

Independent Auditor's Report

[Translation from Russian original]

To the Shareholder of
Biosintez Public Joint Stock Company

Opinion

We have audited the accompanying financial statements of Biosintez Public Joint Stock Company (hereinafter — Biosintez PJSC), which comprise the balance sheet as at 31 December 2024, statement of financial results for the year then ended, supplements to the balance sheet and the statement of financial results, including the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the balance sheet and the statement of financial results for the year ended 31 December 2024, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Biosintez PJSC as at 31 December 2024, its financial performance and its cash flows for the year then ended in accordance with Russian accounting standards.

Basis for Opinion

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

Key Audit Matters

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

Revenue recognition

During the audit special consideration was given to the recognition of revenue in view of a variety of revenue streams with different recognition, risk and benefit sharing principles.

We evaluated the consistency of application of the accounting policies in the recognition of revenue, in terms of various types of revenue. With respect to the risk of material misstatement for revenue, our audit procedures included, inter alia, evaluation of controls, assessment of the risk of fraud or error, and substantive procedures in relation to sales transactions.

Information about the revenue recognition methods applied is provided in Section 3.25 "Income recognition" of the Notes to the Balance Sheet and the Statement of Financial Results for the year ended 31 December 2024; revenue value parameters are disclosed in the Statement of Financial Results for 2024 as well as in Section 6.1 "Income from ordinary activities" of the Notes to the Balance Sheet and the Statement of Financial Results for the year ended 31 December 2024.

Other Information

Management is responsible for the other information. The other information comprises the annual report of Biosintez PJSC for 2024 and securities issuer's report of Biosintez PJSC for the 12 months of 2024 (hereinafter — the other information), but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report of Biosintez PJSC for 2024 and securities issuer's report of Biosintez PJSC for the 12 months of 2024, if we conclude that there are material misstatements therein, we are required to communicate the matter to the audited entity's Board of Directors.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

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

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

From the matters communicated with the Board of Directors of the audited entity we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Engagement partner on the audit
resulting in this independent auditor's report acting on
behalf of the audit firm under power of attorney dated
03 March 2025 No. 54/25

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

Date of the independent auditor's report: 25 March 2025

Audited entity

Name:

Biosintez Public Joint Stock Company (Biosintez PJSC).

Address of the legal entity within its location:

4 Druzhby St, Penza, 440033, Russian Federation.

State registration:

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

Auditor

Name:

FBK, LLC

Address of the legal entity within its location:

44 Myasnitskaya St, Bldg 2, Moscow, 101000, Russian Federation.

State registration:

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

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

Balance Sheet
as at 31 December 20 24

Entity **Biosintez Public Joint Stock Company**
Taxpayer identification number _____
Type of activity **drug manufacturing** OKVED 2
Legal form/property form _____
PJSC/property of foreign legal entities _____ OKOPF/OKFS
Measurement unit: RUB/RUB thousand _____ OKEI
Location (address) **4 Druzhby St., Penza, 440013**

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

Codes		
0710001		
31	12	2024
00480550		
5834001025		
21.20.1		
12247	23	
384		

The financial statements are subject to statutory audit

Name of the audit firm/

Full name of the individual auditor

FBK, LLC

Taxpayer identification number

INN

7701017140

of the audit firm/individual auditor

Principal state registration

OGRN/OGRNIP

1027700058286

number of the audit firm/individual auditor

☒ YES ☐ NO

Note	Narrative	Code	As at 31 December 20 24	As at 31 December 20 23	As at 31 December 20 22
ASSETS					
I. NON-CURRENT ASSETS					
5.1	Intangible assets	1110	148 915	106 566	12 397
	including:				
	intangible assets put into operation	1111	77 903	51 708	12 397
	in-progress capital investments in intangible assets	1112	71 012	54 858	0
	Research and development results	1120	0	0	0
	Intangible exploration assets	1130	0	0	0
	Tangible exploration assets	1140	0	0	0
5.2	Fixed assets	1150	1 969 275	1 984 602	2 178 130
	including:				
	Fixed assets put into operation	1151	1 829 036	1 915 896	2 135 076
	In-progress capital investments in fixed assets	1152	139 362	67 062	41 955
5.19	Right-of-use asset	1153	877	1 644	1 099
	Income-bearing investments in tangible assets	1160	0	0	0
5.3	Financial investments	1170	2 000	2 000	2 000
5.4	Deferred tax assets	1180		6 838	
5.5	Other non-current assets	1190	344	0	91 297
	Total for Section I	1100	2 120 534	2 100 006	2 283 824
II. CURRENT ASSETS					
5.6	Reserves	1210	1 089 800	1 283 948	1 420 210
	including:				
	raw and other materials and other similar valuables	1211	599 499	796 586	799 475
	costs in work-in-process	1212	108 782	91 025	58 031
	finished products and goods for resale	1213	362 227	387 255	550 343
	other reserves and costs	1214	9 040	9 082	12 361
	non-current assets for sale	1215	10 252	0	0
	Value added tax on acquired valuables	1220	3 935	3 489	7 183
5.7	Accounts receivable	1230	1 282 513	1 219 064	995 825
	including:				
	Accounts receivable (for which payments are expected more than 12 months after the reporting date)	1231	296	1 499	5 369
	Accounts receivable (for which payments are expected within 12 months after the reporting date)	1232	1 282 217	1 217 565	990 456
	Financial investments (excluding cash equivalents)	1240	0	0	0
5.8	Cash and cash equivalents	1250	34 530	137 014	109 478
5.9	Other current assets	1260	406	32	60
	Total for section II	1200	2 411 184	2 643 547	2 532 756
	BALANCE	1600	4 531 718	4 743 553	4 816 580

	Narrative	Code	As at 31 December 20 24	As at 31 December 20 23	As at 31 December 20 22
	EQUITY AND LIABILITIES				
	III. EQUITY AND PROVISIONS				
5.10	Charter capital (contributed capital, charter fund, contributions of partners)	1310	286	286	286
	Own shares redeemed from shareholders	1320	(0)	(0)	(0)
	Revaluation of non-current assets	1340	0	0	0
5.11	Added capital (without revaluation)	1350	1 820 840	1 820 840	1 820 840
5.12	Reserve capital	1360	14	14	14
5.13	Retained profit (uncovered loss)	1370	1 662 852	1 209 443	1 028 444
	Total for Section III	1300	3 483 992	3 030 583	2 849 584
	IV. LONG-TERM LIABILITIES				
5.15	Borrowed funds	1410	504 800	0	1 530 000
5.14	Deferred tax liabilities	1420	4 849		48 349
	Estimated liabilities	1430	0	0	0
	Other liabilities	1450	952	1 679	1 112
	Total for Section IV	1400	510 601	1 679	1 579 461
	V. SHORT-TERM LIABILITIES				
5.15	Borrowed funds	1510	17 797	1 174 366	23 938
5.16	Accounts payable	1520	269 063	304 346	132 558
	including:				
	<i>suppliers and contractors</i>	1521	175 506	200 218	68 932
	<i>indebtedness to the organization's personnel</i>	1522	21 294	19 414	18 166
	<i>indebtedness to state off-budget funds</i>	1523	15 984	13 596	12 536
	<i>indebtedness on taxes and levies</i>	1524	51 298	63 769	30 739
	<i>advance payments received</i>	1525	1 661	3 081	935
	<i>other creditors</i>	1526	3 320	4 268	1 250
	Income of future periods	1530	2 144	1 095	1 634
5.18	Estimated liabilities	1540	248 121	231 484	229 405
	Other liabilities	1550	0	0	0
	Total for Section V	1500	537 125	1 711 291	387 535
	BALANCE	1700	4 531 718	4 743 553	4 816 580

Chief Executive

(signature)

D.V. Boldov

(signed by)

Chief Accountant

(signature)

T.Y. Tefanova

(signed by)

" 25 " March 20 25

Statement of Financial Results

for the year 20 24

Form on OKUD

Date (day, month, year)

Entity

Biosintez Public Joint Stock Company

OKPO

Taxpayer identification number

INN

Type of

activity

Drug manufacturing

OKVED 2

Legal form/property form

PJSC/property of foreign legal entities

OKOPF/OKFS

OKEI

Measurement unit: thousand RUB

Codes		
0710002		
31	12	2024
00480550		
5834001025		
21.20.1		
12247	23	
384		

Note	Narrative	Code	for the year 20 24	for the year 20 23
6.1	Revenue	2110	3 320 711	3 297 625
	<i>including from the sale of own-produced medical products</i>	2111	3 291 412	3 272 372
6.2	Cost of sales	2120	(1 895 804)	(2 288 160)
	<i>including from the sale of own-produced medical products</i>	2121	(1 883 977)	(2 278 226)
	Gross profit (loss)	2100	1 424 907	1 009 465
	Selling expenses	2210	(214 710)	(142 003)
	Administrative expenses	2220	(497 176)	(425 184)
	Sales profit (loss)	2200	713 021	442 278
	Income from participation in other entities	2310		
6.3	Interest receivable	2320	13 540	5 851
6.4	Interest payable	2330	(102 571)	(100 619)
6.5	Other income	2340	21 836	35 773
6.5	Other expenses	2350	(74 701)	(151 866)
	Profit (loss) before tax	2300	571 125	231 417
6.6	Income tax	2410	(117 716)	(49 633)
	<i>including current income tax</i>	2411	(106 029)	(104 801)
	<i>deferred income tax</i>	2412	(11 687)	55 168
	Other	2460	(0)	(0)
	Net profit (loss)	2400	453 409	181 784

Note	Narrative	Code	for the year 20 <u>24</u>	for the year 20 <u>23</u>
	FOR REFERENCE Result of revaluation of non-current assets not included to the net profit (loss) for the period	2510	-	-
	Result of other transactions not included to the net profit (loss) for the period	2520	()	()
	Cumulative financial result for the period	2500	453 409	181 784
6.7	Basic earnings (loss) per share	2900	2	1
6.7	Diluted earnings (loss) per share	2910	2	1

Director

(signature)

D.V. Boldov

(printed name)

Chief Accountant

(signature)

T.Y. Tefanova

(printed name)

" 25 "

March

20 25

Form on OKUD

Date (day, month, year)

OKPO

OKPO

KVED 2

OKEI

Retained

Narrative	Code	Share capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Decrease in equity — total: including: loss	3220	0		0	0	(785)	(785)
revaluation of assets	3221	x	x	x	x	0	0
expenses directly attributable to equity	3222	x	x	(-)	x	0	0
decrease in share par value	3223	x	x	0	x	0	0
decrease in number of shares	3224	0			x		0
reorganisation of legal entity	3225	0			x		0
dividends	3226						0
RFAS 14/2022	3227	x	x	x	x	0	0
Additional capital change	3228	x	x	x	x	(785)	(785)
Reserve capital change	3230	x	x	(-)		0	x
Sale of own shares	3240	x	x	x			x
Balance as at 31 December	32451	x		x			0
for 20 24	3200	286	(-)	1 820 840	14	1 209 443	3 030 583
Increase in equity — total: including: net profit	3310	-	-	-	-	453 409	453 409
revaluation of assets	3311	x	x	x	x	453 409	453 409
income directly attributable to equity	3312	x	x		x		
additional shares issue	3313	x	x		x		
increase in share par value	3314				x	x	
reorganisation of legal entity	3315				x		x
Decrease in equity — total: including: loss	3316	(-)	(-)	(-)	(-)	(-)	0
revaluation of assets	3320	x	x	x	x	(-)	(-)
expenses directly attributable to equity	3321	x	x	(-)	x	0	0
decrease in share par value	3322	x	x	0	x		0
decrease in number of shares	3323	0			x		0
reorganisation of legal entity	3324	0			x		0
dividends	3325	x	x	x	x	0	0
Additional capital change	3326	x	x	0	0		0
Reserve capital change	3327	x	x	x	0		0
Balance as at 31 December	3330	286	(-)	1 820 840	14	1 662 852	3 483 992
for 20 24	3340						
Balance as at 31 December	3300						

