



S.C. TERAPIA S.A.

FINANCIAL STATEMENTS

Prepared in accordance with
the Order of the Ministry of Public Finance no. 1802/2014
with subsequent amendments

31 MARCH 2021

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INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Terapia SA

Address: Fabricii street, no.124,Cluj Napoca

Opinion

1. We have audited the financial statements of **TERAPIA SA** ("the Company") which comprise the statement of financial position as at March 31, 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
2. The aforementioned financial statements refer to:
 - Net assets/Total equity and reserves: RON 595.725.849
 - Net result of the year (profit): RON 173.098.449
3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and its financial performance for the year then ended in accordance with the Order of the Minister of Public Finance no. 1802/2014, with subsequent amendments ("OMFP 1802/2014").

Basis for Opinion

4. We conducted our audit in accordance with the International Standards on Auditing (ISA) and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for the Professional Accountants issued by the International Ethics Standards Board for Accountants, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Law 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 opinion.

Other matters

5. This report of the independent auditor is addressed exclusively to the Shareholders of the Company as a whole. Our audit was conducted in order to be able to report to the shareholders of the Company those aspects that we must report in a financial audit report, and not for other purposes. To extent permitted by law, we do not accept and assume no responsibility except to the Company and its shareholders, as a whole, for our audit, for this report or for the opinion formed.

Other Information - Administrator's Report

6. The administrators are responsible for preparation and presentation of other information. The other information comprises the Administrator's Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With regards to the Administrator's Report, we have read and report whether it was prepared, in all material respects, in accordance with the OMFP 1802/2014, articles 489-492.

Based exclusively on the activities that should be done during the audit of the financial statements, in our opinion:

- a) Information presented in the Administrators' Report for the financial period for which the financial statements have been prepared, is in accordance, in all material respects, with financial statements;
- b) The Administrators' Report has been prepared, in all material respects, in accordance with OMFP 1802/2014, articles 489-492.

Besides this, based on our knowledge and understanding of the Company and its environment gained during the audit of financial statements for the year ended at 31 March 2021, we shall report whether we identified any information included into Administrators' Report that is material misstated. We have nothing to report in this regard.

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

7. Management is responsible for the preparation of the financial statements in accordance with OMFP 1802/2014, 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.

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

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

Auditor's responsibilities for the audit of the financial statements

10. 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 decision of users taken on the basis of these financial statements.

11. As part of an audit in accordance with the audit standards adopted by the Romanian Chamber of Financial Auditors, which are based on International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 Company'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 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.
 - (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.
12. 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;

On behalf of

BDO AUDIT SRL

Authorized by the Authority for Public Supervision of Statutory Audit Activity (ASPAAS)

Under no. FA18

Dan Apostol

Authorized by the Authority for Public Supervision of Statutory Audit Activity (ASPAAS)

Under no. AF1671

Cluj-Napoca, Romania

29.04.2021

For stamp and signature please refer to the original Romanian version

S.C. TERAPIA S.A.
BALANCE SHEET
For the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

Balance Sheet as at 31 March 2021
(in accordance with OMF 1802/2014)

-RON-

Element name	Row no,	Balance as of	
		The beginning of the year 01.04.2020	The end of the year 31.03.2021
A	B	2	3
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
1. Set-up costs (account 201-2801)	01		
2. Development costs (account 203-2803-2903)	02		
3. Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets (account 205+208-2805-2808-2905-2908)	03	91,934,689	68,011,327
4. Goodwill (account 2071-2807)	04		-
5. Intangible assets for exploration and evaluation of mineral resources (account 206-2806-2906)	05		-
6. Advance payments (account 4094)	06		-
TOTAL: (row 01 to 06)	07	91,934,689	68,011,327
II. TANGIBLE ASSETS			-
1. Freehold land and buildings (account 211+212-2811-2812-2911-2912)	08	141,001,292	167,910,398
2. Plant and machinery (account 213+223--2813-2913)	09	42,172,477	39,786,416
3. Other plant, machinery and fixtures (account 214+224-2814-2914)	10	1,612,211	2,496,303
4. Real estate investments (account 215-2815-2915)	11		-
5. Tangible fixed assets in progress (account 231-2931)	12	2,709,888	2,242,899
6. Real estate investments in progress (account 235-2935)	13		-
7. Tangible assets for exploration and evaluation of mineral resources (account 216-2816-2916)	14		-
8. Productive biological assets (account 217+227-2817-2917)	15		-
4. Advance payments (account 4093)	16	774,292	388,705
TOTAL: (row 08 to 16)	17	188,270,160	212,824,721
III. LONG-TERM FINANCIAL INVESTMENTS			-
1. Investments in subsidiaries (account 261-2961)	18		-
2. Loans to subsidiaries (account 2671+2672-2964)	19		-
3. Investments in associates and jointly controlled entities (account 262+263-2962)	20		-
4. Loans granted to entities related to the company on the grounds of investments in associates and jointly controlled (account 2673 + 2674 - 2965)	21		-
5. Investments owned as assets (account 265+266-2963)	22		-
6. Other loans (account 2675+2676+2677+2678+2679-2966-2968)	23	36,442	36,197
TOTAL: (row 18 to 23)	24	36,442	36,197
TOTAL NON-CURRENT ASSETS (row 07+17+24)	25	280,241,291	280,872,245
B. CURRENT ASSETS			
I. INVENTORIES			
1. Raw materials and consumables (account 301+321+302+322+303+323+/-308+351+358+381+328+/-388-391-392-3951-3958-398)	26	21,522,335	24,665,137
2. Work in progress (account 331+332+341+/-348-393-3941-3952)	27	3,417,979	3,976,848

S.C. TERAPIA S.A.
BALANCE SHEET
For the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

Element name	Row no,	Balance as of	
		The beginning of the year 01.04.2020	The end of the year 31.03.2021
A	B	2	3
3. Finished goods and merchandise (account 345+346+/-348+354+356+357 +361+326+/-368+371+327+/-378-3945-3946-3953-3954-3956-3957-396-397-4428)	28	59,191,275	74,428,040
4. Advance payments for the acquisition of inventories (account 4091)	29	1,479,264	1,567,208
TOTAL (row 26 to 29)	30	85,610,853	104,637,233
II. RECEIVABLES		-	-
1. Trade receivables (account 2675+2676+2678+2679-2966-2968+4092+411+413 +418-491)	31	282,447,788	272,407,250
2. Receivables from non-consolidated associated companies (account 451-495)	32	28,318,199	32,874,414
3. Receivables from other equity investments (account 453-495)	33		-
4. Other receivables (account 425+4282+431+437+4382+441+4424+4428+444+445+446+447+4482+4582+461+473-496+5187)	34	11,004,092	10,301,124
5. Subscribed and not paid in share capital (account 456-495)	35		-
Receivables representing dividends distributed during the financial year (account 463)	36		
TOTAL (row 31 to 35)	37	321,770,079	315,582,788
III. SHORT TERM INVESTMENTS			-
1. Investments in subsidiaries (account 501-591)	38		-
2. Other short term investments (account 505+506+508-595-596-598+5113+5114)	39	4,394,252	45,000,000
TOTAL (row 37 to 38)	40	4,394,252	45,000,000
IV. PETTY CASH AND BANK ACCOUNT BALANCES (account 5112+512+531+532+541+542)	41	2,552,974	17,635,202
CURRENT ASSETS - TOTAL (row 30+36+39+40)	42	414,328,158	482,855,223
C. ACCRUED EXPENSES (account 471) (row 43+44)	43	900,143	1,188,717
Amounts taken over a period of up to 1 year	44	900,143	1,188,717
Amounts taken over a period of more than 1 year	45		-
D. LIABILITIES: AMOUNTS DUE WITHIN ONE YEAR			-
1. Debenture loans (account 161+1681-169)	46		-
2. Amounts owed to credit institutions (account 1621+1622+1624+1625+1627+1682+5191+5192+ 5198)	47	23,175	-
3. Advance payments received for orders (account 419)	48	309,421	4,793
4. Trade debts – suppliers (account 401+404+408)	49	53,052,225	50,466,590
5. Bills of exchange payable (account 403+405)	50		
6. Amounts due to non-consolidated associated companies (account 1661+1685+2691+451)	51	155,310,499	24,545,515
7. Amounts due to other equity investments (account 1663+1686+2692+453)	52		

S.C. TERAPIA S.A.
BALANCE SHEET
For the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

Element name	Row no,	Balance as of	
		The beginning of the year 01.04.2020	The end of the year 31.03.2021
A	B	2	3
8. Other liabilities, including tax and social security contributions liabilities (account 1623+1626+167+1687+2693+421+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481+455+456+457+4581+462+473+509+5186+5193+5194+5195+5196+5197)	53	63,300,456	60,115,466
TOTAL: (row 45 to 52)	54	271,995,776	135,132,364
E. NET CURRENT ASSETS/NET CURRENT LIABILITIES (row 41+43-53-70-73-76)	55	142,450,352	348,143,284
F. TOTAL ASSETS LESS CURRENT LIABILITIES (row 25+44+54)	56	422,691,643	629,015,529
G. LIABILITIES: AMOUNTS DUE AFTER ONE YEAR			
1. Debenture loans (account 161+1681-169)	57		
2. Amounts payable to credit institutions (account 1621+1622+1624+1625+1627+1682+5191+5192+5198)	58		
3. Advance payments received for orders (account 419)	59		
4. Trade debts – suppliers (account 401+404+408)	60		
5. Bills of exchange payable (account 403+405)	61		
6. Amounts due to non-consolidated associated companies (account 1661+1685+2691+451)	62		
7. Amounts due to other equity investments (account 1663+1686+2692+453)	63		
8. Other liabilities, including tax and social security contributions liabilities (account 1623+1626+167+1687+2693+421+423+424+426+427+4281+431+437+4381+441+4423+4428+444+446+447+4481+455+456+457+4581+462+473+509+5186+5193+5194+5195+5196+5197)	64		
TOTAL: (row 56 to 63)	65		
H. ACCRUED LIABILITIES			
1. Accrued for employee benefits (account 1515+1517)	66	2,345,023	3,415,385
2. Accrued taxes payable (account 1516)	67	8,553,294	10,133,115
3. Other accrued liabilities and provisions (account 1511+1512+1513+1514+1518)	68	13,841,915	13,841,915
TOTAL ACCRUED LIABILITIES & PROVISIONS (row 65 to 67)	69	24,740,232	27,390,415
I. DEFERRED INCOME			
1. Investment subsidies (account 475) (row 70+71)	70	7,449,730	6,667,557
Amounts to be retaken in a period under a year (account 475)	71	782,173	768,292
Amounts to be retaken in a period over a year (account 475)	72	6,667,557	5,899,265
2. Deferred income (account 472) - total (row 73+74) of which:	73		
Amounts to be retaken in a period under a year (account 472)	74		
Amounts to be retaken in a period over a year (account 472)	75		

S.C. TERAPIA S.A.
BALANCE SHEET
For the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

Element name	Row no,	Balance as of	
		The beginning of the year 01.04.2020	The end of the year 31.03.2021
A	B	2	3
3. Deferred income related to assets received from customers transfer (ct.478) (row 76+77)	76		
Amounts to be retaken in a period under a year (account 478)	77		
Amounts to be retaken in a period over a year (account 478)	78		
Negative goodwill (account 2075)	79		
TOTAL (row 69+72+75+78)	80	7,449,730	6,667,557
J. CAPITAL AND RESERVES			
I. CAPITAL			
1. Subscribed and paid in capital (account 1012)	81	24,993,398	24,993,398
2. Subscribed and not paid in capital (account 1011)	82		
3. Patrimony (autonomous companies) (account 1015)	83		
4. Patrimony of national research and development institutes (account 1018)	84		
5. Other equity (account 1031)	85		
TOTAL (row 80 to 84)	86	24,993,398	24,993,398
II. PREMIUMS RELATED TO CAPITAL (account 104)	87	372,839	372,839
III. REVALUATION RESERVE (account 105)	88	110,108,062	139,928,192
IV. OTHER RESERVES			
1. Legal reserve (account 1061)	89	8,617,940	8,617,940
2. Statutory or contractual capital reserve (account 1063)	90		
3. Other reserves (account 1068)	91	36,192,698	39,329,916
TOTAL (row 88 to 90)	92	44,810,638	47,947,856
Own shares (account 109)	93		
Gains on own equity instruments (account 141)	94		
Losses on own equity instruments (account 149)	95	782,785	782,785
V. PROFIT / (LOSS) BROUGHT FORWARD (account 117)	Balance C	96	67,728,135
	Balance D	97	
VI. PROFIT / (LOSS) FOR THE YEAR (account 121)	Balance C	98	144,471,423
	Balance D	99	
Profit appropriation (account 129)	100	417,856	3,137,220
TOTAL EQUITY (row 85+86+87+91-92+93-94+95-96+97-98-99)	101	391,283,854	595,725,849
Public patrimony (account 1016)	102		
Private patrimony (account 1017)	103		
TOTAL CAPITAL (row 100+101+102) (row 25+41+42-53-64-68-79)	104	391,283,854	595,725,849

