateryna Kotlyarova,
Chief Accountant

RANBAXY PHARMACEUTICALS UKRAINE LLC

NOTES TO THE FINANCIAL STATEMENTS –DECEMBER 31, 2022

In thousands of Ukrainian Hryvnias

1. RANBAXY PHARMACEUTICALS UKRAINE LLC AND ITS OPERATIONS

The Company was incorporated and is domiciled in Ukraine. The Company is a Limited Liability Company and was set up in accordance with Ukrainian regulations.

As at December 31, 2022, December 31, 2021 the Company's immediate parent as Sun Pharmaceutical Industries Limited registered in India and listed on the Bombay Stock Exchange and the National Stock Exchange of India. No private individuals has control over the Company and its Parent Company.

Principal activity

The Company's principal business activity is wholesale of imported pharmaceutical goods produced by Sun Pharma Group within Ukraine.

Registered address and place of business

The Company's registered address is 175 Kharkivske shosse avenue, 02121, Kyiv, Ukraine.

Presentation currency

These financial statements are presented in Ukrainian hryvnias ("UAH" or "Hryvnia"), unless otherwise stated. All figures shown are rounded, so minor discrepancies may arise from adding together these amount.

2. GOING CONCERN

Management prepared these financial statements on a going concern basis. In making this judgement management considered the Company's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of the situation in the financial markets on the operations of the Company.

The Company was adversely affected by the continuing economic crisis caused by the military aggression of the Russian Federation, which began in 2014 and continues in an active phase from February 24, 2022 and on the day of the adoption of the report in the form of active military operations on a wide front, attacks on civilian infrastructure throughout the territory of Ukraine, annexation of part of the territories of Ukraine. The Company's operating results in 2022 were negatively affected by changes in the Ukrainian market due to the annexation of territories, destructions in large cities, destructions of civil infrastructure, migration of the population abroad and within the country, a low level of purchasing power and a decrease in the exchange rate of the national currency against major currencies. Management undertakes measures to increase demand to the products imported by the Company in order to stabilize sales volumes and believes it will be able to retain its market share. In addition, during subsequent periods, management is planning to implement changes in the way of conducting business operations by the Company, for which reason it is intending to reorganize business processes applied within the Company at the cost of increased labor productivity and optimized business processes aimed at realizing the strategy of reducing costs.

The Company is engaged in significant purchases with its related parties (Note BALANCES AND TRANSACTIONS WITH RELATED PARTIES). Management believes that the Company benefits from those transactions, since, in combination with the related parties that ensure the stable supplies of goods and are involved in further distribution of products, they form together a vertically integrated operation, which significantly improves the Company's general market position.

Based on own assessment, the Company's management reasonably expects that the Company will continue as a going concern in the foreseeable future and, correspondingly, these financial statements have been prepared based on a going concern assumption, which considers the realization of assets and settlement of liabilities in the normal course of business.

RANBAXY PHARMACEUTICALS UKRAINE LLC

NOTES TO THE FINANCIAL STATEMENTS –DECEMBER 31, 2022

In thousands of Ukrainian Hryvnias

However, since the military aggression of the Russian Federation against Ukraine has a significant impact on the economy of Ukraine as a whole, there is significant uncertainty regarding the continuity of operations.

3. OPERATING ENVIRONMENT OF THE COMPANY

In recent years, Ukraine has been in a state of political and economic upheaval. Crimea, an autonomous republic within Ukraine, was actually annexed by the Russian Federation. In 2021, the armed conflict continued in some areas of Luhansk and Donetsk regions.

On February 24, 2022, Russia's large-scale aggression against Ukraine began with the expansion of active hostilities to the northern, eastern, and southern regions of Ukraine and the blocking of all Ukrainian ports in the Black and Azov seas. Martial law has been introduced in Ukraine, which includes, in particular, military mobilization and a ban on conscripts going abroad. The aggression caused massive destruction of civil infrastructure, including in large cities, victims among the population, internal and external migration. Part of the territory of Ukraine is annexed.

The exchange rate to the US dollar is fixed and set by the National Bank of Ukraine. In January 2016, the agreement on the free trade area between Ukraine and the EU came into force. As a result, the Russian Federation implemented a trade embargo on import duties on key Ukrainian export products. In response, Ukraine implemented similar measures against Russian products.

In 2022, Great Britain, Canada, the EU introduced temporary trade preferences and suspended the application of customs payments for Ukraine. The USA temporarily canceled import duties on some groups of goods from Ukraine. In 2022, actions to nationalize all assets of the Russian Federation and its citizens in Ukraine were initiated and are ongoing.

In 2022, average expected inflation amounted to 26.6% comparing to 7,9% in 2021.

The GDP of Ukraine amounted to 69.6% in 2022. The budget of Ukraine was in deficit and was covered by external financial aid. The share of military spending is key in Ukraine's budget.

Further stabilization of the economic and political situation depends, to a large extent, on the success of the efforts of the Ukrainian government, while the further development of the economic and political situation is currently difficult to predict.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared for RANBAXY PHARMACEUTICALS UKRAINE LLC (the "Company") as single entity in accordance with International Financial Reporting Standards ("IFRS") for the year ended December 31, 2022. Previous reporting period lasted from January, 1 to December, 31, 2021. The financial statement are presented in Ukrainian Hryvna, rounded to the nearest thousand, unless otherwise indicated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost basis, modified by the initial recognition of financial instruments at fair value. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Property and equipment

Property, plant and equipment are stated at cost, in Hryvnia less accumulated depreciation and provision for impairment, if required.