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

Narrative	Code	As at 31 December 20 22	Changes in equity for 20 23		As at 31 December 20 23
			From net profit (loss)	Due to other factors	
Equity — total					
before restatement					
restatement due to:					
changes in accounting policies	3400	2 847 955	181 784		3 029 739
correction of accounting errors	3410			(785)	(785)
after restatement	3420	1 629			1 629
including:					
retained earnings (uncovered loss):					
before restatement					
restatement due to:					
changes in accounting policies	3401	1 026 815	181 784		1 208 599
correction of accounting errors	3411			(785)	(785)
after restatement	3421	1 629			1 629
other capital items					
restatements:					
(by items)					
before restatement					
restatement due to:					
changes in accounting policies	3402	1 821 140			1 821 140
correction of accounting errors	3412				
after restatement	3422				
	3502	1 821 140			1 821 140

3. Net assets

Narrative	Code	As at 31 December 20 24	As at 31 December 20 23	As at 31 December 20 22
Net assets	3600	3 486 136	3 031 678	2 851 218

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

" 25 " March 20 25

Statement of Cash Flows
for the year 20 24

Entity Biosintez Public Joint Stock Company

Taxpayer identification number _____

Type of activity drug manufacturing

Legal form/property form PJSC

private ownership _____

Measurement unit: thousand RUB

Form on OKUD

Date (day, month, year)

OKPO

INN

OKVED 2

OKOPF/OKFS

OKEI

Codes		
0710005		
31	12	2024
00480550		
5834001025		
21.20.1		
12247	23	
384		

Narrative	Code	for the year 20 24	for the year 20 23
Cash flows from operating activities			
Receipts – total	4110	3 351 691	3 202 566
including:			
sales of products, goods, works and services	4111	3 318 841	3 160 749
Rent payments, licence payments, royalties, commissions and other payments	4112	1 415	1 438
resale of financial investments	4113	0	0
other receipts	4119	31 435	40 379
Payments – total	4120	(2 646 792)	(2 722 977)
including:			
to suppliers for raw materials, works, services	4121	(1 581 011)	(1 800 759)
<i>including to related parties (Sun Pharmaceutical Industries Ltd.)</i>	<i>41211</i>	<i>(149 930)</i>	<i>(146 853)</i>
wages and salaries	4122	(768 033)	(695 171)
interest on borrowings	4123	(119 141)	(90 191)
<i>including interest on borrowings towards related parties (JSC Ranbaxy)</i>	<i>41232</i>	<i>(119 141)</i>	<i>(90 191)</i>
income tax	4124	(118 356)	(81 248)
other payments	4129	(60 251)	(55 608)
Net cash flows from operating activities	4100	704 899	479 589

Narrative	Code	for the year 20 24	for the year 20 23
Cash flows from investing activities			
Receipts – total	4210	1 085	1 432
including:			
from sales of non-current assets (except for financial investments)	4211	1 085	1 432
from sales of shares of other entities (ownership interest)	4212	0	0
from return of loans issued, sales of debt securities (rights of claiming cash from third parties)	4213	0	0
dividends, interest on debt financial investments and receipts from participation in other entities	4214	0	0
other receipts	4219	0	0
Payments – total	4220	(173 845)	(65 269)
including:			
acquisition, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(173 845)	(65 269)
acquisition of other entities shares (ownership interest)	4222	(0)	(0)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(0)	(0)
borrowing costs included in the cost of the investment asset	4224	(0)	(0)
other payments	4229	(0)	(0)
Net cash flows from investing activities	4200	(172 760)	(63 837)
Cash flows from financing activities			
Receipts – total	4310	0	0
including:			
borrowings	4311	0	0
contributions of owners (members)	4312	0	0
issue of shares, increase in ownership interest	4313	0	0
issue of bonds, promissory notes and other debt securities, etc.	4314	0	0
other receipts	4319	0	0

Narrative	Code	for the year 20 24	for the year 20 23
Payments – total	4320	(635 200)	(390 000)
including:			
to owners (members) due to the fact of share buy-back or cessation of membership	4321	(0)	(0)
dividend payments or other distribution of profit to owners (members)	4322	(0)	(0)
redemption (buy-back) of promissory notes and other debt securities, loan repayment	4323	(635 200)	(390 000)
<i>including repayment of loans from related companies (JSC Ranbaxy)</i>	<i>43232</i>	<i>(635 200)</i>	<i>(390 000)</i>
other payments	4329	(0)	(0)
Net cash flows from financing activities	4300	(635 200)	(390 000)
Net cash flows for the reporting period	4400	(103 061)	25 752
Cash and cash equivalents at the beginning of the reporting period	4450	137 014	109 478
Cash and cash equivalents at the end of the reporting period	4500	34 530	137 014
Effect of changes in the Russian ruble exchange rate	4490	577	1 784

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

" 25 " March 20 25

Biosintez

Public Joint Stock Company

Notes
to the Balance Sheet and the Statement of Financial Results for the year
ended 31 December 2024

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**Notes to the Balance Sheet and the Statement of Financial Results
for the year ended 31 December 2024
(in thousand Russian Rubles unless otherwise stated)**

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These notes form an integral part of the 2024 financial statements of Biosintez PJSC (the "Company") prepared in accordance with the legislation of the Russian Federation.

1. Basic information

1.1. General information

Biosintez Public Joint Stock Company (the Company), abbreviated as Biosintez PJSC, INN/KPP 5834001025/583401001, and established in 1959, was registered on 26 November 1992 by the Administration of the Zheleznodorozhny District of Penza, Resolution No. 414.

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

Registered and mail address: 4 Druzhby St., Penza, 440013, Russian Federation.

The Company's average headcount:

As at 31/12/2022	As at 31/12/2023	As at 31/12/2024
1114	1047	972

1.2. Basic activities

In 2023-2024, the Company was engaged in the following economic activities:

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

The Company operated under the following licences:

No.	Licence/certificate name	Registration number	Date of issue	Expiration	Issuing authority
1.	Licence for drug manufacturing activities (with APPENDIX)	No. 00290-JIC, register number Л012-00102-77/00010490	02/12/2020	for an unlimited term	Ministry of Industry and Trade of the Russian Federation
2.	Licence to circulate narcotics, psychotropic substances and their precursors, and cultivate drug-yielding plants (with APPENDIX 1)	No. Л017-00110-77/00146676	16/11/2017	for an unlimited term	Federal Service for Supervision of Healthcare
3.	Licence for the use of explosive and chemically hazardous production facilities of hazard categories I, II and III (with APPENDIX 1)	BX-50-014598, register number Л057-00109-58/00509013	29/06/2016	for an unlimited term	Federal Service for Ecological, Technological and Atomic Supervision
4.	Licence for the installation, maintenance and repair of fire safety devices of buildings and structures	58-Б/00007, register number 58-06-2024-000592	01/11/2008	for an unlimited term	Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters
5.	Licence for medical activities (with Appendix 1)	No. ЛО-58-01-001631, register	16/09/2015	for an unlimited term	Ministry of Healthcare of the Penza Region

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No.	Licence/certificate name	Registration number	Date of issue	Expiration	Issuing authority
		number Л041-01166-58/00301022			
6.	Licence for the use of infectious agents (unless this activity is performed for medical purposes) and genetically modified organisms of potential hazard grades 3-4 in closed systems	No. 58.02.02.001.Л.000 001.02.17	21/02/2017	for an unlimited term	Office of the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing for the Penza Region

1.3. Branches and representative offices

Biosintez PJSC has no branches or representative offices.

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

The share capital of the Company, according to the Articles of Association, makes up RUB 286,283 as at 31/12/2024.

The Company's share capital is divided into:

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

The Company's shareholders (members) as at 31/12/2024:

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

The Company's shareholders (members) as at 31/12/2023:

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

The Company's shareholders (members) as at 31/12/2022:

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

1.5. Governance bodies

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

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

The Board of Directors consists of 5 persons as at 31 December 2024:

No.	Full name	Position
1	Arvind Abrol	Director of the Department, Finance Division, at JSC Ranbaxy
2	Arun Kumar Rajput	Director of the Department, Business Development and Analytics Division, at JSC Ranbaxy

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

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

Dmitry Boldov is the General Director of the Company.

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

1.6. Information about the management bodies

By a decision dated 18 January 2022 the Company's Board of Directors approved the Regulation on the Committee of the Board of Directors for auditing Biosintez PJSC and established an audit committee comprised of:

Arvind Abrol

Alexander Voloshinov

Sergey Lepetan

The internal audit policy of Biosintez PJSC was approved by a decision of the Company's Board of Directors dated 24 June 2020. The internal audit policy of Biosintez PJSC was restated in a new version by a decision of the Company's Board of Directors dated 02 April 2024. Lyudmila Manuilova was appointed as the Head of Internal Audit by a decision of the Company's Board of Directors dated 20 February 2021.

1.7. Information about the registrar and the auditor

JSC Reestr located at 20/1 Bolshoy Balkansky Per., Moscow, licence No. 045-13960-000001 dated 13/09/2002, was the Company's registrar in the reporting year.

Regional branch in Penza: 47 Volodarskogo St., Penza.

FBK, LLC located at 44, bldg 2, Myasnitskaya Street, Moscow, 101000 is the Company's auditor.

FBK, LLC is a member of the Self-regulatory organization of auditors Association "Sodruzhestvo" (SRO AAS), primary registration number of entry 11506030481 according to Certificate No. 7198 dated 06 July 2015.

1.8. Subsidiaries and associates

Biosintez PJSC has no subsidiaries or associates.

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2. Information about risks of business activities

2.1. General information about potentially significant risks of business activities

The economy of the Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. In its continuing development, the legal, tax and regulatory framework is susceptible to frequent changes and allows various interpretations. The Russian economy is still adversely affected by the continuing geopolitical tension and the sanctions imposed by a number of countries on certain sectors of the Russian economy, Russian businesses and individuals.

2024 saw the continuation of the dramatic geopolitical tensions fuelled by the Ukraine-related conflict of February 2022 and its development. Sanctions and restrictions, such as suspension of trading in euros and in dollars, the SWIFT ban, and many others, had been and continued to be imposed on a large number of Russian entities. Several transnational groups of companies suspended or stopped their business operations in the Russian Federation. In December 2022, the EU countries and some of the non-EU states set a price cap on Russian oil. The cap was set at a maximum price of 60 dollars per barrel, subject to regular revision in the future. Also in December 2022, the EU imposed an embargo on seaborne imports of Russian oil. In February 2023, a Russian gas price cap was set and an embargo on Russian petroleum products was imposed. The volume of trade is recovering but financial and commodities markets remain unstable.

In 2024, exchange rates of foreign currencies against the ruble rose considerably compared with the rates effective as at 31 December 2023. During 2024, the Bank of Russia raised the key rate from 16% to 21%. Sanctions and restrictions against foreign business activities of Russian organisations are expected to be furthered, and the negative impact on the Russian economy on the whole will grow, but it seems to be impossible to say what will be the exact scope of that impact and potential consequences. It is not possible to determine how long this increased volatility will last or at what level the aforementioned financial indicators will eventually stabilise.

It is hard to foresee the impact of the existing economic situation and the aforesaid measures on the future; the management's current expectations and estimates can appear to be different from the actual outcome. In its business operations, the Company runs, to different extents, a variety of risks such as financial, legal, country and regional, reputational and other risks.

2.2. Interest rate risk

Generally, a change in interest rates affects future cash flows (a floating interest rate on loans). The Company's income and cash flows from operations are at lesser risk of changes in the market interest rates since the Company holds no significant interest-bearing assets. The major risk run by the Company is that of changes in the interest rates on long- and short-term loans and borrowings. In 2024 and 2023, the loans received by the Company from related companies were ruble-denominated, and the interest rate was tied to the key rate of the Central Bank of Russia. The borrowings received are disclosed in respective items of Section 5 of these Notes.