ADMINISTRATOR,
Dragoş Eugen Damian

ECONOMIC DIRECTOR,
Bogdan Lucian Crăciunaş

S.C. TERAPIA S.A.
PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

Profit and loss account for the year ended 31 March 2021
(in accordance to OMF 1802/2014)

INDICES	Row no,	Financial year	
		Previous	Current
A	B	1	2
1.Net turnover (row 02 +03-04+ 05+06)	01	764,249,439	785,457,005
Sales of produced goods (account 701+702+703+704+705+706+708)	02	497,093,400	502,790,873
Sales of goods purchased for resale (account 707)	03	464,729,667	491,805,068
Trade discounts granted (account 709)	04	197,573,628	209,138,936
Interest income of entities cancelled from the General Register and which have leasing contracts in progress (account 766)	05		
Subsidies related to the net turnover (account 7411))	06		
2.Inventories variation (account 711) Balance C	07	5,070,288	9,496,353
Balance D	08		
3.Own production capitalized (account 721+722)	09		
4.Income from revaluation of tangible assets (account 755)	10	1,317	539,439
5.Real estate investments production income (account 725)	11		
6.Income from subsidies (account 7412+7413+7414+7415+7416+7417+7419)	12		83,792
7.Other operating income (account 751+758+7815)	13	1,352,184	2,914,492
- out of which income from negative goodwill	14		
- out of which income from investment subsidies	15	805,817	782,173
TOTAL OPERATING REVENUES (row 01+07-08+09+10+11+12+13)	16	770,673,228	798,491,081
8.a) Expenses related to raw materials and consumables (account 601+602)	17	76,499,900	77,427,957
Other material expenses (account 603+604+606+608)	18	5,992,750	4,610,158
b) Other utilities expenses (electricity, heating and water) (account 605-7413)	19	4,720,491	4,597,607
Expenses regarding goods for resale (account 607)	20	184,561,973	198,204,991
Trade discounts received (account 609)	21	8,977,470	160,261
9.Personnel expenses (row 23+24)	22	91,199,729	95,393,378
a) Salaries (account 641+642+643+644)	23	89,242,727	93,349,905
b) Expenses related to social security contributions (account 645)	24	1,957,002	2,043,473
10.a) Value adjustment related to tangible and intangible assets (rd.26-27)	25	37,275,533	36,846,460
a.1) Expenses (account 6811+6813+6817)	26	37,275,533	36,846,460
a.2) Revenues (account 7813)	27		
b) Value adjustment for current assets (row 29-30)	28	(2,898,780)	2,057,699
b.1) Expenses (account 654+6814)	29	20,291,682	8,146,760
b.2) Revenues (account 754+7814)	30	23,190,462	6,089,061
11.Other operating expenses (row 32 la 38)	31	206,976,299	179,052,736
11.1. Third party services expenses (account 611+612+613+614+621+623+624+625+627+628)	32	127,876,256	130,892,030
11.2 Other taxes, duties and similar expenses (account 635+6586)	33	70,466,734	38,542,672
11.3 Compensations, gifts and assets disposed (account 652)	34	900,278	828,777
11.4 Expenses from revaluation of tangible assets (account 655)	35	85,929	139,815
11.5 expenses related to calamities and other similar events	36		
11.6 Other expenses (account 651+6581+6582+6583+6588)	37	7,647,102	8,649,442

S.C. TERAPIA S.A.
PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

INDICES	Row no,	Financial year	
		Previous	Current
A	B	1	2
Expenses related to refinancing interests of entities cancelled from the General Register and which still have leasing contracts in progress (account 666)	38		
Adjustments related to provisions (rd.40-41)	39	1,399,515	2,650,183
Expenses (account 6812)	40	1,878,125	3,756,490
Revenues (account 7812)	41	478,610	1,106,307
TOTAL OPERATING EXPENSES (row 17 to 20-21+22+25+25+31+39)	42	596,749,940	600,680,908
OPERATING PROFIT OR LOSS:			
Profit(row 16-42)	43	173,923,288	197,810,173
Loss(row 42-16)	44		
12.Revenues from investments (account 7611+7612+7613)	45		
- from which, income earned from affiliated entities	46		
13.Interest income (account 766)	47	1,960,318	299,312
- from which, income from associates	48		
14.Revenues from subsidies for interest due (account 7418)	49		
15.Other financial income (account 762+764+765+767+768)	50	19,034,845	17,561,167
- from which, income from other financial assets	51		-
TOTAL FINANCIAL REVENUES (ROW 45+47+49+50)	52	20,995,163	17,860,479
16. Value adjustments regarding financial assets and current asset investments (row 54-55)	53		
- expenses (account 686)	54		
- income (account 786)	55		
17.Interest expense (account 666)	56	198,539	362,089
- from which, expenses related to associated companies	57		
Other financial expenses (account 663+664+665+667+668)	58	28,371,041	15,701,887
TOTAL FINANCIAL EXPENSES (row 53+56+58)	59	28,569,580	16,063,976
FINANCIAL PROFIT OR LOSS			
Profit (row 52-59)	60		1,796,503
Loss (row 59-52)	61	7,574,416	-
TOTAL REVENUES (row 16+52)	62	791,668,391	816,351,560
TOTAL EXPENSES (row 42+59)	63	625,319,520	616,744,884
18.PROFIT OR LOSS BEFORE TAX			
Profit (row 62-63)	64	166,348,871	199,606,676
Loss (row 63-62)	65		
19.INCOME TAX (account 691)	66	21,877,448	26,508,227
Taxes specific to certain activities (695)	67		
20.Other tax expenses not included above (account 698)	68		
21.NET PROFIT OR LOSS FOR THE YEAR			
Profit (row 64-65-66-67)	69	144,471,423	173,098,449
Loss (row 65+66+67-64)	70		

ADMINISTRATOR,
Dragoş Eugen Damian

ECONOMIC DIRECTOR,
Bogdan Lucian Crăciunaş

S.C. TERAPIA S.A.

CASHFLOW STATEMENT

for the year ended 31 March 2021

(all amounts are expressed in RON, unless specified otherwise)

**Cash flow Statement
for the year ended 31 March 2021**

	12 month period ended at 31.03.2020	12 month period ended at 31.03.2021
OPERATING ACTIVITIES		
Net profit before taxation and extraordinary items	166,348,871	199,606,676
Adjustments for:		
Loss / profit on disposal of fixed assets	(8,183)	84,669
Impairment, depreciation and amortization	37,275,533	36,823,591
Movement in provisions for fixed assets	84,612	(376,755)
Movements in provisions	1,399,515	2,650,183
Net loss/profit from interest	(1,761,780)	62,777
Movements in provision for current assets	(2,898,780)	2,057,699
Income from subsidies and unclaimed dividends	(805,817)	(782,173)
Income from short-term financial investments	(953,495)	-
The effect of foreign exchange rate changes on short-term financial investments	(183,057)	-
(Profit)/loss from exchange rates on loans received from group companies	(1,650,000)	(1,508,698)
Operating profit before changes in working capital	196,847,419	238,617,969
Decrease/(Increase) in trade and other receivables	(74,745,821)	6,108,506
Decrease/(Increase) in inventories	(11,613,478)	(21,293,624)
(Decrease) / Increase in trade and other liabilities	47,130,199	(77,155,364)
Interest paid	(442)	(528,069)
Corporate income tax paid	(25,916,124)	(18,609,744)
Cash generated from operating activities	131,701,754	127,139,674
INVESTMENT ACTIVITIES		
Payments for the acquisition of tangible and intangible assets	(3,605,985)	(5,820,417)
Proceeds from the disposal of fixed assets	9,500	1,260
Payments for the acquisition of short-term financial investments	(4,394,252)	(45,000,000)
Proceeds from sales of short-term financial investments	79,966,533	4,394,252
Interest received	1,957,917	296,812
Cash generated from investing activities	73,933,713	(46,128,093)
FINANCING ACTIVITIES		
Loan repayment	(43,263,000)	(64,481,000)
Dividends paid	(291,896,592)	(1,448,353)
Loans received	110,887,500	-
Cash generated from financing activities	(224,272,092)	(65,929,353)
Increase / (decrease) in cash and cash equivalent	(18,636,626)	15,082,228
Cash and cash equivalent at 1 April	21,189,601	2,552,974
Cash and cash equivalents at 31 March	2,552,974	17,635,202

ADMINISTRATOR,
Dragoş Eugen Damian

ECONOMIC DIRECTOR,
Bogdan Lucian Crăciunaş

S.C. TERAPIA S.A.
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

Statement of Changes in Equity
for the year ended 31 March 2021

Elements of shareholders' equity	Balance as at 01.04.2020	Increase		Decrease		Balance as at 31.03.2021
		TOTAL, out of which	From transfer	TOTAL, out of which	From transfer	
0	1	2	3	4	5	6
Share capital	24,993,398	-	-	-	-	24,993,398
Share premium	372,838	-	-	-	-	372,839
Revaluation reserve	110,108,062	31,343,546		1,523,416	1,523,417	139,928,192
Legal reserve	8,617,940	-	-	-	-	8,617,940
Other reserves	36,192,698	3,137,220	3,137,220	-	-	39,329,917
Retained earnings representing undistributed accumulated profit or accumulated losses	Cr Balance	12,222,953	144,053,567	144,053,567	-	156,276,519
	Dr Balance		-	-	-	-
Effect of first time adoption of IFRS, except for IAS 29	Cr Balance	5,935,237	-	-	-	5,935,237
	Dr Balance		-	-	-	-
Retained result from correction of accounting errors	Cr Balance	664,608	-	-	-	664,609
	Dr Balance		-	-	-	-
Retained result representing the revaluation reserve surplus	Cr Balance	53,686,650	1,523,417	1,523,417	-	55,210,067
	Dr Balance		-	-	-	-
Retained result from the application of accounting regulations according to the forth Directive of the European Commission	Cr Balance		-	-	-	-
	Dr Balance	4,781,313	-	-	-	4,781,313
Profit or loss for the year	Cr Balance	144,471,423	173,098,449	-	144,471,423	173,098,449
	Dr Balance		-	-	-	-
Profit distribution	417,856	3,137,220	3,137,220	417,856	417,856	3,137,220
Other losses related to equity instruments	Cr Balance		-	-	-	-
	Dr Balance	782,784	-	-	-	782,785
TOTAL	391,283,854	350,018,979	145,576,984	145,576,983	145,576,984	595,725,849

Equity amounting to RON 595,725,849 has increased during the year 2020 with the amount of RON 204,441,995. This evolution is due to:

- the net profit of the year amounting to RON 173,098,449;
- the increases of the revaluation reserve by the amount of RON 31,343,546 as result of the revaluation of fixed assets, at 31.03.2021.

S.C. TERAPIA S.A.
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

Statement of Changes in Equity
for the year ended 31 March 2020

Elements of shareholders' equity	Balance as at 01.04.2019	Increase		Decrease		Balance as at 31.03.2020
		TOTAL, out of which	From transfer	TOTAL, out of which	From transfer	
0	1	2	3	4	5	6
Share capital	24,993,398					24,993,398
Share premium	372,838					372,838
Revaluation reserve	111,729,676			1,621,614	1,621,614	110,108,062
Legal reserve	8,617,940					8,617,940
Other reserves	35,774,842	417,856	417,856			36,192,698
Retained earnings representing undistributed accumulated profit or accumulated losses	Cr Balance	160,168,051	151,975,679	151,975,679	299,920,777	12,222,953
	Dr Balance					
Effect of first time adoption of IFRS, except for IAS 29	Cr Balance	5,935,237				5,935,237
	Dr Balance					
Retained result from correction of accounting errors	Cr Balance	664,608				664,608
	Dr Balance					
Retained result representing the revaluation reserve surplus	Cr Balance	52,065,035	1,621,614	1,621,614		53,686,650
	Dr Balance					
Retained result from the application of accounting regulations according to the forth Directive of the European Commission	Cr Balance					
	Dr Balance	4,781,313				4,781,313
Profit or loss for the year	Cr Balance	157,787,302	144,471,423		157,787,302	144,471,423
	Dr Balance					
Profit distribution	5,811,622	417,856	417,856	5,811,622		417,856
Other losses related to equity instruments	Cr Balance					
	Dr Balance	782,784				782,784
TOTAL	546,733,209	298,068,716	153,597,293	453,518,071	153,597,293	391,283,854

Equity amounting to RON 391,283,854 has reduced during the year 2019 with the amount of RON 155,449,355. This evolution is due to:

- the net profit of the year amounting to RON 144,471,423;
- the reduction of the retained earnings by the amount of RON 299,920,777 as a result of its distribution for the payment of dividends to the company's shareholders.