Buildings are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised

RANBAXY PHARMACEUTICALS UKRAINE LLC

NOTES TO THE FINANCIAL STATEMENTS –DECEMBER 31, 2022

In thousands of Ukrainian Hryvnias

revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for buildings included in equity is transferred directly to retained earnings (accumulated deficit) when the revaluation surplus is realised on the retirement or disposal of the asset (or as the asset is used by the company; in the latter case, the amount of the surplus realised is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost).

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items is capitalised and the replaced part is retired.

At each end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year (to the extent it exceeds the previous revaluation surplus in equity). An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in profit or loss for the year (within other operating income or costs).

Depreciation

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their cost (or revalued amounts) to their residual values over their estimated useful lives:

	<u>Useful lives in years</u>
Office equipment, furniture and fixture	till 10
Vehicles	5
Leasehold improvements	Shorter of useful life and the term of the underlying lease

The residual value of an asset is the estimated amount that the company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Intangible assets

The Company's intangible assets have definite useful lives and primarily include capitalised computer software, licences and other rights. Acquired intangible assets are capitalised on the basis of the costs incurred to acquire and bring them to use.

Intangible assets are amortised using the straight-line method over their useful lives:

RANBAXY PHARMACEUTICALS UKRAINE LLC

NOTES TO THE FINANCIAL STATEMENTS –DECEMBER 31, 2022

In thousands of Ukrainian Hryvnias

	<u>Useful lives in years</u>
Software licences	2 to 5
Patents and trademarks	1 to 5

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

Impairment of non-financial assets

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on weighted average cost method. The cost of goods comprises cost of acquisition, other direct costs such as transport costs and custom clearance cost and related overheads but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Financial instruments – Key measurement terms

Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note FAIR VALUE DISCLOSURES.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes *transaction costs*. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

RANBAXY PHARMACEUTICALS UKRAINE LLC

NOTES TO THE FINANCIAL STATEMENTS –DECEMBER 31, 2022

In thousands of Ukrainian Hryvnias

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method.

Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest re-pricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Classification of financial assets

The Company classifies its financial assets as receivables. Receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Company intends to sell in the near future. Receivables are accounted for at amortized cost using the effective interest method, net of provision for impairment after their initial evaluation. Receivables that mature more than 12 months after the statement of financial position date are included into non-current assets. The Company's financial assets are term deposits, trade and other accounts receivable, cash and cash equivalents.

Classification of financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities include trade and other accounts payable, and operating lease. Financial liabilities are carried at amortised cost.

Initial recognition of financial instruments

Financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the price in an active market. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Derecognition of financial assets

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

RANBAXY PHARMACEUTICALS UKRAINE LLC

NOTES TO THE FINANCIAL STATEMENTS –DECEMBER 31, 2022

In thousands of Ukrainian Hryvnias

Trade and other receivables

Trade and other receivables are carried at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are measured at the transaction price at an initial recognition, unless such receivables contain a significant financing component in accordance with IFRS 15 Revenue from Contracts with Customers. After initial recognition, trade and other receivables are stated at amortized cost using the effective interest rate method, less an allowance for impairment losses.

Impairment of financial assets carried at amortised cost

Impairment losses are recognised in profit or loss when incurred as a result of one or more events (“loss events”) that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Company determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics, and collectively assesses them for impairment. The primary factors that the Company considers in determining whether a financial asset is impaired are its overdue status and realisability of related collateral, if any. The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred:

- Any portion or instalment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;
- The counterparty experiences a significant financial difficulty as evidenced by its financial information that the Company obtains;
- The counterparty considers bankruptcy or a financial reorganisation;
- There is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms. The renegotiated asset is then derecognized and a new asset is recognized at its fair value only if the risks and rewards of the asset substantially changed. This is normally evidenced by a substantial difference between the present values of the original cash flows and the new expected cash flows.

Impairment losses are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss.

Uncollectible assets are written off against the related impairment provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment loss account within profit or loss.

The Company uses a simplified approach to calculate the provision for expected credit losses for receivables and contract assets. The company uses a reservation matrix with reservation rates.

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Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

Income taxes

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Authorised capital

Authorised capital and accumulated reserves are classified as equity.

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

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Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the statement of financial position on a net basis as an asset or liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Liabilities to participants

Liabilities to participants are accrued and deducted from equity in the period in which they are declared and approved. Liabilities to participants are carried at amortised cost using the effective interest method.

Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest method.

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Operating leases

Where the company is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are charged to profit or loss for the year on a straight-line basis over the lease term according to IFRS 16. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Company apply recognition exemption as to instead of applying the recognition requirement of IFRS 16 described below, a lessee may elect to account for lease payment as an expense on a straight-line basis over the lease term or another systematic basis for the following two types:

- Leases with a lease term of 12 month or less and containing no purchase options
- Leases where the underlying asset has a low value when new

(Note 9,15)

Foreign currency translations

The functional currency of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company, is the national currency of the Ukraine hryvnia.