When obtaining new loans, borrowings and leases, as well as when lending and depositing monetary funds, the Company's management determines, proceeding from its own professional judgement, which interest rate, fixed or floating, will be better for the Company over an expected period until maturity, and evaluates the banks' credit ratings. Moreover, when decisions are taken, the most viable variants are selected from the available financing options:

- intra-group reduced rate loans;
- acquisition of assets in a finance lease;
- borrowings.

The Company is exposed to the risk associated with the impact of the increase in the key rate of the Central Bank of Russia that affects the borrowing rate (the key rate of the Central Bank of Russia multiplied by 0.75) as well as its financial position and cash flows.

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If the interest rates as at 31 December 2024 had remained as at the beginning of 2024 (16%), with all other variables as before, the before-tax income for the year would have been RUB 6,697 thousand more (RUB 14,556 thousand more in 2023 at a 7.5% rate as at the beginning of the year).

To mitigate the impact of the interest rates on borrowings, the Company repays loans early if it has available cash: in 2024, it repaid RUB 635,200 thousand, in 2023 – RUB 390,000 thousand. Meanwhile, the Company signed a contract to renew the loan until 31 December 2026 on the same terms regarding the interest rate.

2.3. Currency risks

The Company purchases raw materials and consumables from foreign suppliers and exports goods abroad, so the Company runs the risk of changes in exchange rates arising mainly due to fluctuations of the exchange rate of the ruble.

The extent of the risk of changes in the exchange rates of foreign currencies is measured based on the net position, which is calculated line-by-line by item and includes accounts receivable and payable, cash and cash equivalents, obtained loans and borrowings denominated in foreign currencies.

The impact of the currency risk, illustrated by the table below, is based on the changes to a single factor, with all other variables being permanent. In practical terms, it is hardly possible as changes to several factors can be correlated, for example, changes in the interest rate and in the exchange rates.

The Company seeks to identify and manage the currency risk on a comprehensive basis, through an in-depth analysis of the natural economic hedging instruments, to be able to benefit from relationship between income and expenses. In order to manage short-term risks, the Company's transaction currencies include the Russian ruble, the US dollar or other currencies.

Below is the Company's risk in terms of changes in foreign exchange rates as at the end of the reporting period:

thousand rubles

Narrative	Cash and cash equivalents	Financial investments	Accounts receivable	Accounts payable	Financial instruments in forward transactions	Net position
As at 31/12/2024						
USD				15,126		-15,126
EUR	531			383		148
INR				8,553		-8,553
KZT				298		-298
CNY				52,070		-52,070
Total	531			76,430		-75,899
As at 31/12/2023						
USD				41,873		-41,873
EUR				3,629		-3,629
CNY				10,212		-10,212
Total				55,714		-55,714
As at 31/12/2022						
USD	5,008			21,281		-16,273
EUR				486		-486
Total	5,008			21,767		-16,759

In the event of changes in the exchange rates the before-tax income performance is affected mainly due to foreign exchange losses arising after translation of accounts payable denominated in foreign currencies, partly offset by foreign exchange gains arising after translation of cash on bank accounts, denominated in the same currencies. The impact on other equity components would be minor.

To mitigate the impact of the currency risks, the Company is shifting, where practicable, to settlements with foreign suppliers for imports of goods (works, services) in Russian rubles, Chinese yuans, Indian rupees, and Uzbekistani soms.

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2.4. Credit risks

The Company is exposed to credit risk, i.e. the risk of losses the Company will incur if the Company's counterparties fail to fulfil their obligations to it. The Company runs the credit risk because the Company sells goods, products, works and services on deferred payment terms, effects other transactions with counterparties resulting in accounts receivable, deposits funds in financial investments and on bank accounts, and grants third-party sureties.

As most of the Company's counterparties do not have individual external credit ratings, the Company has put in place procedures to secure that goods are supplied/services are provided only to those counterparties that have good credit histories. Those procedures include evaluation of the counterparty's financial position, past relationships/records, and other factors. The Company analyses overdue periods for accounts receivable and monitors overdue accounts receivable balances. Though the capacity of the Company's debtors to pay depends on a variety of economic factors, the Company's management believes that the provision for doubtful accounts receivable is adequate to compensate for possible losses due to failure to repay doubtful debts.

The total overdue accounts receivable are disclosed in the respective item of Section 5 of these Notes.

The credit risk conditioned on the balances of cash on accounts with banks and financial institutions is managed in accordance with the Company's policies. Surplus funds are invested only in deposits with reliable financial institutions.

2.5. Liquidity risk

Liquidity risk is related to the Company's ability to timely and fully repay its financial liabilities existing at the reporting date: accounts payable to suppliers and contractors, payables to lenders for received loans and borrowings. The Company's management monthly monitors the Company's cash flow forecasts. The risk run by the Company is manageable as it always has cash advances on accounts and public sources of funding the works performed.

The Company aims to maintain a strong financing base that primarily comprises borrowings and accounts payable. The Company's liquidity portfolio is made up of cash and cash equivalents. Cash equivalents and short-term financial investments can be realised in money terms within a day to meet unforeseen liquidity needs.

The Company monitors the daily liquidity position and regularly runs liquidity stress tests under various scenarios encompassing standard and less favourable market conditions.

Below is the allocation of liabilities as at 31 December 2024, by remaining maturity agreed in the Company's contracts. The amounts disclosed in the maturity table are cash flows, including the total liabilities for received loans and borrowings and sureties granted by the Company.

The maturity analysis of liabilities of the Company as at 31 December 2024 is as follows:

Narrative	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 3 years	Over 3 years	Total
Liabilities including:						
Loans received (including interest on loans)		2,388	15,409	504,800		522,597
Payables to suppliers and contractors	171,109	4,397				175,506
Lease liabilities		1	2	10	942	955
Other payables	46,456	47,098				93,554
Guarantees issued			5,000	102,419	98,335	205,754
Total future payments, including future payments of principal and interest on the borrowings	217,565	53,884	20,411	607,229	99,277	998,366

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The maturity analysis of liabilities as at 31/12/2023 is as follows:

Narrative	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 3 years	Over 3 years	Total
Liabilities including:						
Loans received (including interest on loans)		19,045	1,155,321			1,174,366
Payables to suppliers and contractors	180,096	20,122				200,218
Lease liabilities		5	14	40	1,638	1,697
Other payables	52,394	51,716				104,110
Guarantees issued		300	5,000	1,238,836		1,244,136
Total future payments, including future payments of principal and interest on the borrowings	232,490	91,188	1,160,335	1,238,876	1,638	2,724,527

The maturity analysis of liabilities of the Company as at 31 December 2022 is as follows:

Narrative	From 1 to 3 years	Over 3 years	Total
Liabilities including:			
Loans received (including interest on loans)	1,530,000		1,530,000
Lease liabilities	21	1,090	1,111
Guarantees issued	5,000		5,000
Total future payments, including future payments of principal and interest on the borrowings	1,535,021	1,090	1,536,111

2.6. Other risks

2.6.1. Legal risks

Risks associated with changes in currency regulations

Domestic market

Risks related to the possibility of changes in currency regulations are currently considered by the Company as immaterial.

External market

In the context of the overall pressure of sanctions on Russia's economy, legal risks associated with changes in the currency regulations in the external market are hard to forecast.

Risks associated with changes in the tax legislation are analysed in more detail in the respective item of Section 7 of these Notes

Risks associated with changes in the regulations on customs control and tariffs

A certain portion of the Company's raw materials and equipment are imported and/or are produced using foreign-made components. Changes in the regulations on customs control and tariffs may entail for the Company risks of increased production costs, an increased value of the acquisition of fixed assets, and extended periods of delivery of the necessary equipment and/or spare parts, which, in its turn, can drive up the Company's costs.

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2.6.2. Country and regional risks

The Company's core operations are in Russia, so the Company is exposed to risks associated with the political and economic situation in the country.

The stability of the Russian economy is largely dependent upon economic reforms and the development of legal, tax and regulatory frameworks as well as the effectiveness of financial and monetary measures undertaken by the Government of the Russian Federation.

At the moment, the situation in the country is unstable due to the sanctions imposed against Russia by certain countries, the general geopolitical situation, and crude oil price fluctuations. All this affects, in its turn, the Russian economy on the whole. Among the side effects are instability of the Russian ruble and the need for economic, tax, political and other reforms.

While the Russian Government has introduced a range of stabilisation measures aimed at providing liquidity and supporting refinancing of foreign debt for Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Company and its counterparties, which could affect the Company's financial position, results of operations and business prospects. The volatility in the capital markets could lead to a significant deterioration in the liquidity of the banking sector and tighter credit conditions within Russia.

On the whole, the Company is not able to have a significant impact on the economic situation in the country. However, in the event of a negative impact of changes in the situation in the country or the region of the Russian Federation where the Company operates, the Company will take all measures to mitigate the negative effects on the Company's financial position and financial performance.

The probability of military conflicts, a state of emergency and strikes in the country and in the region, in which the Company operates, is estimated as not high enough for these risks to be considered as factors that may have any significant impact on the Company's business. In order to prevent strikes, the Company endeavours to create favourable working conditions and fulfils all its obligations to employees.

Risks associated with the geographical features of the region in which the Company operates, including increased danger of natural disasters, possible disruption of transport links due to remoteness and inaccessibility, are assessed as immaterial.

2.6.3. Reputational risks

The Company's management believes that at present there are no facts that could have a material adverse effect on the decrease in the number of its customers due to negative perception of the quality of products, compliance with delivery deadlines, as well as participation of the Company in any pricing collusion. Accordingly, reputational risks are assessed by the Company as immaterial.

It is hard to foresee the impact of the existing economic situation and the aforesaid measures on the future; the management's current expectations and estimates can appear to be different from the actual outcome.

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3. Basis of presentation

3.1. Basis of presentation

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

The Company's accounting practices are conducted in compliance with the requirements of Russian Federal Law "On Accounting" No. 402-FZ dated 06 December 2013, and the underlying Russian federal accounting standards; Russian accounting regulations approved by the orders of the Russian Ministry of Finance.

The accounting policies for 2024 were approved by the General Director's order No. 2484 dated 29 December 2023.

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

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

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

3.2. Correction of errors in accounting records and financial statements

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

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

Identified errors and their implications are subject to mandatory correction.

The Company considers an error to be material if, individually or in the aggregate, it exceeds 10% of the item in the financial statements for the same reporting period.

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

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

A significant error of the previous reporting year, revealed after the date of signing of the financial statements for this year, but before the date of submission of such statements to shareholders of a joint-

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

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

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

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

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

The influence of corrected errors on the numerical indicators in the financial statements is shown in Section 4 of these Notes.

3.3. Changes and supplements to accounting policies

The Company makes changes to its accounting policies in the following cases:

- changes of requirements established by the accounting legislation of the Russian Federation, federal and/or industry-specific standards;
- development or selection of a new accounting approach whose application enhances the reliability (quality) of information about an accounting item;
- significant changes in business environment.

If the Company engages in any business activities that differ in substance from those previously carried on, or if it engages in any new business activities for which the Accounting Policies do not specify any accounting methods, a supplement to the Accounting Policies is made.

Supplements to the Accounting Policies are effective from the date of the General Director's Order, but may be applied from the beginning of the reporting period.

When changes are made to the Company's Accounting Policies, the Company additionally assesses, in monetary terms, the effect that the changes will have on the financial position of the Company, unless the monetary effect cannot be reliably measured for periods prior to the reporting period.

If the effect is material, the Company restates the financial statements at the beginning of the year in which the changes to the Accounting Policies are adopted. Where the financial statements include data for several years, changes for those years are also shown (retrospective method). The restatements affect the opening balance of retained earnings (uncovered loss) and/or the opening balance of other balance sheet items at the earliest date presented in the financial statements. Therefore, the Company operates under the assumption that the changes have been applied since the commencement of such business activities.

If the monetary effect of the changes to the Accounting Policies in respect of periods prior to the reporting period cannot be measured reliably, the changed accounting method is applied to the respective business activities that occur after the changed method is adopted (prospectively).