ADMINISTRATOR,
 Dragoş Eugen Damian

ECONOMIC DIRECTOR,
 Bogdan Lucian Crăciunaş

Notes to the financial statements as of 31.03.2021

These financial statements were prepared by SC Terapia SA (the “Company”) for the year ended the 31 March 2021. These financial statements were prepared in accordance with the Law on Accounting no. 82/1991 republished, the Order of the Ministry of Public Finance no. 1802/2014 for approving the accounting regulations regarding the individual and consolidated annual financial statements („OMFP 1802/2014”).

For conformity, the references to the Order 1802/2014 have to be understood as comprising its subsequent amendments introduced by normative regulations of the Ministry of Public Finance.

SC Terapia SA opted for a financial year different than the calendar year, the financial year starts on 1 April and ends on 31 March.

These financial statements of SC Terapia SA are prepared for a financial year different than the calendar year and refer to the period 01.04.2020 - 31.03.2021.

NOTE 1: General information

General information regarding the Company:

SC Terapia SA is a Romanian Company, part of the Sun Pharmaceutical Industries Limited since 25 March 2015, engaged in the production of pharmaceutical products.

The Company’s headquarters are located at 124 Fabricii Street, Cluj- Napoca, Romania.

The Company has the following branches:

- Cluj Napoca, B.dul Muncii no. 10 – business offices;
- Bucharest, Splaiul Unirii , no, 313 – manufacturing site – without operating activity;
- Pata Rat no. FN, county Cluj – residual products warehouse;
- Bucharest, B.dul Dimitrie Pompeiu no, 9 – 9A –business offices;
- Other offices in: Iasi, Brasov, Timisoara, Constanta, Craiova, Galați.

The main shareholder is Sun Pharma (Netherlands) B.V., a limited liability company, organized under Dutch laws, with headquarters at Polarisavenue 87, 2132JH HOOFDORP, Amsterdam, Netherlands, and is registered with the Trade Registry in Amsterdam under registration number 33254757.

Sun Pharma (Netherlands) B.V. is part of Sun Pharmaceutical Industries Limited since 25 March 2015.

The first consolidation is analysed at the level of Sun Pharma (Netherlands) B.V. which owns the majority of the share capital of Terapia SA.

The next level of consolidation is at Sun Pharmaceutical Industries Limited (Parent Company) Mumbai.

NOTE 1: General information (continued)

Management structure as of 31 March 2021:

At the end of the year, the Company's Management consisted of the following individuals:

Position	Name
General Manager	Damian Dragoş-Eugen
Financial Manager	Arora Hemant
Human Resources Manager	Kaupert Erika
Economic Manager	Crăciunaş Bogdan - Lucian
Operations Manager	Chiorean Adrian Alexandru
Commercial Manager	Ungureanu Bogdan Alin

Members of the Board of Directors as of 31 March 2021:

Position	Name
President	Damian Dragoş-Eugen
Member	Savla Prashant Lakhamshi
Member	Mehta Harin Parmanand
Member	Kaszas Mihaly
Member	Shah Kalpesh Rashmikan

The audit fees for 2020 amount to RON 187,700, from which RON 53,474 are due for Statutory Financial Audit.

NOTE 2: Accounting principles, policies and methods

A. ACCOUNTING PRINCIPLES

The elements included in the annual financial statements are evaluated in compliance with the following general accounting principles, according to the accrual basis of accounting. These principles are outlined below:

1. The going concern principle – this principle assumes that the Company will continue its normal operations, without initiating a dissolution procedure or significantly reducing its activity.
2. The consistency principle – this principle assumes that the Company applies consistently the same rules and standards regarding assessment, recording into accounting and presentation of assets, liabilities and results, ensuring the comparability over time of the accounting information presented.
3. The prudence principle – this principle that assumes that the Company in its assessment of the various accounting estimates made must follow a conservative approach and especially:
 - Only the realized profit up to the balance sheet date may be reflected in its results;

NOTE 2: Accounting principles, policies and methods (continued)

- All known debts during the current financial year or during a preceding financial year must be taken into account, even if these become evident only between the balance sheet date and the financial statements issuance date;
 - All foreseeable duties and potential losses that appeared during the current financial year or during a preceding financial year must be taken into account, even if these become evident only between the balance sheet date and the financial statements issuance date;
 - All value adjustments caused by impairment must be taken into account, irrespective of whether the result for the financial year is a loss or a profit.
4. The accrual accounting principle. Revenues and expenses related to the financial year are recognized, regardless of the date of collection or payment of these revenues or expenses.
 5. The separate assessment principle of the assets and liabilities. According to this principle, separable assets or liabilities must be assessed separately.
 6. The intangibility principle. The opening balance sheet for every financial year must correspond to the closing balance sheet of the previous financial year.
 7. The non-compensation principle. Any compensation between individual assets and liabilities or between revenues and expenses is prohibited, possible compensations between receivables and payables of the entity towards the same entity may be effected, observing the relevant provisions of the laws, only after recording in the accounting records the entire value of the related revenues and expenses.
 8. Accounting and presentation of balance sheet and income statement items taking into account the economic substance of the transaction or of the commitment. This requires that economic transactions to be accounted for in accordance with economic reality, putting out rights and obligations/liabilities, and risks associated with these operations.
 9. The principle of valuation at acquisition cost or production cost. The items in the financial statements usually are assessed at acquisition cost or production cost. The accounting regulations provide situations where this principle can not be respected.
 10. The materiality principle. Any element that has a significant value must be separately presented in the financial statements.

The financial statements were prepared and presented in accordance with the above mentioned principles.

B. SIGNIFICANT ACCOUNTING POLICIES

Reference currency

The financial statements are presented in RON.

Rounding of the amounts presented was made to plus or minus 1 RON based on two decimals.

NOTE 2: Accounting principles, policies and methods (continued)

Basis of preparation

These standalone financial statements of the Terapia SA were prepared in accordance with the Order of the Ministry of Public Finance no. 1802/2014, modified and completed and in accordance with the Accounting Law 82/1991 (republished).

According to the requirements of OMF 1802/2014, these financial statements were prepared in accordance with the applicable requirements of the Romanian laws and regulations.

The source accounting records, on which these financial statements are based, are maintained in RON using the historic cost basis, except where specifically mentioned in the accounting policies on a fair value basis.

The company opted for a financial year different than the calendar year, the financial year begins on April 1 and ends on March 31. The Company prepared these financial statements for 12 months ended at 31.03.2021, using the trial balance which is in compliance with the regulations outlined above.

These financial statements comprise of:

- Balance sheet;
- Profit and loss account;
- Statement of changes in equity;
- Cash flow statement ;
- Explanatory notes.

Translation of amounts denominated in foreign currency

Transactions denominated in foreign currency made by the Company are registered in RON at the rate of exchange in force at the date of the transaction.

Exchange rate differences resulting from these transactions and from the translation of assets and liabilities denominated in foreign currency are presented in the profit and loss account. These balances are translated into RON at the rate of exchange in force at the balance sheet date, as published by the National Bank of Romania.

As of 31.03.2021, the exchange rates for conversion of balances expressed in foreign currency were 1 USD = 4.1969 RON, 1 EUR = 4.9251 RON, 1 GBP = 5.7864 RON, 1 CHF = 4.4513 RON, 1 PLN = 1.0562 RON și 1 RUB = 0.0555 RON.

Comparative statements

For each element of the balance sheet, profit and loss account and the related explanatory notes to the financial statements, where considered necessary, the values of the corresponding elements for the previous financial year are presented.

If the values for the prior period are not comparable with the ones of the current year, this aspect is presented and explained in the explanatory notes.

NOTE 2: Accounting principles, policies and methods (continued)

Tangible fixed assets

Tangible fixed assets are initially recorded at their acquisition cost, production cost, contribution value or fair value, as the case may be, depending of the way of entrance into the company.

The Group recognizes as tangible fixed assets those assets which are intended for use on a continuing basis and which have an entry value established by law.

Tangible fixed assets are presented in the balance sheet at cost less accumulated depreciation and impairment, if applicable.

Revaluations are made with sufficient regularity such that the book value does not differ from the fair value at the balance sheet date.

Tangible fixed assets that are disposed in the year are eliminated from the balance sheet together with the corresponding accumulated depreciation.

Gains or losses resulting from the disposal of a tangible fixed asset are determined as the difference between the disposal proceeds and their unamortized value, including the disposal costs, and are presented in the profit and loss account under revenues or expenses, as applicable.

Subsequent expenses corresponding to a tangible fixed asset are generally recognized as an expense in the period in which they are incurred.

Significant improvements (modernizations) are capitalized if they extend the useful life of the asset, or significantly increase the estimated economic benefits to be derived from the use of these assets in the future.

Repairs and minor improvements are recognized in the profit and loss account as incurred.

Land and buildings owned by the company are presented at fair value which is equal with the market value. The accounting of land is held on two categories: land and land improvement.

Tangible assets in progress represent investments in progress carried out under the own administration or by contract. They are valued at the production costs or the acquisition cost, as the case may be.

The tangible assets in progress are included under the category of assets completed after taking over, commissioning or putting into operation thereof, as the case may be.

Depreciation

The depreciation of tangible fixed assets is calculated using the straight-line method, starting from the month following their commissioning, so that the cost or the value of the assets may be expensed over their entire estimated useful lives.

NOTE 2: Accounting principles, policies and methods (continued)

The useful lives established for different tangible fixed assets categories are presented in the following table:

Category	Years
Buildings	10-50
Technological equipment	3-20
Measurement, control, regulation devices and installations	3-15
Vehicles	3-15
Furniture, office equipment, other tangible fixed assets	3-10

The depreciation period and the remaining useful lives of the tangible fixed assets are reviewed periodically in order to ensure that they are consistent with the estimated flow of the economic benefit resulting from their usage.

Land is not depreciated, Land improvements depreciate on a period of 10 years from the date of the reception.

Revaluation

Revaluation of tangible fixed assets is carried using their fair market value, as of the balance sheet date, by qualified valuation experts.

Revaluation is carried out on a regular basis, so that the accounting value of tangible fixed assets will not differ substantially from that which would be determined using their fair value as of the balance sheet date.

At the revaluation of a tangible asset, the accumulated depreciation at the revaluation date is eliminated from the asset gross book value and the net value, assessed further to the correction by the value adjustments, is recomputed at the asset revaluated value.

Intangible assets

Intangible assets are recognized when the realization of future economic benefits by the Company is probable and the asset's cost may be accurately assessed.

Intangible assets are initially recorded at their acquisition or production cost. Following initial recognition, intangible assets are presented in the balance sheet at their original cost, less accumulated amortization and impairment, if applicable.

An intangible asset reported initially as an expense will not be recognized afterwards as a part of the cost of an intangible asset.

Subsequent expenses corresponding to an intangible fixed asset and also the writing off or the demise of the intangible assets follow the rules of tangible assets.

NOTE 2: Accounting principles, policies and methods (continued)

Intangible assets comprise:

- set up costs;
- development costs;
- concessions, patents, licenses, trademarks, similar rights and assets, except for those created inside the entity;
- goodwill;
- other intangible assets;
- pre-payments.

The intangible assets of the Company include manufacturing patents (product dossiers) and software.

New software is capitalized at its acquisition cost, provided that the software component is not included with the cost of the respective hardware.

Intangible assets depreciation

Intangible assets are depreciated on a linear basis on the useful life time specified for each category of intangible assets. The useful life time is established for each category of intangible assets. The period and the depreciation method are reviewed at the end of each financial year.

The software is depreciated on a linear basis on the useful life time estimated, but no more than 3 years.

The fabrication licenses are depreciated on a linear basis on a period between one and five years depending on the value of the intangible asset, starting from the date of obtaining marketing authorization, as follows:

- 1 year for licenses worth up to \$ 10,000 per product;
- 2 years for licenses worth between \$ 10,001 and \$ 20,000 per product;
- 3 years for licenses worth between 20,001\$ and 30,000\$ per product;
- 4 years for licenses worth between 30,001\$ and 50,000\$ per product;
- 5 years for licenses with values exceeding \$ 50,001 per product.