Monetary assets and liabilities are translated into entity's functional currency at the official exchange rate of the National Bank of the Ukraine ("NBU") at the respective end of the reporting period.

The exchange rates used for translating foreign currency balances were:

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	<u>As at December 31, 2022</u>	<u>As at December 31, 2021</u>
EUR/UAH	38.95	30.92
USD/UAH	36.57	27.28

Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into entity's functional currency at year-end official exchange rates of the NBU are recognised in profit or loss as other operating income or other operating expense for transactions and balances directly related to both operating and financing activity of the Company.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

Revenues from sales of goods

Revenues from sales of goods are recognised at the point of transfer of risks and rewards of ownership of the goods, normally when the goods are shipped. If the Company agrees to transport goods to a specified location, revenue is recognised when the goods are passed to the customer at the destination point.

Revenues from sales of services

Revenues from sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

Wages, salaries, social contributions to the Ukrainian state funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the financial statements requires that management of the Company make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenues and expenses reported during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant under current circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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(i) Useful lives of property, plant and equipment

The estimation of the useful life of an item of property, plant and equipment is a matter of management judgment based upon experience with similar assets. In determining the useful life of an asset, management considers the expected conditions of usage, estimated technical obsolescence, physical wear, tear, and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates. During 2021, management determined that there were no changes in useful lives of the Company's property, plant and equipment.

(ii) Allowance for slow-moving inventories

Inventories, consisting primarily of goods for resale and raw materials, are valued at the lower of cost, determined on a weighted average-cost method, or market. Management performs periodic assessments to determine the existence of obsolete, slow moving, and non-saleable inventories, and records necessary write downs in cost of sales to reduce such inventories to net realizable value. Based upon the evaluation, provisions are made to reduce obsolete or slow-moving inventories to their estimated net realizable values. Once established, the original cost of the inventory less the related inventory write down represents the new cost basis of such products.

(iii) Allowance for sales return

Sales returns provision is created on the basis of the Company's assessment of the balance of unsold goods with a validity period of less than six months at the disposal of distributors of goods by obtaining relevant information from partners at the reporting date. At the same time in the same amount is created as a provision for the disposal of expired goods.

(iv) Allowance for impairment of accounts receivable

The allowance for impairment of accounts receivable is based on the Company's assessment of the collectability of accounts receivable from specific customers. If there is deterioration in a major customer's creditworthiness or actual defaults are higher than the estimates, the actual results could differ from these estimates (Note TRADE AND OTHER RECEIVABLES). Accounts receivable due from related parties are analysed for impairment assessment separately from accounts receivable from third parties.

6. NEW ACCOUNTING PRONOUNCEMENTS

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after January 1, 2022 or later, and which the Company has not early adopted.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New or amended standard or interpretation	Effective date - for annual periods beginning on or after
Amendments to IAS 41 - fair value taxation	January 1, 2022
Amendments to IAS 37 - aggravating contracts	January 1, 2022
Amendments to IFRS 1 - IFRS first application	January 1, 2022
Amendments to IFRS 3 – conceptual frameworks	January 1, 2022
Amendments to IFRS 9 – derecognition of financial liabilities	January 1, 2022
Amendments to IAS 16	January 1, 2022
IFRS 17 Insurance Contracts	January 1, 2023

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Amendments to IAS 1 – Approach to the classification of liabilities	January 1, 2023
Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2023
Amendments to IAS 12 - Income Taxes	January 1, 2023
Amendments to IFRS 16 – Leases	January 1, 2024

Amendments to IAS 41 - fair value taxation

Business transactions in the scope of this standard are not conducted by the company. There are no amendments.

Amendments to IAS 37 - aggravating contracts

The amendment takes into account the benefits of the contract, which include costs directly related to the contract. Costs that are directly attributable to the contract include both of the following items: (a) additional costs of performing this contract, such as direct labor costs and materials; and (b) allocated other costs directly attributable to the performance of the contract, such as the allocated portion of the depreciation expense of the item of property, plant and equipment used for performance, among others, and of this agreement.

Before creating a separate measurement liability under an onerous contract, the entity recognises impairment losses on any assets used to perform that contract, among others.

The organisation shall apply these amendments to contracts under which it has not yet performed all its obligations at the date of the beginning of the annual reporting period in which it first applies these amendments (date of initial application). The organisation is unable to list comparative information. Instead, the entity shall recognise the cumulative effect of the initial application of these amendments as an adjustment to the opening balance of retained earnings or, if applicable, another component of equity at the date of initial application.

Amendments to IFRS 1 - IFRS first application

The amendment extends the exemption provided for in IFRS 1: D16 (a) to accumulated exchange differences in the financial statements of a subsidiary that first applies IFRSs later than its parent. The amendment will allow a subsidiary, associate or joint venture to measure accumulated exchange differences using the amounts reported by the parent company from the date of transition of the parent company to IFRS standards.

Paragraph IFRS 1: D16 (a) gives a subsidiary that first applies IFRSs later than its parent company an exemption from the measurement of its assets and liabilities. The Basis for Conclusions to IFRS 1 explains that this exception was introduced so that a subsidiary does not have to keep double-entry records based on different dates of transition to IFRSs.