The effects of changes to the Accounting Policies caused by changes in Russian legislation and/or accounting regulations are reported in the accounts and financial statements in the manner prescribed by the relevant Russian legislation and/or accounting regulations. If the regulations do not specify any procedure for reporting the effects of the changes to the Accounting Policies, these effects are reported in the accounts and financial statements according to the standard procedure.

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Changes to the Accounting Policies that have or may have a material effect on the Company's financial position, cash flows or financial results are subject to separate disclosure in the financial statements. The effect of changes to the accounting policies on the figures in the financial statements is shown in clause 4 of these notes.

3.3.1. Changes in the accounting policies for 2024

The Company applies RFAS 14/2022 "Intangible Assets" starting from the financial statements for 2024.

- For the purpose of the transition to RFAS 14/2022 the Company uses an alternative approach to reflect the effect of the change in the accounting policies, which allows the Company in the financial statements starting from which it applies RFAS 14/2022 not to restate comparative figures for the periods preceding the reporting one by making a one-off adjustment of the carrying amount of intangible assets as at the beginning of the reporting period (as at 31 December 2023).
- For the purposes of that adjustment, the carrying amount of intangible assets that were recognised within intangible assets according to the accounting policies applied earlier is their historical cost, less accumulated amortisation, that does not change. Changes in the remaining useful life and residual value are recognised as changes in accounting estimates.
- The historical cost of intangible assets that were recognised within other assets according to the accounting policies applied earlier is their carrying amount at the time of reclassification. Changes in the remaining useful life, the amortisation method, and residual value of such assets are recognised as changes in accounting estimates.
- The carrying amount of the accounting items that were recognised within intangible assets according to the accounting policies applied earlier but then, following the application of RFAS 14/2022, are no longer deemed as such, is written off in a lump to the entity's retained earnings.

Below are the adjustments made due to the reclassification within asset types, as at the beginning of the reporting year:

Item	Line code	Amount of adjustment	Reason for adjustment
Intangible assets	1110	+105,571	Adjustment due to the transition to RFAS 14/2022 (reclassification of the type of asset)
R&D results	1120	-6,755	Adjustment due to the revocation of RAR 17/02 (reclassification of the type of asset)
Other non-current assets	1190	-91,128	Adjustment due to the transition to RFAS 14/2022 (reclassification of the type of asset)
Inventories	1210	-8,493	Adjustment due to the transition to RFAS 14/2022 (reclassification of the type of asset)
Deferred tax assets	1180	+20	Adjustment due to the transition to RFAS 14/2022 (reclassification of the type of asset)

The adjustment of the carrying amount of intangible assets was made through retained earnings, reflected in the Balance Sheet as at 31 December 2023, and is as follows:

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Intangible assets	Historical cost	Accumulated amortisation write off (-) /accrual (+)
Written off intangible assets with the historical cost below the set limit (up to RUB 100 thousand)	-1,031	-838
Written off intangible assets not meeting the intangible asset criteria	-1,167	-1,167
Written off prepaid expense cards of less than RUB 100 thousand	- 2,883	-2,271
Written off deferred tax assets (liabilities) in transactions with intangible assets	+20	

In the financial statements for 2024, comparative figures as at 31 December 2023 of the Balance Sheet are reflected as adjusted due to the application of RFAS 14/2022. Comparative figures for 2023 presented in the Statement of Financial Results are not restated.

3.3.2. Changes in the accounting policies for 2025

Starting from the financial statements for 2025, the Company applies RFAS 28/2023 "Stocktaking". Also, from 2025 the Company prepares financial statements according to new RFAS 4/2023 "Financial Statements" that prescribes the accounting forms to be used considering specifics of an entity's business.

3.4. Accounting system and accounting procedures

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

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

3.5. Stocktaking of assets and liabilities

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

Stocktaking of fixed assets is carried out once in three years under the Company's Accounting Policies. The previous stocktaking of fixed assets was carried out in 2022.

From 01 April 2025, stocktaking of assets and liabilities will be performed according to RFAS 28/2023 "Stocktaking".

3.6. Accounting for assets and liabilities denominated in foreign currencies

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

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

Currency	Exchange rate as at 31/12/2024	Exchange rate as at 31/12/2023	Exchange rate as at 31/12/2022
USD	101.6797	89.6883	70.3375
EUR	106.1028	99.1919	75.6553

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CNY	13.4272	12.5762	9.8949
INR	1.18797	1.0774	x
10,000 UZS	78.6965	72.6882	x
100 KZT	19.4860	x	x

Exchange differences arising out of transactions with assets and liabilities in foreign currencies and as a result of their translation as at the reporting date are reported within other income and expenses on a net basis.

3.7. Intangible assets

To account for assets as intangible assets, the Company uses Federal Accounting Standard RFAS 14/2022 "Intangible Assets" approved by order No. 86n dd. 30 May 2022 of the Ministry of Finance of the Russian Federation.

Measurement

At the time of recognition in accounting records intangible assets are measured at the historical cost. The historical cost of an intangible asset is the total amount of the capital investments related to this item and made before the intangible asset has been recognised in accounting records.

No revaluation of intangible assets was made in 2023 and 2024.

Amortisation

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

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

Intangible assets with an indefinite useful life, i.e. assets, for which it is impossible to reliably measure their useful life, are not amortised.

The residual value of an intangible asset is taken as equal to zero, except in cases provided for in Clause 36 of RFAS 14/2022.

The useful life, residual value and amortisation method (hereinafter, amortisation items) of an intangible asset are determined at the time the intangible asset is recognised.

An intangible asset's amortisation items must be checked against the intangible asset's terms of use. These checks are carried out at the end of each reporting year and whenever circumstances arise that indicate that there may be a change in the amortisation items. Following such checks, the entity decides, if required, to change appropriate amortisation items. Adjustments for this reason are reflected in the accounting records as changes in estimates.

In the balance sheet, intangible assets are reflected less accrued amortisation.

Information on useful lives by groups of intangible assets:

Groups of intangible assets	Useful lives of intangible assets (years)
Patents	18
Computer programmes, data bases	3-5
Marketing authorisations (for production and sale) of pharmaceuticals	1-10
Research and development	5-10

As at 31 December 2024, the checks against the terms of use of intangible assets (groups of intangible assets), carried out by the entity in the reporting year, revealed no changes in the amortisation items.

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The monthly amortisation amount calculated on a straight-line basis

is the ratio of the difference between an intangible asset's carrying amount and residual value to the asset's remaining useful life.

Impairment

The Company tests the intangible assets for impairment and recognises a change in their carrying amounts as a result of impairment as required by IAS 36 "Impairment of Assets".

Loss from an intangible asset's impairment in the amount, by which the asset's residual value exceeds its recoverable amount, is recognised within the Company's expenses for ordinary activities.

The recoverable amount is the higher of the asset's value in use and fair value, less costs of disposal. The value in use is calculated by discounting receipts in connection with the economic benefits from an intangible asset's use. If an intangible asset's recoverable amount increases, its value is adjusted for the amortisation accumulated as at the adjustment date, to an amount not to exceed the residual value that would be estimated if the intangible asset were not impaired.

As at 31 December 2024, the check of intangible assets carried out by the entity in the reporting year revealed no impairment.

3.7.1. Research and development results

The Company accounts for research and technological development expenses according to RFAS 14/2022 "Accounting for Intangible Assets" and RFAS 26/2020 "Capital Investments".

When an intangible asset is developed as a result of research and technological development works, the actual expenses on the asset's development are recognised to be capital investments provided that all of the following criteria are met:

- a) it is feasible to complete the intangible asset so that it will be fit for use as intended;
- b) the entity intends to complete the intangible asset;
- c) the entity intends and is able to use the intangible asset;
- d) the expenses incurred will generate future economic benefits for the entity (specifically, there is a target market for the products (works, services) made (performed, provided) using the developed intangible asset, or a target market for the developed intangible asset, or it is known how the developed intangible asset can be used in the entity);
- e) the entity has the necessary and adequate material, financial and other resources to complete and use the intangible asset (for example, the entity has business plans demonstrating that there are required technical, financial and other resources and that the entity is able to secure such resources);
- f) the costs required to develop the intangible so that it is fit to be used as intended are measured.

Research and technological development expenses are recognised by the entity with a breakdown into costs related to:

- a) the research phase, i.e. the phase of the original investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding;
- b) the development phase, i.e. the phase of the application of research findings or other knowledge to plan and design the production of new or substantially improved materials, devices, products, processes, systems, or services, before the start of commercial production or use.

The following costs are attributed by the Company to the development phase:

- material expenses directly relating to development (purchase of materials, equipment, special clothing, protective equipment, costs of fuel, water and energy);
- salaries and wages and related contributions, with respect to specialists involved in development;
- costs of developments carried out by third parties by order of the Company;
- other research and development expenses.

The actual expenses relating to the development phase are recognised to be capital investments in an intangible asset if the criteria provided for in RFAS 26/2020 are met.

The following is not recognised to be capital investments in an intangible asset:

- a) actual expenses relating to the research phase;
- b) actual expenses relating to the development phase, with respect to which the criteria provided for in RFAS 26/2020 are not met;
- c) actual expenses related to research and technological development works that cannot be explicitly classified by the entity as costs relating to the research phase, or as costs relating to the development phase.

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The aforesaid costs are recognised to be expenses of the period, in which they were incurred. In the subsequent reporting periods, such costs cannot be reversed as capital investments in intangible assets. Due to the revocation in 2024 of RAR 17/02 "Accounting for R&D Costs", the adjustments made at the time of reclassification within asset types are disclosed in Section 4 of these Notes.

3.7.2. Short-term rights

Short-term rights are assets that bear all the characteristics of intangible assets with an estimated life of no more than 12 months, including incomplete developments of such assets.

Costs of acquisition, creation of such assets are recognised to be expenses of the period, in which they were incurred, provided that they do not exceed RUB 100 thousand.

Costs of short-term rights in an amount above RUB 100 thousand are recognised as an asset if the recognition criteria set for capital investments in intangible assets are fulfilled, and are written off on a straight-line basis if the write-off criteria set for intangible assets and capital investments in them are fulfilled. Short-term rights are measured at the time of recognition at the historical cost which is the total amount of the capital investments relating to this item.

Short-term rights are measured after recognition, by measuring a proportion of their historical cost to be written off in the current period, and a proportion to be written off in the following period. The said proportion is measured based on the asset's expired to remaining useful life ratio.

Short-term rights are recorded within other inventories and costs.

3.8. Fixed assets

An asset is recognised as a fixed asset (when all of the conditions in clause 4 of RFAS 6/2020 are met) when it has been made ready for use.

Real estate items subject to state registration are recognised as fixed assets irrespective of the date of commencement and finalisation of state registration.

Fixed assets also include the entity's material costs of repairs, technical inspection and technical maintenance of fixed assets conducted less frequently than once in 12 months that cost more than RUB 1,550 thousand.

Assets that meet the criteria for recognition as fixed assets but cost no more than RUB 100 thousand per unit are reflected within inventories in the Balance Sheet and later expensed when put into operation.

Fixed assets, other than investment property, and capital investments in them are reflected within fixed assets in the Balance Sheet.

Measurement of fixed assets at recognition

Fixed assets are recognised at historical cost.

The historical cost of fixed assets acquired under contracts that provide for the fulfilment of liabilities (payment) with non-monetary assets in whole or in part is the fair value of the property, property rights, works or services transferred.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The entity tests fixed assets and capital investments in them for impairment and recognises changes in their carrying amount as a result of impairment as required by IAS 36 "Impairment of Assets".

Depreciation of fixed assets

Depreciation of fixed assets whose useful life is the period over which their use will bring economic benefits to the entity is accrued using the straight-line method.

Straight-line depreciation means that the same amount of depreciation is deducted from the value of an asset over the useful life of the asset. Depreciation for the reporting period is the ratio of the difference between the carrying amount and the residual value of the asset to the remaining useful life.

Depreciation of a fixed asset starts from the first day of the month following the month of its recognition and stops from the first day of the month following the month of its derecognition.