The Company holds a Ketanov IP, purchased from a group company, which is depreciated over a period of 117 months according to the evaluation report made by an independent valuer.

The set up costs are depreciated on a maximum period of 5 years.

The development costs are depreciated on the contract period or on the utilization period, as the case may be.

The concessions are depreciated on the usage period established by the contract.

When the goodwill is treated as an asset – in the terms established by the applicable accounting regulations - we have to consider the following constraints:

- a) goodwill is depreciated on a period of maximum five years;
- b) nonetheless, in exceptional cases, when the life of the goodwill can not be estimated reliably, the entity can depreciate the goodwill in a systematic way over a period of up to 10 years.

NOTE 2: Accounting principles, policies and methods (continued)

Licenses and goodwill are tested for impairment at the end of each year.

Financial investments

The financial assets comprise the shares in affiliated companies, the loans granted to affiliated companies, the participating interests, the loans granted to companies with which the company in cause is connected in virtue of participating interests, other investments held as assets, other loans.

Warranties, deposits and any security filled by the entity to the third-parties are recognized to other receivables.

At balance sheet date, the company recognizes in financial assets, the other receivables with maturity less than 12 months, the difference is recognized in receivables.

The financial assets which are recognized as assets shall be evaluated at the acquisition cost or the value assessed by the contract of acquiring thereof.

Financial assets shall be disclosed in the balance sheet at the entry value, less the cumulated adjustments for the loss in value.

CURRENT ASSETS

Acknowledgment and valuation of current assets

An asset is classified as a current asset under the following conditions:

- a) is acquired or produced for own use or for sale in the normal operating cycle of the entity;
- b) is held, mainly, for the purpose of trading;
- c) is expected to be realized in a period of 12 months from the balance sheet date;
- d) is represented by non-restricted cash or cash equivalents.

Current assets must be valued at their acquisition cost or production cost, as the case may be, and respecting the paragraph below.

The adjustments in the value of current assets are made for the purpose of their presentation at the smallest market value or, under special circumstances, at another minimum value which can be assigned at the balance sheet date.

Inventories

At the entry in the company, the stocks are valued at the acquisition cost. The cost of stocks must include all costs related to the acquisition and processing, as well as other costs incurred to bring the stocks under the current shape and at the location where they are.

Raw materials and consumables are valued at acquisition cost.

NOTE 2: Accounting principles, policies and methods (continued)

The finished goods are registered during the month at standard cost. At the end of the reporting period it is being calculated the effective cost of production. The differences between the standard cost and the effective cost of the finished goods are registered in differences accounts so the finished goods are registered in the trial balance and the balance sheet at the effective cost.

The selling or the consumptions of the finished goods is done at the effective cost, using WAC (Weighted average cost) method. The differences for the articles that go out are established as the difference between the value of the products out at standard cost and the value of the products out at effective cost.

The semi-finished goods are registered during the month at standard cost. At the end of the reporting period the effective cost of semi-finished goods is being calculated; the procedure is similar with the one for finished goods.

Work in progress refers to the orders begun and unfinished at the end of the month. Work in progress is registered during the month at standard cost. At the end of the reporting period is calculated the effective production cost of each stage of manufacturing of each order that compose the work in progress. At the end of the month, the work in progress is recorded at effective production cost, similar to finished goods and semi-finished goods.

The standard cost consists of indirect costs on the product from the previous period, based on information obtained after the allocations of cost and current consumption of raw materials and packaging materials as manufacturing recipes.

The production cost of the finished goods and semi-finished goods contains:

- direct production costs (raw materials and consumables, according to the manufacturing recipes);
- indirect production costs which refer to any expenses that compete indirectly to obtain the finished goods, namely: salaries and related taxes, depreciation, maintenance and repair services, utilities, and other services provided by third parties.

The merchandise represents goods that are purchased with the purpose of being sold and are registered at acquisition cost.

Also, other assets can be presented in the inventories if they meet the requirements for recognition established by the accounting regulations.

At the selling or the consumption, the inventories are valued in accounting using the method “weighted average cost” (WAC).

At the balance sheet date the inventories are valued at net realizable value. For this purpose, when it is the case, in accounting are reflected the adjustments for depreciation of value.

The value of inventory write-offs is calculated as follows:

1. Expired & Near Expiry Stock

All those inventory items which are expired as on valuation date and which will expire in next 180 days will be provided at 100% of Stock Value.

NOTE 2: Accounting principles, policies and methods (continued)

2. Discarded & Rejected Stock

All those inventory items which are identified as discarded / rejected expired as on valuation date will be provided at 100% of Stock Value.

3. Non – Moving Stock

All those inventory items which are not consumed / sold during 365 days preceding the date of valuation will be identified based on Specific Identification Method and will be provided at 100% of Stock Value.

When the company's management considers that there exists a supplementary risk related to inventories, risk which is not covered by the adjustments mentioned above, a supplementary value adjustment will be recognised.

For finished goods and goods for resale a supplementary value adjustment is recognised, if it is needed, so that these inventories to be recognized at net realizable value.

As for purchased goods in foreign currency, that are accompanied by an invoice or a transfer document, for which the invoice will come afterwards, the exchange rate used for accounting registration is the one from the date of the reception of the goods.

The inventories are evidenced in synthetic accounts, on inventory categories. The analytic evidence is organized on a quantity-value base, on each article, on inventory categories and administrations.

Short term investments

Short term investments include the titles owned to affiliate entities and other short term investments (bond purchased for realizing profit on a short term shares), short term bank deposits.

On initial recognition, the short term investments are valued at the acquisition cost (purchasing cost, or the value established in contracts).

Foreign currency short term bank deposits are booked at creation at the exchange rate communicated by the National Bank of Romania at the date of creation.

The liquidation of the foreign currency short term bank deposits is made at the exchange rate communicated by the National Bank of Romania at the liquidation date.

Upon exit from the entity the short term investments are valued using WAC.

If necessary, at the balance sheet date can be recorded in accounting adjustments for losses in value.

Cash and cash equivalents

The bank accounts include: assets to be received such as checks and trade bills deposited with the banks, local and foreign currency liquidities, entity's check books, overdraft facilities granted in the bank current accounts and utilized at the end of the reporting period, as well as the interests related to liquid assets and bank credits in the current accounts.

NOTE 2: Accounting principles, policies and methods (continued)

The accounting of cash existing in the banks/entity's cashier desk as well as of its movement resulted from the receipts and payments made in cash, are kept separately in RON and foreign currency.

The current bank accounts are developed in the analytic on each individual bank.

The operations referring to the foreign currency amounts received and payments shall be recorded in accounting books at the rate of exchange of the day in which the operations have been made, as communicated by the National Bank of Romania.

At the end of each month, the exchange rate differences resulting from the valuation of liquid assets in foreign currency and other treasury values, such as state bonds in foreign currency, letters of credit and short term deposits in foreign currency, communicated in the last banking day of each month by the National Bank of Romania, are recorded in the accounting books as financial revenues or expenses from currency exchange differences, as applicable.

Third parties

The accounting system of third parties ensures the records of the debts and the receivables of the entity in its relation with the suppliers, the clients, the personnel, the social security, the state budget, the affiliated companies, the shareholders/partners, various debtors and creditors.

The operations regarding purchases or deliveries of commodities and products, works performed or services supplied, as well as other operations performed are recorded in the accounting books of suppliers and customers.

The accounting of settlements with the personnel comprises salary rights, raises, additional amounts, prizes from salary fund, indemnities for holidays as well as those for temporary work incapacity and other rights in cash and/or in kind owed by the entity to the personnel in consideration for the work supplied and which is to be borne, according to regulations in force, from the salary fund.

The accounting of settlements regarding social contributions comprises liabilities for the social security contribution, health insurance contribution and unemployment contribution.

The settlements with the state budget and special funds comprise: tax on profit/income, value added tax, income tax, subsidies to be received and other similar taxes, fees and payments.

The profit/income tax payable must be recognized as a debt within the unpaid amount. If the amount paid exceeds the amount due, then the surplus must be recognized as debenture.

The Company computes profit tax for the individuals financial statements prepared in accordance with the law in force, and in compliance with tax legislation in force.

The value added tax owed to the state budget shall be determined as the balance between the value of the chargeable tax related to the goods delivered or services performed (input VAT) and the value of the deductible tax for purchases of goods and services (output VAT).

NOTE 2: Accounting principles, policies and methods (continued)

Other taxes, fees, and payments owed to the state budget or to local budgets comprise: tax on buildings, tax on lands, dividends tax, tax on transportation means and other taxes and fees. These taxes are separated in the analytical accounting by types of taxes, fees and other payments owed to the state budget or to local budgets.

The excise taxes and special funds included in prices or tariffs are recorded in the appropriate debts accounts without passing through income and expenses accounts.

The accounting of settlements within the group companies and with the shareholders/partners includes the operations that are reciprocally recorded in books during the same administration period both in the debtor entity's accounting and in that of the creditor entity, as well as the settlements between the shareholders/partners and the entity in respect of the share capital, the dividends owed there to, other settlements with the shareholders/partners, and also the participants' accounts in respect of the joint transactions in the case of the partnership associations.

Dividends distributed to shareholders, proposed or stated after the balance sheet date, as well as other similar distributions performed from the profit, need not be recognized as a liability upon the balance sheet date.

The entity's debts/debentures to other third parties, other than to the own personnel, clients and suppliers are recorded in books under the various debtors accounts.

Taxes payable are recorded for the period for which they are due.

During the annual inventory, for the depreciation of the receivables balances (customers, sundry debtors, related parties), the Company records adjustments.

The policy for receivables value adjustments is presented below:

- For customer in litigation will be recorded provision of 100%, at the level of outstanding balance;
- For debts older than 365 days from the invoice date will be recorded a provision of 100%;
- For domestic customers, others than those mentioned above in paragraphs 1 and 2 there will be recorded a provision based on risk analysis that the company is exposed by dividing the company litigations occurred in the last financial years to the average customer balance for the same financial years.

The percentage result applying the litigations to the average customer balance is applied to year end domestic customer balance resulting the provision corresponding the current financial year.

During the year, it will follow the same procedure keeping the percentage results from dividing the litigations to year end average customer balance applied to respective month customer balance.

If there are signs that this percentage will not reflect market conditions, this percentage will be reanalysed.

- Specific provision in relation to the customer balances for which, at the balance sheet date, there are objective indications that will become insolvent or bankrupt.

NOTE 2: Accounting principles, policies and methods (continued)

In order to compute the provision/adjustment according to the information presented above, the promissory notes are not considered.

If a company within the group presents documents attesting the transfer of money which represents the value of a receivable, the company will present in its records the amounts under settlement and will settle the receivable.

The receivables and payables in foreign currency, as a result of the transactions incurred by the company are recorded in accounting both in RON and in foreign currency. A foreign currency transaction has to be initially recorded at the exchange rate communicated by the National Bank of Romania from the date of the transaction.

The foreign currency exchange differences as compared to the date of the settlement of receivables and debts in foreign currencies at rates of exchange different from those initially recorded in books during the month or as compared to those at which they were disclosed in the previous month must be recognized as revenues or expenses during the period when they are derived or incurred.

When the receivables or the debts in foreign currency are settled during the same month as that when they occurred, the entire foreign exchange difference shall be recognized in that month. When the receivable or the debt in foreign currency is settled during a later month, the foreign exchange difference which occurs until the settlement shall be assessed taking into account the change of the exchange rate occurred during each of such month.

At the end of each month, the receivables and the debts in foreign currency are revalued at the exchange rate communicated by the National Bank of Romania from the last banking day of that month. The exchange rate differences encountered are recorded as exchange rate revenues or expenses, as the case may be.

The above provisions are applicable to the receivables and debts in local currency whose settlement is made according to the exchange rate of a foreign currency. In this case, the exchange rate differences encountered are recognized in accounting under other financial revenues or other financial expenses, as the case may be.

The accounting books of third parties are kept by categories, in distinct accounts and the analytical accounts for each individual or legal person, grouped by documents and due dates.

Accounting of commitments and of other off-balance items

The rights and liabilities, as well as certain goods that cannot be included in the entity's assets and liabilities are recorded in books under accounts off the balance sheet called order accounts and record accounts.

This category includes commitments (endorsements, bails, guarantees) granted or received in relation to third parties, tangible assets taken on hire, material values received for processing or repair in keep or custody, debtors removed from assets and further pursued, royalties, administrations, rental fees and other similar debts, discounted trade bills not due yet, as well as other securities.

A distinct category of off-balance items are the contingent assets and debts.