The Company has no operations in the field of application of these amendments, the amendment has no impact on this financial statements of the company.

Amendments to IFRS 3 – conceptual frameworks

Add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and

Add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to IFRS 9 – derecognition of financial liabilities

IFRS 9 requires a company to derecognise a financial liability and recognise a new financial liability in the event of an exchange between an existing borrower and a lender of debt instruments with significantly different terms (including a significant modification of the terms of an existing financial liability or part thereof).

[see paragraph 9 of IFRS 9: 3.3.2]

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The terms differ significantly if the present value of the remaining cash flows under the new terms differs by at least 10% from the present value of the remaining cash flows for the original financial liability (the so-called "10% test"). '10 per cent 'test).

[see paragraph of IFRS 9: B3.3.6]

The proposed amendment clarifies that in determining the discounted present value of cash flows under the new terms, only the commission paid or received in settlements between the borrower and the lender, including payments on behalf of either, will be taken into account.

The amendment will be applied prospectively to modifications to the terms and replacements of debt instruments that occur on or after the date of the first application of this amendment by the enterprise. The Company has no operations in the field of application of these amendments, the amendment has no impact on this financial statements of the company.

Amendments to IAS 16

The amendment is to change Illustrative Example 13, which accompanies IFRS 16, to exclude from the illustration the lessor's compensation for the improvement of the leased property.

The amendment will eliminate the possibility of confusion regarding incentive lease payments when applying IFRS 16.

No transitional requirements are proposed, as the amendment applies to optional materials that accompany IFRS 16.

Amendments to IAS 1 and IAS 8 – Definition of materiality

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

IFRS 17 "Insurance Contracts"

IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

Amendments to IAS 1

The amendments take a more general approach to the classification of liabilities under IAS 1 based on contractual arrangements instead of the reporting date. If an entity calculates and has the discretion to refinance or transfer a liability for at least twelve months after the reporting period with an existing credit facility with the same lender on the same or similar terms, it classifies the liability as not - current, even if otherwise agreed for a shorter period.

Amendments to IAS 8

The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

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Amendments to IAS 12

The amendments introduce an exception to the initial recognition exemption in IAS 12. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

The amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognised as assets at the beginning of the earliest comparative period presented.

Amendments to IFRS 16

The amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

7. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. As at December 31, 2022 and December 31, 2021, the outstanding balances with related parties (entities under common control) were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Trade and other payables		
Sun Pharmaceutical Industries Limited	-	(5,921)
Total trade and other payables	<u>-</u>	<u>(5,921)</u>

The income and expense items with related parties (entities under common control) for the years ended December 31, 2022 and December 31, 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Purchase of goods		
Sun Pharmaceutical Industries Limited	(45,266)	(60,695)
S.C. Terapia S.A.	(106,739)	(141,943)
Total purchase of goods	<u>(152,005)</u>	<u>(202,638)</u>

Key management personnel compensation

Key management personnel consist of 3 top executives (2021: 3 top executive). In 2022 total compensation to key management personnel included in administrative expenses amounted to UAH 8,845 thousand (2021: UAH 9,263 thousand). Compensation to the key management personnel consists of salary and bonus payments.

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8. INTANGIBLES, PROPERTY AND EQUIPMENT

Movements in property and equipment for the year ended December 31, 2022 were as follows:

	Office equipment, furniture and fixture, low value assets	Vehicles	Total fixed assets	Intangibles
Cost				
Balance as at December 31, 2021	3,267	118	3,385	667
Additions	117	-	117	0
Transfer	(40)	-	(40)	-
Disposals	(27)	-	(27)	(91)
Balance as at December 31, 2022	3,317	118	3,435	576
Accumulated depreciation				
Balance as at December 31, 2021	(2,256)	(117)	(2,373)	(427)
Depreciation charge	(497)	-	(497)	(108)
Transfer	-	-	-	-
Disposals	25	-	25	90
Balance as at December 31, 2022	(2,728)	(117)	(2,845)	(445)
Net book value as at December 31, 2021	1,011	1	1,012	239
December 31, 2022	589	1	590	131

Movements in property and equipment for the year ended December 31, 2021 were as follows:

	Office equipment, furniture and fixture, low value assets	Vehicles	Total fixed assets	Intangibles
Cost				
Balance as at December 31 2020	3,047	118	3,166	667
Additions	220	0	220	0
Transfer	-	-	0	0
Disposals	-	0	-	-
Balance as at December 31 2021	3,267	118	3,386	667
Accumulated depreciation				
Balance as at December 31 2020	(1,764)	(105)	(1,871)	(305)
Depreciation charge	(491)	(12)	(503)	(122)
Transfer	-	0	0	0

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Disposals	0	0	0	0
Balance as at December 31 2021	(2,256)	(117)	(2,374)	(427)
Net book value as at				
December 31 2020	1,282	13	1,294	361
December 31 2021	1,011	1	1,012	239