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Below are the useful lives used by the Company for fixed asset groups:

Fixed asset group	Useful life (years) of items put on the books	Residual value
Buildings	18-88	41,255
Structures	10-79	1,268
Transfer devices	15-88	0
Machinery and equipment	3-67	5,985
Transport vehicles	12-38	7,260
Production and maintenance tools	7-36	11

The residual value of most of the items is measured as the recoverable amount of materials resulting from dismantling.

The amount of estimated liabilities in future dismantling, disposal of assets and environmental restoration was not measured as at 31 December 2024 because, based on the similar operations in the past, the costs of disposal of fixed assets were offset by income from dismantling.

Depreciation elements should be checked against the asset's terms of use.

They are checked at the end of each reporting year and in case of circumstances that indicate a possible change in depreciation elements of the fixed asset. The related adjustments are recognised in accounting records prospectively.

As a result of stocktaking of fixed assets conducted in the reporting year, there was a change in the residual value of 1 asset and the useful life of 198 assets, impairment was accrued on 14 assets.

Fixed assets whose consumer properties do not change over time are not depreciated (e.g. land).

The financial result from disposal of fixed assets (gains less losses from disposal) is reflected in the Statement of Financial Results within other income or other expenses on a net basis.

3.9. In-progress investments in non-current assets

In-progress investments in non-current assets include real estate items whose construction has not been completed and that have not been put into operation, equipment that requires assembly, and other assets to be recognised as fixed assets and intangible assets, including tangible assets intended to be used to acquire, create, improve and/or reconstruct fixed assets.

Capital investments in fixed assets include the Company's costs incurred to acquire, create, improve and/or reconstruct them (completion, additional equipment, modernisation, reconstruction, replacement of components, material costs of repairs, technical inspection and technical maintenance conducted less frequently than once in 12 months or once in a normal operating cycle exceeding 12 months of over RUB 1,550 thousand).

In-progress investments in non-current assets do not include equipment held for sale. These assets are accounted for as inventories.

Equipment that does not require assembly, is located in the warehouse and intended for assets under construction is reflected within in-progress capital investments.

The Company tests capital investments in fixed assets for impairment and recognises changes in their carrying amount as a result of impairment as required by IAS 36 "Impairment of Assets": capital investments are tested for impairment whenever events or changes in circumstances indicate that their carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

Impairment of capital investments recorded in prior periods is analysed for possible reversal as at each reporting date.

Impairment of capital investments is charged to other expenses.

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In the Balance Sheet in-progress investments in non-current assets are reflected in line 1112 "In-progress capital investments in intangible assets" of group of items 1110 "Intangible assets" and line 1152 "In-progress capital investments in fixed assets" of group of items 1150 "Fixed assets".

3.10. Financial investments

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

For example, under article 9 clause 3 of Russian Accounting Regulation "Statement of Cash Flows" (RAR 23/2011) approved by Order of the Russian Ministry of Finance No. 11n dated 2 February 2011, short-term deposits are cash flows on financial investments acquired to be resold in the short term (as a rule, within three months) and are reported in the Company's Balance Sheet in line 1250 "Cash and cash equivalents".

The Company excludes from financial investments:

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

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

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

Financial investments for which as at the reporting date there are conditions for a steady significant decline in value are reflected in the Balance Sheet as at the end of the reporting year at their book (carrying) amount less provision for impairment of financial investments. Provision for impairment of financial investments is established once a year following an impairment test as at 31 December of the reporting year. When deciding whether to establish a provision for impairment of financial investments, the Company assesses not only the current situation, but also possible future economic benefits from further ownership of such financial investment.

Data from the financial statements of the counterparty are used to check financial investments for a steady decline in value.

3.11. Inventories

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

For accounting purposes, inventories are assets consumed or sold during a normal operating cycle or used within a period not exceeding 12 months.

The Company classifies the following assets as inventories:

- materials intended to be used in production, performance of works or provision of services;
- goods purchased for sale in the ordinary course of business;
- goods shipped;
- finished products,

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- production in progress, including semi-finished products manufactured in-house.

An inventory accounting unit is selected by the Company to ensure generation of complete and reliable accounting information about inventories, as well as appropriate control over their presence and movement.

Depending on the type of inventories, the nature and procedure of its acquisition (creation) and/or consumption (sale, use), the Company selects an inventory accounting unit: a batch with additional features, such as series etc.

Different inventories may have different accounting units.

Measurement of inventories at recognition (except for work in progress and finished products)

Inventories are accounted for at their actual cost. Actual cost comprises actual costs incurred to acquire (create) inventories, make them ready for, and delivery to the place of, consumption, sale or use. Actual cost also comprises estimated liabilities in dismantling, removing and restoring the environment.

Amounts paid and/or payable by the company when acquiring (creating) inventories are included in the actual cost of inventories:

- a) net of refundable taxes and levies;
- b) with all discounts, concessions, deductions, premiums and benefits provided to the company, irrespective of their form.

When inventories are acquired under contracts that provide for full or partial fulfilment of obligations (payment) with non-monetary assets, the costs included in the actual cost of inventories (for payment with non-monetary assets) are the fair value of the transferred property, property rights, works or services.

When it is impossible to determine the fair value of the transferred property, property rights, works or services, the cost of the acquired inventories is recognised to be their fair value.

When it is impossible to determine neither this nor that fair value, the cost of inventories is the carrying amount of the transferred assets or actual costs incurred to perform works or provide services.

The actual cost of inventories received at disposal, including partial disposal, of fixed assets and other non-current assets or extracted during their current maintenance, repair, modernisation, reconstruction and other similar actions is the lower of the following amounts:

- a) the cost used to account for similar inventories acquired (created) by the company during a normal operating cycle;
- b) the carrying amount of written off assets and costs incurred to disassembly and dismantle assets, extract tangible assets and make them ready for consumption (sale, use) as inventories.

Inventories owned by the company that are in transit or have been transferred to the buyer as a pledge are measured in the amount indicated in the contract with subsequent determination of their actual cost.

Costs included in the actual cost of inventories received free of charge are the fair value of these inventories.

Subsequent measurement of inventories

Inventories are measured at the reporting date at the lower of the following amounts:

- a) actual cost of the inventories;
- b) net realisable value of inventories (NRV)

Inventories measured at recognition at fair value are measured at the reporting date at fair value as well.

The excess of the actual cost of inventories over their NRV is treated as impairment, which requires a provision for impairment of inventories.

Impairment of inventories is recognised in expenses in the period in which the respective impairment provision was established (increased) and recorded on account 90 according to analytical features.

In case of disposal of the inventories for which a provision for impairment was earlier established, the provision is to be reversed. The reversed amount decreases expenses according to the same analytical features as were used for provision recognition.

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Provisions for impairment of inventories are established in the amount of 100% of the value as frequently as indicated in clause 3.20 hereof.

Measurement of inventories when written off and issued to production

When issued to production, shipped to the customer or written off, inventories are measured at unit cost.

Inventories are written off:

- when revenue from their sale is recognised;
- when they are disposed in cases other than sale;
- in case of circumstances that make the entity believe that it will not receive economic benefits from the consumption (sale, use) of inventories in the future.

Transactions that change the type of inventories are not the basis for derecognition of inventories:

- issue of inventories to production;
- products release;
- shipment of finished products, goods to the buyer before revenue recognition.

3.12. Work in progress and finished products

The Company accounts for inventories in accordance with RFAS 5/2019 approved by order of the Russian Ministry of Finance No. 180n dated 15 November 2019.

Work in progress includes costs incurred to manufacture products that have not gone through all stages (phases) prescribed by the technological process, uncompleted goods that have not gone through quality acceptance and costs incurred to perform works or provide services to other persons until sales revenue is recognised.

Finished products include assets completed with processing, outputs of the production cycle with technical and qualitative characteristics compliant with the terms and conditions of the contract or requirements of other documents to the extent determined under applicable law that are intended for sale in the ordinary course of business.

Work in progress and finished products are measured at actual cost (the sum of direct and indirect costs).

The value of work in progress and finished products does not include:

- costs due to improperly organised process flows (above-standard consumption of raw and other materials, energy, labour input, losses due to idle time and rejects, violation of the workplace and process discipline);
- impairment of other assets irrespective of whether the assets were used to produce goods, perform works, provide services;
- storage expenses, except where storage is integrated in the production process (performance of works, provision of services);
- other costs that are not necessary for the production, performance of works, provision of services.

Overhead expenses are written off to losses of the period.

On a quarterly basis, the Company analyses finished products for information about a significantly lower price for the same type in the market. If a decline in the value of work in progress indicates that the cost of finished products (works, services) exceeds the sale price less costs of sale, the assets are written down to their net realisable value (clause 29 of RAR 5/2018, para. 32 of IAS 2).

3.13. Settlements with debtors and creditors

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

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

Receivables and payables are classified as short-term or long-term based on the terms of existing contracts, usual business practice and intentions of the Company. Long-term accounts receivable (payable) (or their portion) are reclassified into short-term accounts if as at the reporting date the maturity of the accounts receivable (payable) (or their portion) is no more than 12 months after the reporting date.

Long-term accounts receivable are reflected separately within accounts receivable as part of current assets in the Balance Sheet.

Advances paid to suppliers and contractors related to capital investments in intangible assets and fixed assets irrespective of their maturity are reflected within non-current assets as part of a relevant group of items in the Balance Sheet.

Advances paid are reflected in the Balance Sheet within accounts receivable in the gross amount with VAT.

Advances received are reflected in the Balance Sheet within accounts payable less VAT.

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

Uncollectible debts are written off the balance sheet when recognised as such. Such debts are recorded off the balance sheet for five years from the write-off so as to monitor whether they can be collected if the debtor's financial situation changes.

In accordance with the Tax Code of the Russian Federation, a unified tax account is a format, in which tax authorities account for the monetary expression of the total liability as well as for monetary funds transferred and (or) recognised as a unified tax payment. The unified tax account balance is the difference between those two account components.

Based on the foregoing as well as on the related provisions of RAR 4/99 and the Guidelines for Accounting and Reporting in the Russian Federation approved by Order No. 34n dated 29 July 1998 of the Ministry of Finance of the Russian Federation, the unified tax account balance as the balance of the account for budget settlements is recorded in the Balance Sheet in the agreed amounts within receivables or payables.

3.14. Additional capital

The additional capital includes:

- increase in the cost of non-current assets identified as a result of their revaluation;
- paid-in capital;
- the shareholder's contributions to the company's assets;
- other changes in capital as a result of transactions with the shareholder acting as the shareholder in these transactions (as required by IFRS).

Fixed assets are revaluated by restating their historical cost and accumulated depreciation so that a fixed asset's carrying amount after revaluation equals its fair value.

In the event of disposal of fixed assets, the revaluation surplus recognised within additional capital is written off for each item separately.

Results of the revaluation of fixed asset items as at the end of the reporting year must be separately recorded for accounting purposes.

The surplus from the revaluation of non-current assets is credited to the entity's additional capital, except as stated below

The revaluation surplus for non-current assets, equal to their devaluation taken in the previous reporting periods, (or) impairment, and recorded in the financial result as other expenses, is credited to the financial result as other income.

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The devaluation of non-current assets upon revaluation is recorded in the financial result as other expenses. The devaluation of non-current assets decreases the entity's additional capital made up of surpluses for the assets after an additional revaluation made in the previous reporting periods. The excess of the writedown over the surplus credited to the entity's additional capital upon revaluation made in the previous reporting periods is recorded in the financial result as other expenses.

The accumulated surplus is written off in a lump to the Company's retained earnings (uncovered loss) when writing off a fixed asset item, for which a surplus has been accumulated.

3.15. Loans and borrowings

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

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

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

Additional borrowing costs are recognised as other expenses when incurred in the amount of payments due under concluded contracts.

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

Interest on loans are recognised as other expenses, except for such its portion which is to be included in the cost of an investment asset, unless otherwise set forth herein.

3.16. Special-purposes financing and government assistance

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

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

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

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

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

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

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

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charged to income of the reporting period when inventories are released in operation, payroll is accrued and other expenses of similar nature are incurred.