NOTE 2: Accounting principles, policies and methods (continued)

A contingent asset is a potential asset which appears as a result of events before the balance sheet date and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- a) a potential liability as a result of past events occurred before the balance sheet date and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity, or
- b) a present obligation as a result of past events occurred before the balance sheet date but which is not recognized because :
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of obligation cannot be measured with sufficient reliability.

The contingent assets and liabilities are not shown in the balance sheet, Information is disclosed in the notes to the financial statements.

Short term debts: amounts which must be paid during a period up to one year

A debt must be classified as a short term debt, also referred to as current debt, when:

- a) it is expected to be settled during the normal operating cycle of the entity;
- b) it is chargeable within 12 months as of the balance sheet date.

Long term debts: amounts which must be paid during a period exceeding one year

The accounting of loans and debts similar to loans is kept under the following categories: loans from bonds and repayment premiums thereof, long and short term bank loans, amounts due to affiliated companies and to those to which participating interests are held, other similar loans and debts, as well as interest related thereof.

Provisions

A provision is a liability of uncertain exigibility or value.

A provision is recognized when the Group has a current (legal or constructive) obligation resulting from a past event, when it is likely that an outflow of resources carrying economic benefits may result from the settlement of these obligations, and when the value of the payment can be measured reliably.

Provisions are reviewed at the end of each year and adjusted in order to reflect an accurate estimation of the losses that might occur, estimation made taking into consideration all the information known at the moment when the financial statements are prepared.

NOTE 2: Accounting principles, policies and methods (continued)

Provisions are set for items such as:

- a) litigations, fines or penalties, damages, compensations and other uncertain debts;
- b) expenses in connection to the service activity during the guarantee period and other expenses regarding the guarantee granted to the clients;
- c) tangible assets decommissioning and other similar actions related to it;
- d) restructuring activities;
- e) retirement pensions and other similar liabilities;
- f) taxes;
- g) completion of the employment contract;
- h) premiums to be granted to staff depending on the profits made, according to legal or contractual provisions;
- i) provisions related to concession agreements;
- j) provisions for pecuniary interest contracts;
- k) other provisions.

The accounting of provisions is kept depending on the types of provisions, according to their nature, purpose and the scope for which they were established.

The Company sets provisions for litigations, completion of the employment contract, environment expenses and for other taxes.

The Company records the provisions for taxes in relation to amounts representing future fiscal consequences of items that currently generate taxable temporary differences between their accounting base and tax base.

When the provision is no longer necessary for the purpose for which it was established, it is reversed as income.

Subsidies

Subsidies comprise subsidies related to assets and subsidies related to revenues.

The following shall be disclosed separately under subsidies:

- government subsidies;
- non-reimbursable loans like subsidies;
- other amounts received as subsidies.

Subsidies related to assets have the effect of purchase / acquisition / construction of fixed assets.

Subsidies related to income comprise all the subsidies other than those for assets.

A government subsidy may take the form of the transfer of a non-monetary asset, and in this case the subsidy and the asset shall be recorded in books at the fair value.

Inventory excess of tangible and intangible assets and the donations are also recorded in accounting under the subsidy accounts.

NOTE 2: Accounting principles, policies and methods (continued)

The subsidies shall be systematically recognized as revenues of the periods corresponding to related expenses which these subsidies are to off-set.

The accounting of subsidies is kept under applicable accounting regulations and considering contractual provisions when appropriate.

The subsidies are not recorded in books directly under the capital and reserves accounts.

Equity

Equity represents the residual interest of shareholders in the entity's assets after deducting all liabilities.

The subscribed and paid in share capital is separately recorded in the accounting books, based on the incorporation articles of the legal person and the justifying documents as regards the capital payments.

Share premiums (issuance, merger, contribution, conversion) are the excess of the issuance value less the par value of the shares or social parts.

The accounting of reserves is kept by reserve categories as follows: legal reserves, statutory reserves or contractual reserves and other reserves.

In accordance with the Romanian legislation, companies must allocate an amount equal to at least 5% of the profit before taxation to legal reserves, until the value of the legal reserves reaches 20% of the value of capital. Once the legal reserves reach this level, the Group may allocate additional funds to the legal reserves, depending on its own requirements.

Statutory or contractual reserves are formed on annual basis from the entity's net profit, according to the provisions in its incorporation articles.

Other reserves not provided for by law or by statute may be formed optionally, based on the net profit, to cover the accounting losses or for other purposes, according to the decision of the general shareholders or partners meeting, by observing the legal provisions.

Revaluation reserves

Pluses or minuses resulted from the revaluation of non-current assets are recognized in revaluation reserve.

The revaluation reserves decrease can be made only in the limit of the existing credit balance.

The revaluation reserve must be reduced to the extent that the amounts transferred there to be no longer necessary for the implementation of the valuation method used.

The revaluation reserves of non-current assets have a non-distributable character.

NOTE 2: Accounting principles, policies and methods (continued)

The revaluation surplus included in revaluation reserve is capitalized through direct transfer in retained earnings, as long as the surplus is achieved.

The gain is considered realized as long as it is used by the entity.

Transfer between reserves is realized on a quarterly basis and at the end of the financial year.

The value of the transferred reserve is equal with the difference between depreciation of the asset computed at the gross revaluated value and the depreciation computed at the initial cost of the asset.

Profit and loss

Profit and loss is established on a cumulative basis from the beginning of the financial period, as the difference between income and expenditure of the period. The final result of the financial period is established at the end of the exercise and represents the final balance of the profit and loss account.

The distribution of the profit is registered in accounting based on destination after the approval of the financial statements.

The profit distribution is made in accordance with the decision of general meeting of the shareholders according to the Romanian law.

The amounts representing reserves created from the profit of the current financial year are shown under the account "Profit appropriation", according to legal provisions.

The profit which is not distributed is transferred to retained earnings.

The retained result from changes in accounting policies and the retained result from correction of accounting errors are separately highlighted in the retained earnings.

The accounting loss reported is covered from the profit of the financial exercise and the reported one, from reserves, and equity, in accordance with the general meeting of the shareholders, according to the Romanian law.

Revenues

Revenues are increases of economic benefits registered during an accounting period as inputs or increases of assets or decreases of liabilities, which materializes as a growth of shared capitals, other than the shareholders contribution.

Revenues are recognized in the profit and loss account when it is likely that the Company will derive the benefits associated with the underlying transactions, and a reliable estimate of the value of these benefits can be made.

The accounting of revenues is kept depending on the types of revenues, according to their nature, as follows:

- a) operating revenues;
- b) financial revenues.

NOTE 2: Accounting principles, policies and methods (continued)

Operating revenue comprise:

- a) revenues from the sale of products and commodities, work performed and services supplied;
- b) revenues from stocks variation;
- c) revenues from the production of assets;
- d) revenues from operating subsidies;
- e) other revenues from the current activity.

Revenues from the sale of goods are recorded in accounting books at the moment of handing over the goods to the purchaser, of the delivery of the goods based on invoice or in other conditions as provided for in the contract, which certify the transfer of the ownership right on such goods, to the clients.

Revenues from the sale of goods are recognized at the moment when the following conditions are met:

- a) the entity has transferred the material risks and benefits deriving from the ownership of goods to the purchaser;
- b) the entity does not administrate the sold goods and does not have control over them;
- c) revenues and expenses respectively derived or incurred by the transaction may be quantified,
- d) it is probable that the economic benefits will be generated for the entity and;
- e) the costs of the transaction can be valued in a credible manner.

The other categories of revenue are recognized if they meet the requirements for recognition established by the accounting regulations.

Financial revenues comprise:

- a) revenues from financial assets;
- b) revenues from short term investments;
- c) revenues from financial investments ceded;
- d) revenues from foreign exchange differences;
- e) revenues from interest;
- f) revenues from discounts received further to financial reductions;
- g) other financial revenues.

The financial discounts are given for a non-commercial scope, usually for stimulating the client to pay early or to stimulate him to use a certain payment form, it is not committed to a certain product but to a payment value and to a payment frequency.

The financial discounts received are registered as financial revenues for the period.

Expenses

Expenses are decreases of economic benefits registered during an accounting period as outputs or decreases of value of assets or increases of liabilities, which materializes as a decrease of shared capitals, other than the shareholders withdrawals.

The accounting of expenses is kept on types of expenses, according to their nature, as follows:

- a) operating expenses;
- b) financial expenses.

NOTE 2: Accounting principles, policies and methods (continued)

Operating expenses includes:

- a) expenses for raw materials and consumables; the acquisition cost of consumed inventory objects; acquisition costs of not stocked materials, directly passed as expenses; the equivalent of the energy and water consumed; the value of biological assets such as inventories; the cost of goods sold and of packages;
- b) expenses for works and services supplied by third parties, royalties and rental; insurance premiums; studies and research; expenses for other services performed by third parties (collaborators); commissions and fees; protocol, advertising and publicity expenses; transport of goods and personnel; travels, official trips and transfers; postage expenses and telecommunication duties, banking services and others;
- c) personnel expenses (salaries, social security, meal tickets and other personnel expenses which are borne by the entity);
- d) other operating expenses (expenses related to environmental protection, losses from debentures and various debtors; compensations, fines and penalties; donations and other similar expenses; expenses regarding ceded assets and other capital expenses etc.),

Financial expenses, which comprise:

- a) losses from debentures in connection to participations;
- b) expenses regarding financial expenses;
- c) unfavourable foreign currency differences;
- d) interest regarding the current financial year;
- e) discounts granted to clients;
- f) losses for debentures of financial nature and others.

Financial discounts granted to the customers are booked in accounting as financial expenses of the period.

Turnover

The profit and loss account comprises: the net turnover, incomes and expenses of the financial year grouped by their nature, as well as the result of the period (profit or loss).

For purposes of these regulations, the net turnover is computed by summing up the income resulted from deliveries of goods, performance of services and other operating income, less trade rebates granted to the clients and value added tax and other taxes related directly to the turnover.

Trade rebates are granted to customers for specific product during a specific period of time and have the purpose to increase the sales of that product for that period of time. This kind of trade rebates will generate a decreasing of trade incomes and also of the net turnover.

Retirement, post retirement and termination benefits

- Short-term employee benefits

Short-term employee benefits comprise salaries and contributions to social security funds. They are recognized as expenses in the period in which they are paid.

NOTE 2: Accounting principles, policies and methods (continued)

Both the Company and the employees have the obligation to contribute to the National Retirement Fund. The Company has no obligation of paying other future benefits. The only obligation in this respect is the payment of the contributions to the National Retirement Fund by the due date.

- Retirement benefits

Upon retirement the employees receive a bonus equal with to a gross average salary in compliance with the provisions of the collective labour agreement, The Company did record provisions for these obligations.

- Benefits upon closing of individual labour agreements

The Company has an obligation to compensate employees in case it terminates their individual labour agreements, as a result of making the respective employees redundant. The magnitude of the related termination benefits payable depends on the position held and the number of years of employment with the Group. Termination benefits obligations are recorded when the related reorganization plan is adopted by the management of the Group or when the expenses are made if there is no reorganization plan in force, according to the Collective labour Agreement.

Leasing contracts

The leasing contract is an agreement, through which the leaser gives to the lessee, in exchange of a payment or a serial of payments, the right to use a good for a period of time.

Financial leasing

The financial leasing is the leasing operation which transfers the most important part of the risks and advantages of a property right over an asset.

A leasing contract can be known as a financial leasing if it fulfils at least one of the following conditions:

- a) the leasing transfers to the lessee the property right over the good until the leasing contract is finished;
- b) the lessee has the option to buy the good at a price estimated to be small enough comparing to the market value at the date when the option becomes realizable, so that, at the beginning of the leasing contract there exists in a reasonable way the certitude that the option will be realized;
- c) the leasing contract duration covers for the most part the economic life time of the good, even if the property right is not transferred;
- d) the total value of the leasing rates, less the accessories costs, is greater or equal to the acquisition value of the good, represented by price paid by the leaser for the good, respectively the acquisition price;
- e) the goods that represent the object of the leasing contract have a special nature, so that only the leaser can utilize them without any major modifications.

The leasing payments are separated between the interest and the diminution of the leasing debt to obtain a constant interest rate that applies to the final balance of the debt. The interest expense is registered directly into the profit and loss.

NOTE 2: Accounting principles, policies and methods (continued)

The acquisition of mobile and immobile goods, in the case of financial leasing, are treated as investments, being depreciated on a consequent base with the normal depreciation policy used for similar goods.

Operational leasing

The operational leasing is the leasing operation that is not included in the financial leasing category.