9. LEASE ASSETS' RIGHTS OF USAGE

Lease assets` rights of usage are recognized as follows

on 1st January 2019 with rates

- premises – rate of refinancing of National bank of Ukraine – 18 percent
- Vehicles – rate follows from the contracts – 14 percent
Inflation rate 1,009

during 2021 with rates

- Warehouse – rate of refinancing of National bank of Ukraine – 7,5 percent
Inflation rate 1,0095
- Office premises – rate of refinancing of National bank of Ukraine – 8,5 percent
Inflation rate 1,0095
- Vehicles – rate of refinancing of National bank of Ukraine – 7,5 percent
Inflation rate 1,0103
and rate of refinancing of National bank of Ukraine – 8,0 percent
Inflation rate 1,0109

during 2022 with rates

- Warehouse – rate of refinancing of National bank of Ukraine – 7,5 percent
Inflation rate 1,0095
- Office premises – rate of refinancing of National bank of Ukraine – 8,5 percent
Inflation rate 1,0095
- Vehicles – rate of refinancing of National bank of Ukraine – 7,5 percent
Inflation rate 1,0103
and rate of refinancing of National bank of Ukraine – 8,0 percent
Inflation rate 1,0109

	Premises	Vehicles	Total
Cost			
Balance as at December 31, 2021	12,304	29,781	42,084
Additions	0	6,385	6,385
Modification	-1,242	1,253	11
Covid- 19 Related Rent Concession Right	-	-	-
Disposals	0	(4,427)	(4,427)
Balance as at December 31, 2022	11,062	32,991	44,053
Accumulated amortisation			
Balance as at December 31, 2021	(859)	(6,691)	(7,550)

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Depreciation charge	(3,757)	(4,806)	(8,563)
Disposals	0	4,427	4,427
Balance as at December 31, 2022	(4,616)	(7,070)	(11,686)
Net book value as at			
December 31, 2021	11,445	23,090	34,534
December 31, 2022	6,446	25,921	32,367

	<u>Premises</u>	<u>Vehicles</u>	<u>Total</u>
Cost			
Balance as at December 31, 2020	10,123	24,921	35,044
Additions	12,304	23,146	35,450
Modification	259	2,000	2,259
Covid- 19 Related Rent Concession Right	-	-	-
Disposals	-10,382	(20,286)	(30,668)
Balance as at December 31, 2021	12,304	29,781	42,084
Accumulated amortisation			
Balance as at December 31, 2020	(7,436)	(18,502)	(25,938)
Depreciation charge	(3,805)	(7,859)	(11,664)
Disposals	10,382	19,669	30,052
Balance as at December 31, 2021	(859)	(6,691)	(7,550)
Net book value as at			
December 31, 2020	2,687	6,419	9,106
December 31, 2021	11,445	23,090	34,534

10. INVENTORIES

As at December 31, 2022 and 2021 inventories were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Goods for resale	70,388	83,714
Goods in transit	-	5,599
	70,388	89,313
Asset for sales return	1,400	721
Total inventories	71,788	90,034

The cost of inventories wrote down to net realisable value during the year ended December 31, 2022 amounted to UAH 3,477 thousand (2021: 2,253 null thousand).

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11. TRADE AND OTHER RECEIVABLES

As at December 31, 2022 and 2021 trade and other receivables were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Trade receivables from Ukrainian counterparties	50,408	57,749
Accounts receivable with budget (VAT)	8,832	8,316
Advances to Ukrainian counterparties current	1,858	3,080
Advances to Ukrainian counterparties non current	379	397
Prepared expenses	326	357
Prepared taxes	116	103
Other receivables	5	33
	<u>61,924</u>	<u>70,033</u>
<i>Less:</i>		
Expected credit losses	(252)	-289
Receivables impairment reserve	<u>(7,667)</u>	<u>(7,667)</u>
Total trade and other receivables	<u>54,005</u>	<u>62,077</u>
Non current	379	397
Current	<u>53,626</u>	<u>61,680</u>
	<u>54,005</u>	<u>62,077</u>

The following table represents accounts receivable by currency:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
UAH	<u>54,005</u>	<u>62,077</u>
Total trade and other receivables	<u>54,005</u>	<u>62,077</u>

Ageing of trade and other receivables was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue (impaired)	54,005	62,077
Overdue for less than 60 days (impaired)	-	-
Overdue for 61-90 days (impaired)	-	-
Overdue for 91-180 days (impaired)	-	-
Overdue for 181-360 days (impaired)	-	-
Overdue for more than 360 days (impaired)	-	-
Total trade and other receivables	<u>54,005</u>	<u>62,077</u>

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The movement in the receivables impairment reserve $\phi\tau\beta$ expected credit losses for the years ended December 31, 2022 and 2021 was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Balance at the beginning of the year	7,956	7,667
Recognised in the statement of profit or loss	(37)	289
Bad debt provision paid nett	-	-
Amounts written-off as uncollected	-	-
Balance at the end of the year	<u>7,919</u>	<u>7,956</u>

Trade receivables in amount **1 694** thousand were written off due to war circumstances without bad debt provision.

12. CASH AND CASH EQUIVALENTS

As at December 31, cash and cash equivalents were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank balances payable on demand	88,638	43,767
Short-term deposit	-	-
Total cash and cash equivalents	<u>88,638</u>	<u>43,767</u>

As on December 31, 2022, there were no cash and cash equivalents null thousand were denominated in EUR (December 31, 2021: UAH null thousand), UAH null thousand were denominated in USD (December 31, 2021: UAH 2,046 thousand).