Income related to special-purpose financing is classified as other income.

The balance of deferred income recognised as a result of the receipt of special-purpose funds is reported in the Balance Sheet within short-term liabilities as deferred income.

3.17. Estimated liabilities, contingent liabilities and contingent assets.

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

- provision for vacation payments (including social insurance and social security payments);
- provision for retirement of fixed assets;
- provision for future expenses for uninvoiced works, services;
- provision for discounts, bonuses and credit notes to customers.

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

Information about estimated liabilities, contingent liabilities and contingent assets in financial statements is reported in compliance with Russian Accounting Regulation "Estimated Liabilities, Contingent Liabilities" (RAR 8/2012\0) approved by Order No. 167n dated 13 December 2010 of the Ministry of Finance of the Russian Federation.

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

The provision for vacation payments is accrued for each employee, based on the vacation schedule for the current year and the average daily wages. Accrual/reversal of the provision is attributed to expenses for ordinary activities.

The provision for scheduled settlements with contractors is accrued in the amounts stipulated in contracts with counterparties and is recorded on the same accounts, on which respective contractual costs are recognised.

The provision for discounts, bonuses and credit notes to customers is accrued based on the entity's commercial policies and the terms and conditions of contracts with customers. Accrual/reversal is attributed to other expenses or to other income.

A contingent asset arises from past events in the entity's economic life, when its existence as at the reporting date is conditioned on the occurrence (or non-occurrence) of one or more future uncertain events not within the control of the entity.

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

Contingent liabilities also include estimated liabilities not recognised in the accounting records as of the reporting date, due to nonfulfilment of conditions set forth in clause 5 paragraphs "6" and (or) "B" of RAR 8/2010.

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

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

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

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

3.18. Provisions

The Company sets up the following provisions:

- for doubtful accounts receivable;
- for impairment of financial investments;
- for impairment of fixed assets and capital investments;
- for impairment of non-current assets for sale;
- for impairment of inventories;
- for impairment of intangible assets.

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

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

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

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

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

Inventory impairment provisions decreases the carrying amount of the respective group of inventories and is established based on the following criteria:

- shelf life expiration;
- inventory rejection due to low quality;
- the remaining shelf life of 6 months or less;
- no movement over the period specified;
- a decrease in the net realisable value of inventories below the actual cost.

Provisions for impairment of inventories are established for each batch in the amount of the total value of inventories. The Company establishes (adjusts) provisions for impairment of inventories (including transportation and procurement costs) at each reporting date of the interim financial statements. If the current market value of the tangible assets which impairment was covered by impairment part increases, the respective part of the provision decreases the cost of sale in the current reporting period.

Provisions for impairment of fixed assets and intangible assets decrease the carrying amount of fixed and intangible assets. If other usage conditions arise in future, the respective part of the provision is charged to

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other income of the current reporting period, and if the asset is disposed (dismantled), the asset's residual value is decreased by the provision formed.

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

3.19. Accounting for leases

3.19.1. Accounting by the lessee

Fixed assets received in lease and classified as leased assets under RFAS 25/2018 are treated on account 01/10 "Right-of-use asset".

In the Balance Sheet they are reflected in a separate line within fixed assets. Fixed assets received in lease that do not meet the recognition criteria under RFAS 25/2018 are treated on an off-balance sheet account "Leased fixed assets" at cadastral value.

The useful life of the right of use is calculated based on the terms and conditions stipulated in the lease contract.

The right-of-use asset is recognised at the present value of outstanding lease payments.

The lessee's costs for temporary and permanent improvements of the leased asset that are not reimbursed by the lessor do not increase the value of the right-of-use asset and are recognised as separate assets in accordance with RFAS 26/2020, RFAS 6/2020 or expensed as required by RAR 10/99. A lease liability is initially measured at the present value of the future lease payments at the measurement date.

The present value of the future lease payments is calculated by discounting their nominal values. The Company's average actual borrowing rate as at 01 January 2024 is used for discounting in 2024.

The discount rate for new leases concluded after 01 January 2024 is calculated again, if necessary.

The Company does not recognise the leased asset as a right-of-use asset and a lease liability in the following cases:

- short-term leases (for less than 12 months);
- low-value leases – in particular, the market value of the leased asset without depreciation (i.e. the value of a similar new asset) does not exceed RUB 300 thousand.
- other specific leases of public and municipal assets (leases of land from which the lessee cannot obtain economic benefits).

The right-of-use asset is depreciated on a straight-line basis according to the procedure adopted for fixed assets subject to the provisions of RFAS 25/2018. Right-of-use assets whose consumer properties do not change over time (land etc.) are depreciated over the lease term.

The right-of-use land useful life used by the Company in lease contracts is 49 years; the residual value is not measured.

Interest on the lease liability is accrued on a monthly basis.

The actual cost of the right-of-use asset and the amount of the lease liability are revised if:

- there is any change in the lease terms and conditions;
- there is any change in the intention to extend or shorten the lease term that was earlier considered in calculating the lease term;
- there is any change in the amount of lease payments compared to how they were recognised at the initial measurement of the lease liability;
- there is change of the discount rate.

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A change in the amount of a lease liability is attributed to the value of the right-of-use asset. A reduction in a lease liability in excess of the carrying amount of the right-of-use asset is included in the income of the current period.

A lease liability is recognised in the Company's Balance Sheet depending on the maturity dates, within B/S line 1450 "Other liabilities" and line 1520 "Accounts payable".

3.19.2. Accounting by the lessor

If the entity acts as the lessor, then

Accounting leased items are classified by the lessor as at the earliest of the two dates: the date of the lease contract, or the date, at which the leased asset becomes available to the lessor as an operating or non-operating (finance) lease item under each contract, in accordance with the substance over form principle.

The classification of leased assets is revised in the event of changes in the contractual terms.

Based on the requirement of prudence, the entity accrues a provision for doubtful debts with respect to doubtful receivables under lease contracts.

Lease income and expenses are recognised by the lessor in other income.

Operating lease income is recognised on a straight-line basis.

3.20. Non-current assets held for sale

Non-current assets for sale are accounted for in compliance with Russian Accounting Regulation "Information on Discontinued Operations" (RAR 16/02) approved by order No. 66n dated 02 July 2002 of the Ministry of Finance of the Russian Federation.

Non-current assets for sale include:

- fixed assets or other non-current assets (except for financial investments) whose use was discontinued due to the decision to sell and there is a confirmation that the use will not be resumed. The confirmation is the respective decision made by the entity's management, actions to prepare the asset for sale, a sale contract etc.;
- held-for-sale tangible assets left from disposal, including partial disposal, of non-current assets or retrieved in the process of their maintenance, repair, modernisation, reconstruction, except when the assets are classified as inventories (recognised as materials, spare parts or other types of inventories held for further use by the entity to produce goods, perform works and provide services).

Assets that are not used temporarily are not non-current assets for sale.

As at the current date when all of the recognition criteria for non-current assets for sale are met, the asset is reclassified to non-current assets for sale.

A non-current asset for sale is measured at the carrying amount of the respective fixed asset or another non-current asset whose use was discontinued due to the decision to sell when it is reclassified to non-current assets for sale.

In case of a decline in the value of a non-current asset for sale as at the end of the reporting period, a provision for impairment is established. If at the end of the following reporting period there is a further decline in the value of the non-current asset for sale, the provision is increased by the respective amount.

If the value has increased, the provision is reduced (information message of the Russian Ministry of Finance No. ИС-учет-19 dated 09 July 2019). As a result, non-current assets held for sale are reflected in the Balance Sheet at the amount that does not exceed the market value of the assets.

In financial statements non-current assets for sale are reflected within current assets separately from other assets as non-current assets for sale as part of inventories.

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3.21. Leased fixed assets

Fixed assets, which are leased by the Company and with respect to which no right-of-use assets are recognised, are recorded off the balance sheet at the contracted value. The Company does not recognise a leased asset as a right-of-use asset and a lease liability, and recognises leases under a simplified procedure, in cases specified in "Accounting for leases", Section 3 of these Notes.

Leased land plots are recorded off the balance sheet at cadastral value.

3.22. Inventories accepted for custody

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

3.23. Written-off debt of insolvent debtors

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

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

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

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

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

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

3.25. Income recognition

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

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

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

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

Income from ordinary activities includes:

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

Other income includes:

- income from leasing out fixed assets;

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

The following other income and related other expenses are reflected in the Statement of Financial Results on a net basis:

- exchange gains and losses;
- income and expenses from the sale of other assets;
- other income from the provision of property for lease and related other expenses;
- other income and expenses related to the increase and decrease of provisions of one type (for impairment of financial investments, impairment of non-current assets, bad debt provisions);
- income and expenses related to the purchase and sale of foreign currency;
- tare income and expenses;
- social income and expenses;

3.26. Expense recognition

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

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

- expenses for ordinary activities;
- other expenses.

Expenses for ordinary activities include expenses connected to income from ordinary activities listed in clause 3.25 hereof.

Other expenses include expenses related to other income listed in clause 3.25 hereof.

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

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Direct costs are costs that directly relate to the production of a specific type of goods, works, services. Indirect costs are costs that cannot be directly attributed to the production of a specific type of goods, works, services.

Direct costs comprise:

- expenses for raw materials and consumables consumed in production;
- transportation and procurement costs;
- payroll of employees directly involved in production, allocations to the provision for vacation pay and accrued insurance contributions;
- electricity expenses (related to production);
- expenses for raw materials sample collection for incoming quality control;
- expenses for marking of pharmaceuticals.

General production expenses of main production are charged to the cost of a specific product pro rata the amount of direct expenses of main production except for raw materials (payroll of main production workers, allocations, electricity costs for production needs and other). General production expenses of auxiliary production are charged to the cost of a specific product or service pro rata the amount of payroll expenses for main production workers of the auxiliary department.

Production costs comprise:

- overhead costs that arise, as a rule, due to spoilage, idle time etc.;
- extraordinary expenses;
- administrative expenses (except for those directly related to production);
- storage expenses (except for those that are part of the technology);
- advertising and promotion expenses;
- impairment of assets irrespective of whether the assets were used to produce goods, perform works, provide services;
- other expenses not related to production (clause 26 of RFAS 5/2019).

Administrative expenses are treated on sub-accounts to account 26 "General business expenses" and reflected in line 2220 "Administrative expenses" of the Statement of Financial Results.

Selling expenses are treated on account 44 "Sales expenses" and reflected in line 2030 "Selling expenses" of the Statement of Financial Results.

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

3.27. Deferred taxes

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

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

Deferred tax assets and liabilities are recognised in accounts 09 "Deferred tax assets" and 77 "Deferred tax liabilities".

In the Balance Sheet, homogeneous deferred tax assets and liabilities are recognised on a net basis (either as deferred tax assets or as deferred tax liabilities).

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Deferred tax assets and liabilities are restated considering changes in the income tax rates in accordance with the tax and levy legislation of the Russian Federation as at the date preceding the start date of the application of changed rates.

3.28. Earnings per share

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

3.29. Related parties

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

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

- a) a legal entity and (or) an individual and a company compiling the financial statements, which are affiliated according to the legislation of the Russian Federation (RF Law dd. 22 March 1991, No. 948-1 "On in Commodities Markets");
- b) a legal entity and/or an individual registered as an individual entrepreneur and a reporting entity involved in joint business activities;
- c) a reporting entity and a non-governmental pension fund acting for the benefit of the employees of such entity or another entity related to the reporting entity.