The payments for an operational leasing contract are recognized as expenses in the profit and loss account, linear during the leasing contract.

Leaseback

A selling transaction of a long term asset and a rental transaction of the same asset in leasing (leaseback) are registered as follows (taking into account the leasing contract):

- a) if the transaction of selling and renting the same asset has as a result a financial leasing, the transaction represents a way through which the leaser gives to the lessee a financing, in this case the asset is considered a guarantee. The financing beneficiary (lessee) will not insert in accounting the selling operation of the fixed asset, because the conditions to recognize income are not met. The fixed asset will remain recorded at the value before the leasing operation, with the corresponding depreciation regime;
- b) if the sell and lease operation of the same fixed asset has as result an operational leasing, the selling party accounts a selling transaction, including the recording of the fixed asset as being taken out of accounting, along with all the amounts that have been cashed or have to be cashed.

Related parties

Parties are considered to be related if one of the parties has the ability to control, partially control or to exercise significant influence over the other party due to the following aspects:

- a) owns the majority of the voting rights of the shareholders or associates in other entity, named subsidiary;
- b) it is a shareholder or associate of an entity and the majority of the members of the administration, management and supervising authorities of the entity (subsidiary) which have been named in these functions during the financial year, during the previous financial year and by the time the annual consolidated financial statements were prepared were named only as a result of exercising its voting rights;
- c) it is a shareholder or associate of a subsidiary and owns by itself the control over the majority of voting rights of the shareholders or associates of that subsidiary, as a result of an agreement concluded with other shareholders or associates;
- d) it is a shareholder or associate of a subsidiary and has the right to exercise a dominant influence over that subsidiary, based on a contract concluded with the entity or on a clause in the constitutive deed or statute, if the regulation applicable to the subsidiary allows such contracts or clauses;
- e) Parent Company has the power to exercise or effectively exercises a significant influence or control over a subsidiary;
- f) it is shareholder or associate of a subsidiary and has the right to appoint or revoke the majority of the members of the administration, management and supervising bodies of that subsidiary;
- g) Parent Company and the subsidiary are managed on a unified basis by the Parent Company.

NOTE 2: Accounting principles, policies and methods (continued)

The subsidiary represents an entity under the control of other entity, named Parent Company.

A transaction with related parties is a transfer of resources, services or obligations between related parties without being of importance if a price is charged.

Borrowing costs

Borrowing costs that are directly attributable to the assets with long manufacture cycle are included in the production costs as far as they are related to the production period.

Borrowing costs include the interest on capital borrowed to finance the acquisition, the construction or the production of assets with long manufacture cycle.

Events occurring after the balance sheet date

The events subsequent to the balance sheet date are those events, either favourable or unfavourable, which take place between the balance sheet date and the date on which the statements on the annual accounts are to be approved under the law.

The events which occur after the balance sheet date may supply additional information. If the additional information leads to the need to record certain incomes or expenses in books, then such records must be made, in order to give a true and fair view. This information shall also be disclosed in the notes on accounts.

Correction of accounting errors

The accounting errors may relate either to current period or to previous periods.

Previous period errors are omissions and misstatements in the financial statements.

Correction of errors is made at the date of their acknowledgement.

Correction of the errors of the current period is made in the profit and loss account.

Correction of the significant errors of the previous period is made in retained earnings.

Minor errors related to previous periods are also corrected in retained earnings. Still, they can be corrected in the profit and loss account if the errors are immaterial.

Immaterial errors are those that do not influence the information presented in the financial statements. It is considered that an error is material if it influences the economic decisions taken by the users of the financial statements. The analysis of the nature of an error is made considering the individual or cumulated value of the elements.

In case of correcting the errors which generate a carried forward accounting loss, such loss must be covered before performing any profit distribution.

The correction of errors from previous financial statements must not lead to changes in those financial statements.

NOTE 2: Accounting principles, policies and methods (continued)

In case of correcting errors from previous financial statements, these corrections must not adjust the comparative information presented in the financial statements.

Estimates

Because of the uncertainties inherent in carrying out the activities, some elements of the annual financial statements can not be measured with precision but just estimated.

The estimation process involves judgments based on the latest credible information at their disposal.

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

NOTE 3: Non-current assets

Assets elements	Gross book value			
	Balance at 01.04.2020	Increases, including the increases due to revaluation	Disposals, transfers and other discounts	Balance of 31.03.2021
0	1	2	3	4
I, Intangible assets				
Licenses, trademarks and other intangibles	239,095,606	750,980	-	239,846,586
Other intangible assets	5,185,746	79,701	-	5,265,447
Total intangible assets	244,281,352	830,681	-	245,112,033
II, Tangible fixed assets				
Land and land improvements	107,739,588	19,277,913	107,869	126,909,632
Buildings	38,288,351	9,828,230	7,115,815	41,000,766
Machinery and equipment	64,459,369	6,832,965	29,984,282	41,308,052
Other tangible fixed assets	2,307,612	1,223,882	1,020,302	2,511,192
Tangible fixed assets in progress	2,709,888	5,375,323	5,819,444	2,265,767
Advances for the acquisition of tangible assets	774,292		385,587	388,705
Total fixed tangible fixed assets	216,279,100	42,538,313	44,433,299	214,384,114
III, Financial non-current assets	36,442	2	247	36,197
TOTAL – Non-current assets	460,596,894	43,368,996	44,433,546	459,532,344

Classification of non-current assets	Value adjustments (depreciation and adjustments for depreciation or loss of value)			
	Balance at 01.04.2020	Adjustments during the year	Decreases or disposals	Balance at 31.03.2021
0	1	2	3	4
I, Intangible assets				
Licenses, trademarks and other intangibles	147,332,583	24,665,758	-	171,998,341
Other intangible assets	5,014,080	88,285	-	5,102,365
Total intangible assets	152,346,663	24,754,043	-	177,100,706
II, Tangible fixed assets				
Land and improvements on land	107,869	-	107,869	-
Buildings	4,918,778	2,447,994	7,366,772	-
Machinery and equipment	22,286,892	9,428,035	30,193,291	1,521,636
Other tangible fixed assets	695,401	339,790	1,020,302	14,889
Tangible fixed assets in progress	-	22,868	-	22,868
Total Tangible fixed assets	28,008,940	12,238,687	38,688,234	1,559,393
III, Financial non-current assets				
TOTAL – Non-current assets	180,355,603	36,992,730	38,688,234	178,660,099

NOTE 3: Non-current assets (continued)

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

NOTE 3: Non-current assets (continued)

The net book value of the non-current assets as of 31 March 2021 represents the fair value, in accordance with the provisions of the Order of the Minister of Public Finance no. 1802/20149, for approving the accounting regulations regarding the individual and consolidated annual financial statements, and the Order of the Minister of Public Finance 2861/2009 for the approval of the Regulations regarding the organization and performance of the inventory of assets, liabilities and equity.

The last revaluation was made at 31.03.2021 by an independent valuer.

The result of reevaluation proses is as below:

Nr. crt.	Denumire	Gross book value as of 31.03.2021	Net book value as of 31.03.2021	Fair value as of 31.03.2021	Differences	Increase in value of assets	Increase in impairment
1.	Land	107,631,718	107,631,718	126,909,631	19,277,913	19,277,913	
2.	Land improvements	107,869	0	0	0		
3.	Buildings	66,204,217	32,258,487	41,000,768	8,742,281	8,742,281	
4.	Machinery and equipment	217,154,581	39,197,220	42,190,385	2,993,165	3,094,464	101,299
5.	Cars	5,250,247	145,410	373,820	228,411	228,890	479
	TOTAL	396,348,632	179,232,835	210,474,604	31,241,769	31,343,548	101,778

The movements in value adjustments for fixed assets for period 01.04.2020-31.03.2021, including those generated by revaluation, are presented below.

Crt. No.	Name of the value adjustments	Balance at	Movements during the year		Balance at
		01.04.2020	Increase	Reversal	31.03.2021
0	1	2	3	4	5=2+3-4
1	Impairment for tangible fixed assets	1,936,149	162,684	539,439	1,559,394
	TOTAL	1,936,149	162,684	539,439	1,559,394

The tangible assets category comprises land in surface of 177,147 sqm with a net book value as at 31 March 2021 of RON 126,909,631.

Furthermore, the assets owned by the company as at 31 March 2021 comprise assets which are not currently used due to the ceasing of production activity at Bucharest site. These assets have been valued at 31 March 2021 at a net book value of RON 2,330,817.

Financial assets, amounting to RON 36,197 comprise mainly guarantees granted to Ministry of the Environment for closing and following-up after closing the residual products warehouses.

NOTE 3: Non-current assets (continued)

The last revision of useful economic lives of tangible and intangible fixed assets was made at 31 March 2021, during the annual inventory of assets and during the revaluation process.

The value adjustments for fixed assets were updated in accordance with the information received from the inventory commission related to condition and utility of these assets for the company.

On 31.03.2021, the Company has assets in progress and advances for tangible assets in amount of RON 2,631,604. The main component in this amount referring to the plant and machinery.

The book value of the fully depreciated tangible fixed assets which are still in use as at 31 March 2021 is RON 63,763,091lei.

The split on categories of fully depreciated tangible fixed assets still in use is presented below:

• buildings	1,028,011
• technological equipment	42,804,830
• measurement, control, regulation devices and installations	17,722,531
• vehicles	77,584
• others	<u>2,130,135</u>
Total	63,763,091

NOTE 4: Capital investments

During the year the investments in tangible and intangible assets amounted to RON 5,820,418.

Investments performed during the reporting period of 2020-2021 are for the main activities of the company as follows:

• technological equipments	73.19%
• quality control	8.05%
• licences	12.90%
• information technology and software	5.46%
• bioequivalence	0.40%

NOTE 5: Inventories

Stock description	31 March 2020	31 March 2021
Raw materials and consumables	22,752,018	25,839,244
Work in progress	3,852,620	5,019,639
Finished products	18,966,556	27,278,414
Goods purchased for resale	42,346,955	50,986,533
Advance payment for the purchases of inventories	1,479,264	1,567,208
Provisions against the carrying value of inventories	(3,786,561)	(6,053,805)
Total inventories	85,610,853	104,637,233

NOTE 5: Inventories (continued)

The inventories have increased as compared to the beginning of the financial year mainly due to the increase of finished goods and merchandise with RON 15,236,765 and raw materials with RON 3,142,802.

The inventories level at 31.03.2021 is correlated with the requirements of the production activity and of the sales activity which will take place during April- May 2021.

NOTE 6: Receivables and payables

Receivables	Balance at 31 March 2020	Balance at 31 March 2021	Maturity term	
			Under 1 year	Over 1 year
1. Trade receivables	285,467,974	275,019,717	274,662,759	356,958
2. Receivables from affiliated	28,318,199	32,874,414	32,874,414	
3. Other receivables	11,004,092	10,301,124	10,301,124	
4. Provisions for receivables	(3,020,186)	(2,612,467)	(2,269,647)	(342,820)
TOTAL	321,770,079	315,582,788	315,568,650	14,138

Trade receivables relate mainly to the sale of finished goods and of goods for resale.

The liquidity term is established considering the due date of the invoices as it is established in the contracts concluded with our partners. These terms do not overlap with the ageing intervals used in computation of value adjustments for receivables.

The Company's main customers are:

- Alliance Healthcare Romania SRL
- Mediplus Exim SRL
- Fildas Trading SRL
- Centrala Farmaceutyczna Cefarm SA
- Dona. logistica SA
- Ao "Ranbaxy" Russia
- Farmexim SA
- Pharmafarm SA
- Ropharma Logistic SA
- LLC "Ranbaxy Pharmaceuticals Ukrain

NOTE 6: Receivables and payables (continued)

Payables	Balance at 31 March 2020	Balance at 31 March 2021	Repayment term		
			Under 1 year	1 – 5 years	Over 5 years
1. Suppliers - other	52,375,297	50,305,098	50,305,098		
2. Suppliers - intercompany	155,310,499	24,545,515	24,545,515		
3. Fixed assets suppliers	676,928	161,492	161,492		
4. Advances received from customers	309,421	4,793	4,793		
5. Payables to employees	13,068,824	14,841,436	14,841,436		
6. Social security and unemployment fund	2,546,731	2,902,512	2,902,512		
7. Taxes and duties payable	23,692,773	19,875,911	19,875,911		
8. Dividends payable	23,559,818	22,111,464	22,111,464		
9. Other liabilities	432,310	358,041	358,041		
10. Payables to banks	23,175	26,102	26,102		
TOTAL	271,995,776	135,132,364	135,132,364		

As at 31 March 2021, the suppliers' liabilities comprise the liabilities for the services supplied amounting to RON 7,985,153 for which the Company did not receive invoices until 31 March 2021.