Short term deposit in Credit Agricole Bank are made for varying periods of between one day to three months, depending on the immediate cash requirements of the Company, and earned interest in amount UAH **1,843** thousand for 2022 at the respective short-term deposits rates – 2.5% (2021: UAH 675 thousand, deposits rates – 2,5%)

13. AUTHORISED CAPITAL

Dividends were not declared and paid during the year. There were no movements in authorised capital during the year.

14. RETAINED EARNINGS

There were corrections in amount of 2 TUAH as corporate profit tax related to 2021:

15. PROVISIONS FOR LIABILITIES AND CHARGES

Movements in other provisions for liabilities and charges were as follows:

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	Provision for leave encashment	Incentives of personnel	Provision for uninvoiced expenditures	Ensuring when returning goods and write offs	Total
Other Provisions for Liabilities and Charges (current)					
Carrying amount at January 1, 2021	3,738	2,505	6,314	3,185	15,742
Additions charged to profit or loss	5,714	4,909	5,406	1,432	17,461
Unused amounts reversed	-	(1,954)	(735)	(2,815)	(5,504)
Utilisation of provision	(5,245)	(1,790)	(5,579)	(362)	(12,975)
Carrying amount at December 31, 2021	4,207	3,670	5,406	1,441	14,724
Carrying amount at January 1, 2022	4,207	3,670	5,406	1,441	14,724
Additions charged to profit or loss	5,813	5,589	9,665	2,800	23,867
Unused amounts reversed	-	(939)	(13)	(1,081)	(2,032)
Utilisation of provision	(6,027)	(4,025)	(5,302)	(360)	(15,714)
Carrying amount at December 31, 2022	3,993	4,295	9,756	2,800	20,844

16. LEASE LIABILITIES

As at December 31, 2022 lease liabilities non-current were presented in UAH in amount UAH 23,663 thousand (December 31, 2021: UAH 26,469 thousand), current debt on lease liabilities were presented in UAH in amount UAH 9,926 thousand (December 31, 2021: UAH 8,567 thousand).

	Premises	Vehicles	Total
Liabilities			
Balance as at December 31, 2021	11,665	23,371	35,036
Additions	0	6,385	6,385
Modification	(1,242)	1,253	11
Covid- 19 Related Rent Concession Right	-	-	0
Interest	725	1,855	2,579
Payment	(2,538)	(13,285)	(15,823)
Forex	2,189	(1,228)	961

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Disposals/PL effect	(3,625)	8,064	4,439
Balance as at December 31, 2022	7,173	26,416	33,589

	<u>Premises</u>	<u>Vehicles</u>	<u>Total</u>
Liabilities			
Balance as at December 31, 2020	3,375	6,798	10,173
Additions	12,304	23,146	35,450
Modification	259	2,000	2,259
Covid- 19 Related Rent Concession Right	-	0	-
Interest	398	538	936
Payment	(4,671)	(9,351)	(14,022)
Forex	-	438	438
Disposals/PL effect	0	(198)	(198)
Balance as at December 31, 2021	11,665	23,371	35,036

Management believes that future minimum lease payments amounted as follows

Assets taken under lease- Minimum Leased Payments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year 1	10,373	10,709
Year 2	11,219	9,950
Year 3	7,824	9,260
Year 4	6,375	5,685
Year 5	3,123	5,338
	38,914	40,942

Assets taken under lease-Present Value Minimum Leased Payments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year 1	9,926	8,266
Year 2	6,850	8,282
Year 3	7,173	8,109
Year 4	6,307	4,986
Year 5	3,333	5,092
	33,589	34,735

Lease agreements related to property leases and vehicles leases and expires on 2023-2026 respectively.

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17. TRADE AND OTHER PAYABLES

As at December 31, 2022 and 2021 trade and other payables were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Trade payables	388	9,180
Advances from customers	-	-
VAT settlement	-	-
Other	3	49
Total trade and other payables	<u>391</u>	<u>9,229</u>

The following table represents trade and other accounts payable by currency:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
EUR	-	-
USD	-	5,921
UAH	391	3,308
Total trade and other payables	<u>391</u>	<u>9,229</u>

As at December 31, 2022 the Company did not have outstanding balance of trade payables due to related party. As at December 31, 2021 the Company had outstanding balance of trade payables due to related party in amount UAH 3,308 thousand presented at amortized cost.

18. REVENUE

Revenue for the years ended December 31, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Proceeds from sales of medicines in Ukraine	346,997	408,689
Total revenue	<u>346,997</u>	<u>408,689</u>

19. COST OF SALES

The cost of sales for the years ended December 31, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Cost of goods purchased from Sun Pharma Group	160,747	196,094
Total cost of sales	<u>160,747</u>	<u>196,094</u>

20. OTHER OPERATING INCOME

Other operating income for the years ended December 31, 2022 and 2021 were as follows:

<u>2022</u>	<u>2021</u>
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Free of charge received	122	388
Provision unused amounts released	2,972	6,756
Interest from cash and cash equivalents	1,843	675
Insurance reimbursement	1	53
Gain on Sale of Fixed Assets	0	2
Other		
Total	4,937	7,875