3.30. Segment information

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

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

3.31. Subsequent events

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

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

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4. Opening and comparative data

In these financial statements the data for the previous periods were restated as follows due to the first-time adoption of RFAS 14/2022 and correction of errors:

Balance Sheet as at 31 December 2024 (column "As at 31/12/2023"):

B/S item	Code	As at 31/12/2023 in the financial statements for the previous year	Restated figure as at 31/12/2023 in the current financial statements	Restatement amount	Reason for restatement
Intangible assets	1110	995	106,566	+105,571	
<i>intangible assets put into operation</i>	1111	995	51,708	+50,713	RFAS 14/2022
<i>in-progress capital investments in intangible assets</i>	1112	0	54,858	+54,858	RFAS 14/2022
R&D results	1120	6,755	0	-6,755	RFAS 14/2022, RAR 17/02
Fixed assets	1150	1,982,566	1,984,602	+2,036	
<i>fixed assets put into operation</i>	1151	1,913,860	1,915,896	+2,036	Correction of errors: extension of useful life
Deferred tax assets	1180	7,226	6,838	-388	RFAS 14/2022, correction of errors
Other non-current assets	1190	91,128	0	-91,128	RFAS 14/2022
Inventories	1210	1,292,440	1,283,948	-8,492	
<i>other inventories and costs</i>	1214	17,574	9,082	-8,492	RFAS 14/2022
Total assets	1600	4,742,709	4,743,553	+844	
Retained earnings (uncovered loss)	1370	1,208,599	1,209,443	+844	RFAS 14/2022, correction of errors
Total liabilities	1700	4,742,709	4,743,553	+844	

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Balance Sheet as at 31 December 2024 (column "As at 31/12/2022"):

B/S item	Line code	As at 31/12/2022 in the financial statements for the previous year	Restated figure as at 31/12/2022 in the current financial statements	Restatement amount	Reason for restatement
Intangible assets	1110	1,146	12,397	+11,251	revocation of RAR 17/02
R&D results	1120	11,251	0	-11,251	revocation of RAR 17/02
Fixed assets	1150	2,176,094	2,178,130	+2,036	
<i>fixed assets put into operation</i>	1151	2,133,040	2,135,076	+2,036	Correction of errors: extension of useful life
Total assets	1600	4,814,544	4,816,580	+2,036	
Retained earnings (uncovered loss)	1370	1,026,815	1,028,444	+1,629	Correction of errors: extension of useful life
Deferred tax liabilities	1420	47,942	48,349	+407	Correction of errors: extension of useful life
Total liabilities	1700	4,814,544	4,816,580	+2,036	

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5. Notes to significant items of the Balance Sheet

5.1. Intangible assets

Information about the availability and movement of intangible assets for 2023-2024 is presented in the tables below.

Narrative	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Intangible assets - TOTAL including:	77,903	51,708	12,397
<i>patents</i>	692	802	984
<i>trademark and service mark</i>			162
<i>computer programmes, data bases</i>	199	285	
<i>registration certificates for medicines</i>	73,313	43,866	
<i>R&D</i>	3,699	6,755	11,251
Capital investments in intangible assets including:	71,012	54,858	
<i>expenses on creating (acquiring) of intangible assets</i>	53,419	54,858	
<i>advance payments for capital investments in intangible assets</i>	17,593		
Total for line 1110 "Intangible assets" of the B/S	148,915	106,566	12,397

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Movement of intangible assets in 2024

Narrative	Line code	As at 31/12/2023			Changes for the period					As at 31/12/2024			
		Initial cost	Accumulated amortisation and impairment losses	Net book value	Added	Disposed		Amortisation accrued	Revaluation		Initial cost	Accumulated amortisation and impairment losses	Net book value
						Initial cost	Accumulated amortisation		Initial cost	Accumulated amortisation			
Intangible assets - TOTAL	1111	87,344	(35,636)	51,708	54,808	(563)	563	(28,613)			141,590	(63,686)	77,903
including													
Patents		2,053	(1,251)	802				(110)			2,053	(1,361)	692
Computer programmes, data bases		373	(88)	285				(85)			373	(173)	199
Registration certificates for medicines		70,445	(26,579)	43,866	54,515	(563)	563	(25,069)			124,398	(51,085)	73,313
Research and development		14,473	(7,718)	6,755	293			(3,349)			14,766	(11,067)	3,699

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Movement of intangible assets in 2023

Narrative	Line code	As at 31/12/2022			Changes for the period					As at 31/12/2023			
		Initial cost	Accumulated amortisation and impairment losses	Net book value	Added	Disposed		Amortisation accrued	Revaluation		Initial cost	Accumulated amortisation and impairment losses	Net book value
						Initial cost	Accumulated amortisation		Initial cost	Accumulated amortisation			
Intangible assets - TOTAL	1111	27,822	(15,4256)	12,397	70,818	(11,296)	11,296	(31,506)			87,344	(35,636)	51,708
including													
Patents		2,195	(1,211)	984		(142)	142	(182)			2,053	(1,251)	802
Trademark and service mark		2,056	(1,894)	162		(2,056)	2,056	(162)					
Computer programmes, data bases					373			(88)			373	(88)	285
Registration certificates for medicines					70,445			(26,579)			70,445	(26,579)	43,866
Research and development		23,571	(12,320)	11,251		(9,098)	9,098	(4,495)			14,473	(7,718)	6,755

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Availability and movement of capital investments in intangible assets for 2024

Narrative	As at 31/12/2023		Changes for the period				As at 31/12/2024	
	Accumulated costs	Accumulated impairment	costs for the period	costs written off (recognised as expenses)	recognised as intangible assets	impairment for the period	Accumulated costs	Accumulated impairment
In-progress acquisition of intangible assets – total	54,858		72,243	1,281	54,808		71,012	
including:								
expenses on creating (acquiring) of intangible assets	54,858		54,650	1,281	54,808		53,419	
advance payments for capital investments in intangible assets			17,593				17,593	

Availability and movement of capital investments in intangible assets for 2023

Narrative	As at 31/12/2022		Changes for the period				As at 31/12/2023	
	Accumulated costs	Accumulated impairment	costs for the period	costs written off (recognised as expenses)	recognised as intangible assets	impairment for the period	Accumulated costs	Accumulated impairment
In-progress acquisition of intangible assets – total			54,858				54,858	
expenses on creating (acquiring) of intangible assets			54,858				54,858	
advance payments for capital investments in intangible assets								

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)**5.2. Fixed assets**

Information about fixed assets is shown in the Company's Balance Sheet in line 1150 "Fixed assets" with a breakdown into line 1151 "*Fixed assets put into operation*", line 1152 "*In-progress capital investments in fixed assets*", and line 1153 "*Right-of-use assets*":

Narrative	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Fixed assets other than investment property	1,829,036	1,915,896	2,135,076
Right-of-use assets	877	1,644	1,099
Capital expenditure on fixed asset items other than investment property	139,362	67,062	41,955
including: <i>materials and equipment held for capital investments in fixed assets</i>	17,559	10,947	14,480
<i>advances on investments in fixed assets</i>	39,345	11,687	13,403
Total for line 1150 "Fixed assets" of the B/S	1,969,275	1,984,602	2,178,130

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Presence and movement of fixed assets for 2024

Narrative	Line code	At the beginning of the year		Changes for the period			At the end of the period	
		Initial cost	Accumulated depreciation and impairment	Added	Disposed	Accumulated depreciation	Depreciation and impairment accrued	Initial cost
Fixed assets (excluding income-bearing investments in tangible assets) - total	1151	3,696,957	(1,781,061)	79,962	(51,977)	50,050	(164,895)	3,724,942
including:								
Buildings		1,680,425	(625,283)	31,736	(21,300)	19,899	(42,844)	1,690,861
Structures and transfer devices		156,285	(67,303)	11,912	(194)	194	(6,848)	168,003
Machinery and equipment		1,819,445	(1,079,344)	35,667	(30,483)	29,957	(114,003)	1,824,629
Transport vehicles		16,320	(6,084)				(581)	16,320
Production and maintenance tools		6,052	(3,047)	647			(619)	6,699
Land plots		18,430						18,430

Including impairment:

- total			(80,460)			1,069	(254)	
Buildings			(40,847)			142		
Structures and transfer devices			(450)				(32)	
Machinery and equipment			(39,163)			927	(222)	
								(79,645)
								(40,705)
								(482)
								(38,458)

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Presence and movement of fixed assets for 2023

Narrative	Line code	At the beginning of the year		Changes for the period				At the end of the period	
		Initial cost	Accumulated depreciation and impairment	Added	Disposed		Depreciation and impairment accrued	Initial cost	Accumulated depreciation and impairment
					Initial cost	Accumulated depreciation			
Fixed assets (excluding income-bearing investments in tangible assets) - total	1151	3,687,728	(1,552,652)	44,295	(35,066)	32,788	(261,197)	3,696,957	(1,781,061)
including:									
Buildings		1,698,572	(565,557)	5,269	(23,416)	21,772	(84,498)	1,680,425	(625,283)
Structures and transfer devices		153,540	(62,095)	4,484	(1,739)	1,496	(6,704)	156,285	(67,303)
Machinery and equipment		1,794,659	(918,640)	33,133	(8,347)	8,033	(168,737)	1,819,445	(1,079,344)
Transport vehicles		16,475	(6,932)	1,409	(1,564)	1,487	(639)	16,320	(6,084)
Production and maintenance tools		6,052	(2,428)				(619)	6,052	(3,047)
Land plots		18,430						18,430	

Including impairment:

- total		(1,105)					544	(79,899)		(80,460)
Buildings		(638)					399	(40,608)		(40,847)
Structures and transfer devices		(450)								(450)
Machinery and equipment		(17)					145	(39,291)		(39,163)

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

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

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

Narrative	as at 31 December 2024	As at 31 December 2023	as at 31 December 2022
Leased-out fixed assets (on-balance sheet) (carrying amount)	110,808	116,667	122,526
including investment property (carrying amount)	-	-	-
Fixed assets that have been temporarily shut down (carrying amount)	11,008	12,251	100,589

The Company transferred premises and equipment under lease contracts. The majority of these fixed assets were transferred under a lease contract with Stroy-Gaz-Service LLC to service heating needs of Biosintez PJSC (RUB 106,338 thousand).

Information about real estate items without state registration:

Narrative	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022
1	2	3	4
Buildings	-	81	348
Structures and transfer devices	37,624	28,986	31,574
TOTAL	37,624	29,067	31,922

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Information about the composition and movement of in-progress capital investments is reported in line 1152 of the Balance Sheet for 2023-2024:

The composition and movement of in-progress capital investments for 2024:

Narrative	Line code	At the beginning of the period	Accumulated impairment	Change for the period				At the end of the period
				Costs for the period	Written off	Recognised as fixed assets or increased costs	Impairment (recognised / reversed)	
Capital investments in fixed assets	1152	73,648	(6,586)	152,262		(79,962)		139,362
Including:								
equipment to be installed and materials in stock		15,964	(5,017)	6,613				17,560
reconstruction and modernisation of fixed assets		37,093		66,770		(43,647)		60,216
in-progress acquisition of other fixed assets		7,335		51,221		(36,315)		22,241
short-term accounts receivable on capital investments		13,256	(1,569)	27,658				39,345

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

The composition and movement of in-progress capital investments for 2023:

Narrative	Line code	At the beginning of the period	Accumulated impairment	Change for the period				At the end of the period
				Costs for the period	Written off	Recognised as fixed assets or increased costs	Impairment (recognised / reversed)	
Capital investments in fixed assets	1152	48,540	(6,585)	69,402		(44,295)	(2)	67,062
Including:								
equipment to be installed and materials in stock		19,497	(5,017)	(3,533)				10,947
reconstruction and modernisation of fixed assets		7,487		39,359		(9,753)		37,093
in-progress acquisition of other fixed assets		6,585		35,292		(34,542)		7,335
short-term accounts receivable on capital investments		14,971	(1,568)	(1,716)			(2)	11,687

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

5.3. Long-term financial investments

The long-term financial investments presented in line 1170 of the Balance Sheet comprise investments in the following Companies:

No.	Company name	Invested amount, thousand rubles			Share in share capital, %		
		31/12/2024	31/12/2023	31/12/2022	31/12/2024	31/12/2023	31/12/2022
1	JSC Biopreparat	2,000	2,000	2,000	5.8360	5.8360	5.8360
	Total:	2,000	2,000	2,000	5.8360	5.8360	5.8360

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

No dividends were accrued or paid in 2022-2024.