NOTE 7: Cash and cash equivalents

Description	-RON-	
	31 March 2020	31 March 2021
Petty cash and other values	7,667	4,117
Cash at bank	2,368,198	17,436,194
Guarantees received from warehouse keepers	177,109	194,891
Total cash and cash equivalents	2,552,974	17,635,202

The Company has as at 31 March 2021 restricted cash balances amounting to RON 194,891 representing guarantees received from warehouse keepers;

As of 31 March 2020 the short-term financial investments are containing term deposits in amount of RON 45,000,000.

NOTE 8: Allowances and provisions against the value of assets

Allowances and provisions were made in relation to the impairment of assets, risks and potential losses resulting from the Company's operational activities, in accordance with the prudence principle.

Provisions for receivables and inventories

For clients and inventories, the company recorded allowances and impairment provisions according to the accounting policies presented on Note 2.

In respect of inventories, besides the provisions recorded according to the accounting policy, the Company has presented in the financial statements supplementary allowances amounting to RON 2,099,447 for goods for resale and RON 83,910 for finished goods. Management considers that there is an increased risk for these goods of not being sold.

The movement during the period 01.04.2020-31.03.2021 in the value of provisions is presented in the following table:

Crt. No.	Name of the value adjustments	Balance at 31 March 2020	Movements during the year		Balance at 31 March 2021
			Increase	Reversal	
0	1	2	3	4	5=2+3-4
1	Allowances for inventories	3,786,561	7,668,878	5,401,634	6.053.805
2	Allowances for doubtful trade receivables' balances	3,020,186	279,708	687,427	2.612.467
	TOTAL	6,806,747	7,948,586	6,089,061	8,666,272

The decrease in Allowance for doubtful trade receivables' balance is due to the write-off of doubtful trade receivables in amount of RON 216,001.

NOTE 9: Related parties

Transactions and balances with related parties

Transactions with related parties are carried out on an arm's length basis.

The value of the transactions that the Company entered into during 1 April 2020 – 31 March 2021 with the Group companies, as well as the related balances as of 31 March 2021 are presented below.

Transactions

Purchases of goods and services	Purchase type	31.03.2020	31.03.2021
Ranbaxy Poland Sp Zoo	services	33,429,018	32,867,111
Sun Pharmaceutical Industries Ltd	goods	127,234,313	146,988,919
	insurance	-	368,632
Sun Pharma(Netherlands) B.V.	services - insurance	349,655	585,664
	interest expense		254,661
Sun Pharmaceutical Industries Europe BV	services	2,093,991	2,191,850
	recharges	1,194,862	1,530,059
Alkaloida Chemical Company Zrt.	goods	320,487	1,389,672
	services	-	7,788
Aditya Acquisition Company Ltd.	services	81,839	-
Sun Pharmaceutical Medicare Limited	goods	268,637	-
Total		164,972,802	186,184,356

S.C. TERAPIA S.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021
(all amounts are expressed in RON, unless specified otherwise)

NOTE 9: Related parties(continued)

Sales of goods and services	Sales type	31.03.2020	31.03.2021
AO Ranbaxy Rusia	goods	23,823,239	50,139,732
		30,575,746	
Ranbaxy UK Limited	goods	2,110,093	1,673,214
	services	-	-
Ranbaxy Pharmacie Generique	goods	2,103,477	4,112,859
Ranbaxy Poland	goods	24,801	12,025
Ranbaxy Italia Spa	goods	145,653	240,001
	services		
Sun Pharma Laboratorios S.L.U	goods	254,305	202,289
	services		
LLC Ranbaxy Pharmaceuticals Ukrain	goods	23,974,320	17,669,775
Sun Pharmaceutical Industries Europe BV	goods	115,600	476,449
	services	9,465,975	10,640,242
Sun Pharmaceutical Industries Ltd.	services	9,501,527	8,809,534
	recharges	903,981	911,540
Sun Pharmaceuticals Germany Gmbh	goods	651,182	852,822
	services		
Total		103,649,899	95,740,482

Balances

Payables	31.03.2020	31.03.2021
Ranbaxy Poland Sp Zoo	7,604,534	11,121,498
Sun Pharmaceutical Industries Ltd.	80,566,997	12,963,535
Aditya Acquisition Company Ltd.	275,711	281,408,00
Sun Pharmaceutical Industries Europe BV	571,936	171,228
Sun Pharma (Netherlands) BV	66,291,321	-
Alkaloida Chemical Company Zrt.	-	7,846
Total	155,310,499	24,545,515

Receivables	31.03.2020	31.03.2021
AO Ranbaxy Russia	22,483,766	27,128,825
Ranbaxy UK Limited	104,701	237,232
Ranbaxy Pharmacie Generique France	739,611	952,325
Ranbaxy Italy SPA	88,015	211,390
Sun Pharmaceutical Industries Ltd.	2,558,979	2,874,165
Sun Pharmaceutical Industries Europe	2,025,240	1,394,458
Sun Laboratories FZE	229,987	-
Sun Pharmaceuticals Germany GmbH	87,900	76,019
Total	28,318,199	32,874,414

NOTE 9: Related parties (continued)

Collections	31.03.2020	31.03.2021
AO Ranbaxy Russia	56,868,681	59,589,567
Ranbaxy UK Limited	2,550,746	1,542,831
Ranbaxy Pharmacie Generique France	1,875,085	3,615,847
Sun Laboratories FZE	-	218,086
LLC Ranbaxy Pharmaceuticals Ukraine	25,673,222	17,669,775
Ranbaxy Italy Spa	57,997	118,340
Sun Pharma Laboratorios S.L.U	254,305	292,410
Sun Pharmaceutical Industries Europe	8,612,967	11,757,780
Sun Pharmaceutical Industries Ltd.	11,850,230	9,336,207
Sun Pharmaceuticals Germany GmbH	563,117	865,493
RANBAXY (Poland) Sp. z o.o.	24,801	12,025
Total	108,331,151	105,018,361

Payments	31.03.2020	31.03.2021
Ranbaxy Poland Sp Zoo	36,011,770	29,490,735
Sun Pharmaceutical Industries Europe	3,335,387	3,984,922
Sun Pharmaceutical Industries Ltd.	61,522,639	216,777,804
Sun Pharmaceutical Medicare Limited	268,637	-
Alkaloida Chemical Company Zrt.	320,487	1,389,673
Sun Pharma(Netherlands)B.V	192,364	742,954
Total	101,651,284	252,386,088

NOTE 10: Provisions

Classification of provisions	Balance at 31 March 2020	Transfers		Balance at 31 March 2021
		To account	From account	
0	1	2	3	4
1 Provisions for retirement benefits	2,345,023	1,910,390	840,028	3.415.385
2 Provisions for taxes	8,553,294	1,846,100	266,279	10.133.115
3 Other provisions for expenses	13,841,915	-	-	13.841.915
Total	24,740,232	3,756,490	1,106,307	27,390,415

The Provisions for retirement benefits increased with RON 1,070,362 due to the decrease of personnel turnover and increase of salaries.

Other provisions for expenses are provisions for the tax owed to the Health Ministry amounting to RON 13,683,036 and provision for environment amounting to RON 30,000, according to law in force.

The provision for taxes was built up according to the regulations in force (O.M.F.P 1802/2014) and is calculated based on the gross distributable reserves recognized in equity and the difference between the accounting net book value and the fiscal net book value of fixed assets. The provision amounts to RON 10,133,115 as at 31 March 2021.

NOTE 11: Investment subsidies

The company has benefited in previous period by grants for fixed assets from the government and from the European Union.

The grants are recognized as income in the same time with the depreciation of fixed assets in connection with which they were received.

On 31.03.2021 information on subsidies recognized in the balance sheet are:

Type of subsidies	Type of asset for which they were received	The initial value of the subsidy	The value in the balance sheet at 31.03.2021	Period in which it will be amortised (months)
Government subsidies	Buidings	892,500	213,819	69
	IT equipments	26,313		
European Union subsidies	Buildings	4,970,466	4,003,485	290
	Plant and machinery	5,663,254	2,403,418	52
	Laboratory equipments	217,611	46,835	52
Total		11,770,144	6,667,557	

NOTE 12: Investments and sources of financing

As of 31 March 2021, share capital amounted to RON 24,993,398, and was divided into 249,933,981 fully paid shares with a nominal value of RON 0.1. Subscribed capital is fully paid.

NOTE 13: Profit appropriation

Profit appropriation	31.03.2020	31.03.2021
1.Net profit to be distributed:	144,471,423	173,098,449
2.Profit distributed to reserves from tax facilities	417,856	3,137,220
3.Profit not distributed (1-2)	144,053,567	169,961,229

From the net profit amounted to RON 173,098,449 the amount of RON 3,137,220 was allocated to reserves representing the profit reinvested in the financial year 2019 for which the company benefited from tax facilities.

At the time of the preparation of the financial statements, no decision has been taken regarding the appropriation of the profit amounting to RON 169,961,229.

In accordance with the legal provisions, following the approval of the net profit distribution by the General Shareholders Assembly, it will be reported in the financial statements for the year 2021.

NOTE 14: Turnover

	31.03.2020	31.03.2021
Net turnover out of which:	764,249,439	785,457,005
- domestic sales	547,041,947	575,018,815
- export sales	217,207,492	210,438,190

The total net turnover was derived from sales made in the following countries:

	31.03.2021
Romania	575,018,815
Russia	50,150,511
Poland	86,670,864
India	8,809,534
Ukraine	17,669,775
Other countries	47,137,506
Total	785,457,005

Net turnover comprises the amounts from sale of goods and rendering of services during the period 01.04.2020-31.03.2021.

Net turnover represents the sales less the discounts granted to the clients.

The net turnover was RON 785,457,005. As compared to the previous year, the net turnover has registered a growth of 2.77% in the context of the macroeconomic framework presented below.

Terapia operates in the market through the most important medicine distributors.

During 2020 the company has developed and optimized marketing and selling activities together with new products launching.

During 2020, Terapia also initiated the activity of online marketing of nutritional supplements and medical devices through EMAG marketplace.

NOTE 15: Operating result analysis

	Previous year as at 31.03.2020	Current year as at 31.03.2021
Indicator	2	3
1		
A. Net turnover	764,249,439	785,457,005
B. Cost of goods sold and services rendered (3+4+5+6)	300,629,412	319,152,910
3. Main activity expenses	61,800,788	65,373,151
4. Cost of goods purchased	175,584,503	198,044,730
5. Costs of sundry activities	6,265,124	4,553,612
6. Indirect production expenses	56,978,997	51,181,417
C. Gross profit (1 – 2)	463,620,027	466,304,095
8. Research expenses	11,562,296	11,027,668
9. Selling expenses	161,050,692	159,199,602
10. General and administration expenses	118,427,753	101,805,634
11. Other operating income	1,344,002	3,538,982
D. Operating profit (7 – 8 – 9 – 10 + 11)	173,923,288	197,810,173

NOTE 15: Operating result analysis (continued)

The Company includes under cost of goods sold the direct and indirect manufacturing costs.

The cost of the goods sold also includes the adjustment regarding the transfer prices in the amount of 10,466,953 lei, an adjustment made in connection with the raw materials and the goods supplied from Sun Pharmaceutical Industries Ltd India. The adjustment was necessary to comply with the principles of transfer pricing.

In order to compute the cost of goods sold, manufacturing costs are adjusted by taking into account the movements in stock during the year.

Research expenses, selling and marketing expenses and general administration expenses are not included in the manufacturing cost

Selling expenses also include the movement in value adjustments of trade receivables.

The general administration expenses include the movement in the value adjustment of the stocks and other provisions.

The operating result increased in the current financial year compared to the previous year, mainly due to the increase in turnover but also to the reduction of the claw back tax.

NOTE 16: Information regarding the employees, the administrators and the directors

No advance payments or credits were granted to the administrators of the Company.

Average number of employees for the period ended on:	31.03.2020	31.03.2021
Workers	232	232
Technical, economic and administrative personnel	624	633
Total	856	865

Number of employees on:	31.03.2020	31.03.2021
Workers	230	231
Technical, economic and administrative personnel	637	628
Total	867	859

Payroll expenses	31 March 2020	31 March 2021
Gross salaries during the year	86,212,888	90,044,377
Lunch ticket expenses	2,278,071	2,530,243
Benefits in nature expenses	751,768	775,285
Social insurance contributions	398	-
Insurance contribution for work	1,953,006	2,006,982
Preliminary salaries taxes	3,598	36,491
TOTAL	91,199,729	95,393,378

NOTE 17: Leasing contracts

The company has no financial leasing contracts at 31.03.2021.