21. OPERATING EXPENSES BY NATURE

Operating expenses for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Payroll and social contribution	(67,640)	(59,491)
Social contributions	(10,679)	(9,638)
Advertising and marketing costs	(38,676)	(54,623)
Depreciation of lease assets rights	(11,314)	(11,664)
Maintenance of buildings and office expenses	(2,048)	(2,466)
Revaluation of goods and write offs	(5,193)	(5,260)
Fuel	(3,816)	(3,474)
Warehouse expenses	(4,252)	(6,940)
Other taxes	(1,151)	(2,143)
Consulting and professional service	(1,474)	(1,267)
Employee insurance	(606)	(722)
Travel expenses	(393)	(945)
Amortisation and depreciation	(622)	(626)
Communication expenses	(528)	(520)
Insurance expenses	(342)	(491)
Bank charges	(260)	(306)
Transport costs	(507)	(258)
Utilities	(115)	(122)
Credit risk of receivables	(1,757)	(289)
Short term rent	(148)	(148)
Donation and charity	(5,720)	(105)

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Quality control	(363)	(27)
Other		
Total	<u>(157,603)</u>	<u>(161,526)</u>
<i>Classified as:</i>		
- Distribution costs	(117,804)	(129,686)
- General and administrative expenses	(25,494)	(23,556)
- Other operating expenses	(14,305)	(8,285)

22. INCOME TAXES

(a) Components of income tax expense

Components of income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current tax	6,630	10,154
Deferred tax	(1,174)	(259)
Other provision	448	-
Income tax expense for the year	<u>5,904</u>	<u>10,413</u>

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

Reconciliation between profit before tax multiplied by the statutory tax rate and the tax expense for the years ended December 31, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Profit/(loss) before tax	27,080	57,119
Theoretical tax charge at statutory rate of 18%	4,874	10,281
Tax charge at statutory rate of 18%	6,630	10,154
(Recognized)/unrecognized deferred tax	(1,174)	(259)
Tax effect of permanent differences	582	127
Other provision	448	-
Income tax expense/(credit) for the year	<u>5,904</u>	<u>10,413</u>

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Ukraine give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and

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their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 18%.

	<u>January 1, 2022</u>	<u>Charged/ (credited) to profit or loss</u>	<u>December 31, 2022</u>
Tax effect of deductible/(taxable) temporary (differences and tax loss carry forwards)			
Account receivables impairment reserve	1,380	-	1,380
Accounts payable tax deductible in different period	149	87	236
Fair valuation of Inventories	406	220	626
Expected credit loses	(52)	7	(45)
Impairment of sales return write offs	130	122	252
Provisions for liabilities and charges	953	738	1,691
Net deferred tax asset/(liability)	<u>2,966</u>	<u>1,174</u>	<u>4,140</u>
Recognised deferred tax asset	2,966	1,174	4,140
Recognised deferred tax liability	-	-	-
Net deferred tax asset/(liability)	<u>2,966</u>	<u>1,174</u>	<u>4,140</u>

Management estimates that deferred tax assets of UAH 4,140 thousand (2021: UAH 2,966 thousand) are recoverable after less than twelve months after the end of the reporting period.

The tax effect of the movements in the temporary differences for the year ended December 31, 2020 are:

	<u>January 1, 2021</u>	<u>Charged/ (credited) to profit or loss</u>	<u>December 31, 2021</u>
Tax effect of deductible/(taxable) temporary (differences and tax loss carry forwards)			
Account receivables impairment reserve	1,387	(7)	1,380
Accounts payable tax deductible in different period	105	44	149
Fair valuation of Inventories	415	(9)	406
Expected credit loses	-	(52)	(52)
Impairment of sales return write offs	-	130	130
Provisions for liabilities and charges	1,318	(365)	953
Net deferred tax asset/(liability)	<u>3,225</u>	<u>(259)</u>	<u>2,966</u>
Recognised deferred tax asset	3,225	(259)	2,966
Recognised deferred tax liability	-	-	-
Net deferred tax asset/(liability)	<u>3,225</u>	<u>(259)</u>	<u>2,966</u>

(d) Reconciliation of tax balances

Balance carried forward Desember 31, 2020	2,210
Corporate income tax paid during the year	9,940
Corporate income tax liability for the year	10,153
Balance carried forward Desember 31, 2021	2,423
Corporate income tax paid during the year	6,232
Corporate income tax liability for the year	6,326
Balance carried forward Desember 31, 2022	2,822

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23. CONTINGENCIES AND COMMITMENTS

Legal proceedings

From time to time and in the normal course of business claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these financial statements.

Tax legislation

Ukrainian tax and customs legislation is subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Company may be challenged by the relevant authorities. Recent events within Ukraine suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review (for arm length operations under the transfer pricing rules - seven years). Under certain circumstances reviews may cover longer periods.

Given that implementation of the new transfer pricing rules in Ukraine are not yet well developed, the impact of any challenge of the Company's transfer prices cannot be reliably estimated; however, it may eventually be significant to the financial position and/or the overall operations of the Company depending on how the local tax authorities implement the final rules.

Management believes that its pricing policy is arm's length and it has implemented internal controls to be in compliance with the new transfer pricing legislation.