The Company leased through a concession agreement land over a 25-year period, starting from year 1998. Concession royalties payable for the reporting period amount to RON 14,130. The concession royalties paid during the year 2021 are based on the amount payable for year 2020 adjusted with the annual inflation rate.

The Company has also other operational leasing contracts with the following companies:

Company	Contract	The object of contract	No, of used goods
SC ARVAL SRL	Contract no. 11241 / 29.05.2012	Vehicles	256
SC Porsche Mobility SRL	Contract no. 9112934 / 17.06.2014	Vehicles	6
LeasePlan Romania SRL	Contract no. 100664/2 / 25.05.2018	Vehicles	43
ETA automatizari industriale SRL	Contract no.194/18.06.2013	GPS	71
Vodafone Romania SA	4622463/11.10.2016	GPS	136
SC ROXER GRUP SA	Contracts no.15075/15.07.2012; 1241/17.11.2013;269/17.11.2014; 313/16.12.2014	Xerox equipments	20
SC GRENKE RENTING SRL	Contract no.145-3157/25.09.2019	Laptops	196

Accounting of leases comply with applicable accounting rules and accounting policies of the company.

NOTE 18: Other information

Information regarding the corporate income tax

The corporate income tax payable by the Company for the current year amounts to RON 26,511,933. The legal tax rate in force is 16%. The effective tax rate for the period is 13%, less than standard rate due to tax facilities that the Company has benefited from. The Company had an accounting gross profit of RON 199,629,828 for the year ended 31 March 2020 and a taxable profit of RON 212,627,181.

The reconciliation between the accounting profit and the taxable profit is presented below:

Crt, no,	Indicators	Row	12 month period ended at 31.03.2020	12 month period ended at 31.03.2021
			Value	Value
1	Accounting profit before tax	01	166,348,871	199,606,678
2	Deductions out of which:	02	39,322,133	36,293,894
	- deductible tax depreciation and amortization		37,236,594	34,800,441
	- deductibility regarding research expenses		1,934,332	1,471,096
	-deductible provisions		151,207	22,357
3	Non-taxable income out of which:	03	9,091,961	9,233,599
	- other non-taxable income		9,091,961	9,233,599
4	Non-deductible expenses out of which:	04	55,897,631	58,524,846
	- fines, taxes and penalties due to the Romanian Authorities		830	13,960
	- protocol and sponsorship expenses in excess of the allowable level		4,917,686	5,927,773
	- non-deductible provisions		8,775,630	11,845,402
	-accounting depreciation		37,275,533	36,824,591
	- other non-deductible expenses		4,927,952	3,914,120
5	Taxable profit (row 01 + row 02 – row 03-row 04 + row 05- row 06)	05	173,832,409	212,604,031
6	Total corporate income tax out of which:	06	27,813,184	34,020,349
	- corporate income tax at the rate of 16 %		27,813,184	34,016,645
7	Corporate income tax reductions calculated in accordance with applicable regulations	07	5,935,737	7,508,416
8	Corporate income tax due (row 08 – row 10)	08	21,877,448	26,508,229
9	Income tax related to previous years' rectifications	09		
10	Income tax due (row 10- row 11)	10	21,877,448	26,508,229
11	Net accounting profit (row 01 - row 12)	11	144,471,423	173,098,449
12	Tax payments made in advance for the period	12	23,315,268	22,744,701
13	Income tax payable/ to be recovered	13	(1,437,821)	3,763,528

At March 31, 2021, the company has an unused fiscal credit in the amount of RON 8,273 for which we will receive the necessary documents in the next period so that it can be used or deducted from the corporate income tax payment.

NOTE 18: Other information (continued)

Other information

As of the balance sheet date, the Company has from Unicredit Bank Romania :

- a credit facility with amounting to EUR 5,500,000 used as security for the issuance of letters of guarantee and for acreditivis;
- a facility of 4,000,000 EUR as a guarantee for Forex contracts;
- an over draft in amount of USD 20,000,000 for financing general needs.

The un-utilized credit facilities represent off balance sheet items and, consequently, are not reflected in the balance sheet of the Company as at 31 March 2021.

The amount paid for consultancy services during the period 01.04.2020-31.03.2021 amounts to RON 182,118 and relates to the following:

- management consultancy fees, amounting to RON 36,768;
- other consultancy services fees, amounting to RON 145,350.

The financial activity generated a gain of RON 1,796,503 as shown below:

- Gain from exchange rate differences in the amount of RON 1,859,280, mainly due to the appreciation of the national currency against the foreign currencies;
- Income interest in amount of RON 299,312 generated from bank deposits;
- Interest expenses in amount of RON 362,089.

As of 31.03.2021 the short-term financial investments held amounted to RON 45,000,000.

The Management performed an analysis of the impact that the pandemic generated by SARS COV-2 has on the Company as at 31 March 2021. Also, the Management analysed the potential impact of COVID 19 on the future activity of the Company. In accordance with the analysis performed, the Management assesses that no significant impact exists on the balance sheet items presented in the current financial statements and no significant risk over the future activity of the Company was identified.

At the level of the Company's management, a "Covid-19" working group has been created which analyzes weekly the situation of positive cases, quarantined and / or isolated in accordance with the requirements of the law and takes measures to protect staff and avoid disease transmission among employees.

The Company has also taken steps to promote and facilitate anti-Covid vaccination among employees, so that at the end of the balance sheet year we have about 600 employees vaccinated with the first dose, the second dose and/or enrolled in the vaccination platform.

NOTE 19: Analysis of main financial ratios

FINANCIAL RATIOS	VALUE	VALUE
	12 month period ended at 31.03.2020	12 month period ended at 31.03.2021
1. LIQUIDITY RATIOS		
A. CURRENT LIQUIDITY RATIO – <i>index</i> - (current assets/current liabilities)	1.52	3.81
B. ACID TEST RATIO - <i>index</i> - (current assets - inventories/current debts)	1.21	2.98
2. RISK RATIOS		
A. GEARING RATIOS		
(long term loans/equity)*100	Shall not be calculated	Shall not be calculated
(long term loans/(equity + loan long term portion)*100	Shall not be calculated	Shall not be calculated
B. INTEREST COVERAGE RATIO		
(profit before interest and corporate income tax / interest expense) – RON	839	581
3. ACTIVITY RATIOS		
A. STOCK TURNOVER - number of rotations (cost of sales / average inventory balances)	3.82	3.25
B. STOCK DAYS – days- (average inventory balances / sales cost x 365)	95.56	112.47
C. DEBTORS' DAYS–days- (average trade debtors' balances / turnover)*365	131.59	143.14
D. RECEIVABLES TURNOVER - number of rotations (turnover / non-current assets)	2.73	2.80
E. TOTAL ASSETS TURNOVER - number of rotations (turnover / total assets)	1.10	1.03
4. PROFITABILITY RATIOS		
A. RETURN ON CAPITAL EMPLOYED % (profit before interest and corporate income tax / (equity +loan long term portion)	42.56	34.81
B. GROSS PROFIT MARGIN % (gross profit / turnover x 100)	60.66	60.70
5. PROFITABILITY PER SHARE		
A. EARNING PER SHARE - RON/ <i>share</i> (net distributable profit / weighted average number of ordinary shares)	0.58	0.73
Net distributable profit	144,471,423	173,098,449
Weighted average number of ordinary shares used in the calculations	249,933,981	249,933,981

NOTE 20: Contingent liabilities

The Romanian Government has agencies authorized to perform controls of the companies which develop their activity in Romania. These controls are similar in nature with the tax controls performed by the tax authorities from the majority of the countries of European Union but can be extended not only to tax aspects but also to other legal aspects and regulations in the domains in which those agencies perform. It is probable that the Company will make the object of regular controls as new laws and regulations are issued.

The Company considers that all fiscal liabilities for the reporting period were recorded and presented in the financial statements.

Terapia SA has at 31 March 2021 letter of bank guarantee in the amount of RON 4,199,244 issued by UniCredit Bank in favor of ANAF in order to suspend the execution of the tax decision no. F- MC146.

Also, the Company has as at 31 March 2021 letters of guarantee amounting to RON 470,263 issued for the following:

- execution and administration of the residual waste warehouse located in Cluj-Napoca, Pata Rat;
- lease contract for the office premises located in Bucharest, Bld, Dimitrie Pompeiu, no, 9-9A-secondary branch.

Capital commitments as at 31.03.2021 represents the orders launched to the suppliers and not honored until the date of the financial statements. Capital commitments are in amount of RON 6,505,678 out of which RON 5,018,012 are related to plant and machinery, RON 401,403 are related to measuring and control equipments, 905,359 RON are related to product licenses purchase contracts and RON 180,904 are related to software and IT equipments.

The Emergency Order no. 104/2009 published in the Official Monitor no. 669/07.10.2009 for the amendment and completion of Law no. 95/2006 regarding the Health reform established that the owners of market authorizations, for drugs issued on prescription, who collect money from marketing on the Romanian market of those drugs, should pay a quarterly contribution for financing of some health expenses.

The norms and instructions of the Ministry of Health and of the National House of Health Insurance for implementing the provisions of the Emergency Ordinance no. 104/2009 represent an insufficient framework for establishing the payment obligations related to the quarterly contribution for financing of health expenses.

The provisions of Law no. 95/2006 regarding healthcare reform established by the Emergency Ordinance no. 104/2009 have been revoked by the Emergency Ordinance no. 77/2011 published in the Official Gazette no. 680/26.09.2011.

Considering the regulations mentioned above there exists the risk that subsequent obligations might be established for the Company regarding this tax (claw back) for period 01.10.2009 – 30.09.2011 and accordingly the Company has booked a provision for risks and expenses.

Since the fourth quarter of 2011, based on the Emergency Ordinance 77/2011, the tax payment obligations regarding claw back were calculated by the company based on information received from the National Health Insurance House. The company contested the information received for each quarter.

NOTE 20: Contingent liabilities (continued)

For the reported period, the fee calculated and paid at maturity by the company was RON 46,022,642. The company contested the information received for each quarter of the reporting period due to errors found in the basis for calculating the fee received from the National Health Insurance House. No legal actions were initiated in the reporting period. Responses received or in pending are in the evaluation and management discretion.

NOTE 21: Risk management

The following is a summary of the nature of activities and management policies with respect to risk management:

i) Foreign currency risk and inflation

The Company is exposed to currency risk through sales and purchases transactions that are denominated in currencies other than RON. The exchange rate risk is mainly related to transactions in EUR, in RUB and PLN.

In respect of monetary assets and liabilities held in currencies other than RON the Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and where necessary, uses forward operations.

The value of monetary current assets and current liabilities held in local and foreign currencies at 31 March 2021 can be analysed as follows:

	RON	USD	EUR	Other currencies	Total
Current assets					
Trade receivables	281,427,351	66,163	15,601,097	8,187,053	305,281,664
Other receivables	10,301,125				10,301,125
Short-term investments	45,000,000				45,000,000
Cash and cash equivalents	3,615,177	23,896	6,769,453	7,226,676	17,635,202
Total current assets	340,343,653	90,059	22,370,550	15,413,729	378,217,991
Current liabilities					
Loans and interest					
Trade payables	34,627,045	13,781,453	13,630,023	12,973,584	75,012,105
Other payables	60,115,466				60,115,466
Total current liabilities	94,742,511	13,748,453	13,630,023	12,973,584	135,132,364

NOTE 21: Risk management (continued)

ii) Interest rate risk

The company has implemented a cash management policy to closely monitor unused funds and available lines of credit. Thus, the vast majority of interest-bearing assets as of March 31, 2021 include short-term financial investments. These assets have a variable interest rate. Credit lines and short-term loans also have a variable interest rate.

iii) Credit risk

Management closely monitors its exposure to credit risk on a regular basis.

The company used to cover the commercial risk an insurance policy of the commercial receivables and letters of bank guarantee issued by the clients in favor of the Company. As at 31.03.2021, the company has covered the risk of non-payment for 99% of the balance of receivables on the domestic market.

The main clients of the Company are the large distributors of medicines operating on the Romanian market.

Over 85% of the company's turnover represents sales to the top 10 distributors on the Romanian market.

NOTE 22: Fundamental errors

During the period 01.04.2020-31.03.2021, the Company did not record any adjustments in the accounting records related to fundamental errors discovered in prior years' financial statements.

ADMINISTRATOR,
Dragoş Eugen Damian

ECONOMIC DIRECTOR,
Bogdan Lucian Crăciunaş