The Company has an unresolved case of illegal write-off of funds from the special account in the system of electronic reimbursement of VAT for the total amount of UAH 7,667 thousand.

Management believes that as at the reporting dates its interpretation of and compliance with relevant tax legislation is appropriate and the Company companies' tax positions will be sustained.

24. FINANCIAL RISK MANAGEMENT

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks.

Credit risk

The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The Company's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the statement of financial position is as follows:

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	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Trade and other receivables (Note TRADE AND OTHER RECEIVABLES)	54,005	62,077
Cash and cash equivalents (Note CASH AND CASH EQUIVALENTS)	<u>88,638</u>	<u>43,767</u>
Total maximum exposure to credit risk	<u>142,643</u>	<u>105,844</u>

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 11

Credit risks concentration

The Company is exposed to concentrations of credit risk. Management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to counterparties with outstanding balances of trade receivables (net of receivable impairment reserve) in excess of 1% of the Company's net assets. The table below summarises the Company's exposure of credit risk concentration as at the end of the reporting period:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of counterparties with balances exceeded 1% of Company's net assets	2	3
Trade receivable from counterparties with balances exceeded 1% of Company's net assets (net of receivable impairment reserve), UAH	50,408	57,460
Total trade receivables (net of receivable impairment reserve), UAH	50,408	57,460
% of counterparties with balance exceeded 1% of Company's net assets	100%	100%

The total amount expected credit losses was UAH 252 thousand (December 31, 2021: UAH 289 thousand) or less than 1% of the gross amount of trade and other receivables.

The Company's cash and cash equivalents are held with one major reputable banks (2021: 1 bank) located in Ukraine according to San Pharma Group policy . Management carries out continuous monitoring of the financial position in respect of the financial institutions where the Company's cash and cash equivalents are placed. The credit risk to the Company relates to the default of the bank on their obligations and is limited to the balance of cash and cash equivalents placed with the bank.

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Currency risk

In respect of currency risk, management sets limits on the level of exposure by currency and in total. The positions are monitored monthly. The table below summarises the Company's exposure to foreign currency exchange rate risk at the end of the reporting period:

	December 31, 2022		
	UAH	EUR	USD
Monetary financial assets	142,643	-	-
Monetary financial liabilities	(389)	-	-
Net balance sheet position	142,254	-	-

	December 31, 2021		
	UAH	EUR	USD
Monetary financial assets	105,844	-	-
Monetary financial liabilities	(23,202)	-	(5,921)
Net balance sheet position	(82,642)	-	(11,647)

The table below details the Company's sensitivity to weakening of the Ukrainian Hryvnia against EUR and USD by 15% for 2022 and by 15% for 2021. These sensitivity rates represent management's assessment as at the reporting dates of the reasonably possible change in foreign exchange rates.

The analysis was applied to monetary items at the reporting dates denominated in the respective currencies:

	<u>At December 31, 2022</u>	<u>At December 31, 2021</u>
	<u>Impact on profit or loss and equity</u>	<u>Impact on profit or loss and equity</u>
Euro strengthening by 15% (2020: strengthening by 15%)	-	-
Euro weakening by 15% (2020: weakening by 15%)	-	-
USD strengthening by 15% (2020: strengthening by 15%)	-	888
USD weakening by 15% (2020: weakening by 15%)	-	(888)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by management of the Company. Management monitors monthly rolling forecasts of the Company's cash flows.

The Company seeks to maintain a stable funding base primarily consisting of trade and other payables.

The liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Financial Department. The table below shows liabilities at December 31, 2022 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual discounted cash flows respectively.

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	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Total</u>
Liabilities			
Trade and other payables	389	-	389
Provisions related to liabilities	9,756	-	9,756
Total contractual future payments, including future principal and interest payments	<u>10,145</u>	<u>-</u>	<u>10,145</u>

The table below shows liabilities at December 31, 2021 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Total</u>
Liabilities			
Trade and other payables	9,229	-	9,229
Provisions related to liabilities	5,406	-	5,406
Total contractual future payments, including future principal and interest payments	<u>14,635</u>	<u>-</u>	<u>14,635</u>

25. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to participants, return authorised capital to participants and receive contributions to capital from owners.

26. FAIR VALUE DISCLOSURES

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Financial assets carried at amortised cost

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of all financial accounts receivable approximate fair values. Cash and cash equivalents are carried at amortised cost which approximates current fair value.

Liabilities carried at amortised cost

The fair value is based on quoted market prices, if available. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated

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based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period (“demandable liabilities”) is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. Carrying amounts of all financial accounts payable approximate their fair values.

27. EVENTS AFTER THE END OF REPORTING PERIOD

Ukrainian Hryvnia devaluation

As at February 14, 2023 the official NBU exchange rate was 39.10 UAH per EUR, compared to 38.95 per EUR as at December 31, 2022 and 36.57 UAH per USD compared to 36.57 as at December 31, 2022. Курс гривні до доллара США є фіксованим та встановлюється Національним банком України. Курс євро визначається на підставі ринкового співвідношення пари євро/доллар США. Management of the Company expect that unpredictable UAH fluctuation will have negative impact on Company’s operations and as result profitability.

There were no significant subsequent events which affect financial statements.