5.4. Deferred tax assets

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

Deferred tax assets are broken down below:

No.	Narrative	Amount as at 31/12/2024	Amount as at 31/12/2023	Amount as at 31/12/2022
1	Tax loss carried forward			25,926
2	Provisions for impairment of inventories, R&D	72,738	87,133	38,239
3	Provisions for payment of bonuses to customers	47,549	35,735	35,974
4	Provisions for recognition of expenses with regard to suppliers and contractors	15,238	3,101	2,706
5	Difference in recognition of foreign exchange losses	486	118	
6	Other deferred tax assets	2,897	1,866	1,404
	TOTAL	138,908	127,953	104,249

Deferred tax liabilities are broken down below:

No.	Narrative	Amount as at 31/12/2024	Amount as at 31/12/2023	Amount as at 31/12/2022
1	Fixed assets	140,712	119,623	150,293
2	Intangible assets and R&D	2,046	1,351	2,277
3	Difference in recognition of foreign exchange gains	638	119	19
4	Other deferred tax liabilities	361	22	9
	TOTAL	143,757	121,115	152,598

Netted result of lines 1180, 1420:

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

No.	Narrative	Amount as at 31/12/2024	Amount as at 31/12/2023	Amount as at 31/12/2022
1	Deferred tax assets		6,838	
2	Deferred tax liabilities	4,849		48,349

Changed deferred tax assets and liabilities due to the change in the income tax rate from 20% to 25% starting from 2025:

No.	Narrative	Line code	Amount as at 31/12/2024 at the rate of 20%	Effect of the rate change	Amount as at 31/12/2024 at the rate of 25%
1.	Deferred tax liabilities - total	1420	3,879	969	4,849
1.1	Provisions for impairment of inventories, R&D		(58,190)	(14,548)	(72,738)
1.2	Provisions for payment of bonuses to customers		(38,039)	(9,510)	(47,549)
1.3	Provisions for recognition of expenses with regard to suppliers and contractors		(12,190)	(3,048)	(15,238)
1.4	Difference in recognition of foreign exchange losses		(389)	(97)	(486)
1.5	Other deferred tax assets		(2,318)	(579)	(2,897)
1.6	Fixed assets		112,569	28,143	140,712
1.7	Intangible assets and R&D		1,637	409	2,046
1.8	Difference in recognition of foreign exchange gains		511	127	638
1.9	Other deferred tax liabilities		289	72	361

5.5. Other non-current assets

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

1. Line 1110 "Intangible assets";
2. Line 1150 "Fixed assets";
3. Line 1170 "Financial investments".

Information about other non-current assets:

No.	Narrative	Amount		
		31/12/2024	31/12/2023	31/12/2022
1	Prepaid expenses for the registration of pharmaceuticals			89,829
2	Certification and licensing			13
3	Other	344		1,455
	TOTAL	344	0	91,297

Biosintez PJSC

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

5.6. Inventories

Inventories are reported in the Balance Sheet as at the reporting date at carrying amount The carrying amount of inventories is their actual cost less impairment provision.

The movement of inventories and provision for their impairment for the reporting and preceding periods is shown in the table below:

Presence and movement of inventories in 2024:

Narrative	Line code	At the beginning of the period		Changes for the period					At the end of the period	
		cost	amount of provision for impairment	receipts and costs	disposed		impairment loss	inventory turnover between groups (types)	cost	amount of provision for impairment
Inventories - total	1210	1,714,595	(430,647)	1,909,458	(2,248,317)	167,758	(23,047)	X	1,375,736	(285,936)
including:										
raw materials, consumables and other similar assets	1211	1,017,894	(221,308)	1,054,608	(76,249)	17,813	(24,517)	(1,168,742)	827,511	(228,012)
work in progress costs	1212	97,399	(6,374)	821,442	(135,623)	12,069	(14,104)	(666,027)	117,191	(8,409)
finished products	1213	572,402	(185,147)		(2,026,691)	137,876	15,574	1,848,213	393,924	(31,697)
non-current assets for sale	1215	17,818	(17,818)					10,252	28,070	(17,818)
other inventories and costs	1214	9,082		33,408	(9,754)			(23,696)	9,040	

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Presence and movement of inventories in 2023:

Narrative	Line code	At the beginning of the period		Changes for the period					At the end of the period	
		cost	amount of provision for impairment	receipts and costs	disposed		impairment loss	inventory turnover between groups (types)	cost	amount of provision for impairment
Inventories - total	1210	1,606,387	(186,177)	2,318,068	(2,209,860)	21,119	(265,589)	X	1,714,595	(430,647)
including:										
raw materials, consumables and other similar assets	1211	873,095	(73,620)	1,528,410	(49,208)	2,419	(150,107)	(1,334,403)	1,014,894	(221,308)
work in progress costs	1212	65,237	(7,206)	766,899	(111,927)	4,769	(3,937)	(622,810)	97,399	(6,374)
finished products	1213	637,876	(87,533)		(2,048,725)	13,931	(111,545)	1,983,251	572,402	(185,147)
non-current assets for sale	1215	17,818	(17,818)		()				17,818	(17,818)
other inventories and costs	1214	12,361	()	22,759	()			(26,038)	9,082	()

Inventories include non-current assets for sale (equipment to be installed). As there are no potential customers for that equipment, a provision for impairment was established for 100% of its value.
The amounts of formed and reversed provisions for impairment of tangible assets are included in sales expenses (account 90).

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

5.7. Accounts receivable

Accounts receivable are presented in the Balance Sheet in line 1230 less bad debt provision.

Breakdown of accounts receivable

Narrative	Line code	As at 31/12/2024			As at 31/12/2023			As at 31/12/2022		
		Under a contract	Bad debt provision	Amount less bad debt provision	Under a contract	Bad debt provision	Amount less bad debt provision	Under a contract	Bad debt provision	Amount less bad debt provision
Long-term accounts receivable - total	1231	296		296	1,499		1,499	5,369		5,369
including buyers and customers										
advances paid		58		58	1,282		1,282	359		359
other debtors		238		238	217		217	5,010		5,010
Short-term accounts receivable - total	1232	1,291,747	(9,530)	1,282,217	1,224,081	(6,516)	1,217,565	994,398	(3,942)	990,456
including buyers and customers		1,194,317	(1,921)	1,192,396	1,122,653	(12)	1,122,641	921,407	(166)	921,241
advances paid		82,575	(2,757)	79,818	78,757	(1,661)	77,096	63,808	(3,730)	60,078
including advances to buy inventories		73,208	(2,757)	70,451	62,525	(1,661)	60,864	44,346	(3,730)	40,616
taxes and levies receivable from the budget		6		6	12,988		12,988			
other debtors		14,849	(4,852)	9,997	9,683	(4,843)	4,840	9,183	(46)	9,137
Total	1230	1,292,043	(9,530)	1,282,513	1,225,580	(6,516)	1,219,064	999,767	(3,942)	995,825

Notes to the Balance Sheet and the Statement of Financial Results

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

Narrative	Line code	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Short-term accounts receivable - total	1232	29,763	2,527	19,304
including buyers and customers		14,748	45	2,675
advances paid		15,010	2,477	16,629
other debtors		5	5	-
Total		29,763	2,527	19,304

Information about the movement of bad debt provision is given below

For 2024

Type of asset	Line code	At the beginning of the year	Provision established in the reporting year	Provision charged to other income of the reporting period	Provisions used in the reporting year	At the end of the period
Short-term accounts receivable - total	1232	6,516	13,086	(9,982)	(90)	9,530
including buyers and customers		12	2,031	(122)		1,921
advances paid		1,661	11,046	(9,860)	(90)	2,757
other debtors		4,843	9			4,852
TOTAL		6,516	13,086	(9,982)	(90)	9,530

For 2023

Type of asset	Line code	At the beginning of the year	Provision established in the reporting year	Provision charged to other income of the reporting period	Provisions used in the reporting year	At the end of the period
Short-term accounts receivable - total	1232	3,942	27,967	(25,373)	(20)	6,516
including buyers and customers		166	2	(147)	(9)	12
advances paid		3,730	23,165	(25,223)	(11)	1,661
other debtors		46	4,800	(3)		4,843
TOTAL		3,942	27,967	(25,373)	(20)	6,516

5.8. Cash

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

No.	Narrative	as at 31/12/2024	as at 31/12/2023	as at 31/12/2022
1	Cash on hand	3	1	

Notes to the Balance Sheet and the Statement of Financial Results

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No.	Narrative	as at 31/12/2024	as at 31/12/2023	as at 31/12/2022
2	Cash on bank accounts in rubles	34,527	137,013	109,478
	TOTAL B/S line 1250	34,530	137,014	109,478
	Balance of cash in the Statement of Cash Flows (lines 4450, 4500)	34,530	137,014	109,478

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

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

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

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

Narrative	Line code	For 2024	For 2023
Cash flows from operating activities			
Other receipts	4119	31,435	40,378
Received fines and damages		874	311
Receipts of interest under bank account contracts		11,783	5,739
Receipts of interest on deposits (deposit period up to 3 months)		1,863	7
Receipt of subsidies from the federal budget		3,052	13,726
Result of VAT transactions			20,575
Tax refund		13,442	
Other		421	20
Other payments	4129	(60,251)	(55,608)
Internal receivables from employees (funds provided for current needs)		(1,965)	(2,254)
Paid fines and damages		(14)	(22)
State duties		(104)	(10,118)
Gain/loss on foreign currency exchange transactions		(3,001)	(2,062)
Bank services		(3,338)	(2,595)
Social payments		(829)	(676)
Taxes (except for individual income tax, income tax) and tax-related fines		(47,407)	(37,035)
Loans provided to employees		(3,593)	(846)

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

The following items are presented on a net basis:

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

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

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

Line 4122 "Payments for wages and salaries" of the Cash Flow Statement reflects amounts paid for wages and salaries, individual income tax and social charges credited to the unified tax account, compensations of expenses on preventive measures aimed to reduce workplace injuries and occupational diseases as well as of expenses on health resort treatment of employees, in the following amounts:

Narrative	Line code	For 2024	For 2023
Payments for wages and salaries, including:	4122	(768,033)	(695,171)
Labour costs		(494,922)	(435,067)
Amount withheld from salary and paid to third parties (alimony, writs of execution etc.)		(16,932)	(21,942)
Individual income tax		(75,781)	(66,986)
Insurance contributions to non-budgetary funds		(180,398)	(171,176)

5.9. Other current assets

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

No.	Narrative	Amount		
		As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
1	Monetary documents (postage stamps, envelopes, employee catering cards, vacation packages)	406	32	60
	TOTAL	406	32	60

5.10. Share capital

The share capital of the Company, according to the Articles of Association, makes up RUB 286,283 as at 31/12/2022.

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

The share capital has been paid in full. No share capital changes were made in 2023 or 2024.

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

5.11. Additional capital (without revaluation)

The movement of the additional capital in 2023-2024 is presented in the Statement of Changes in Equity. Additional capital has the following structure:

Narrative	Line code	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Additional capital (without revaluation) total	1350	1,820,840	1,820,840	1,820,840
including:				

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Narrative	Line code	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Contributions from founders that do not increase the Company's share capital		1,820,840	1,820,840	1,820,840

Line 1350 of the Balance Sheet includes the amount of debt forgiven by the founder, Sun Pharma (Netherlands) B.V., under loans in December 2022: principal of RUB 1,500,153 thousand and accrued interest of RUB 320,687 thousand totalling RUB 1,820,840 thousand. The debt forgiveness is reflected as additional capital in accordance with the IFRS requirements and the substance over form principle.

5.12. Reserve capital

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

The reserve fund had the following structure in 2023-2024:

Narrative	Line code	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Reserves in accordance with the legislation	1360	14	14	14
TOTAL	1360	14	14	14

5.13. Retained earnings (uncovered loss)

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

On 28 June 2024 the sole shareholder decided to leave profit for 2023 at the disposal of Biosintez PJSC.

Item	Amount for 2022
Profit for 2023	181,784
dividend payment	-
retained earnings	181,784

As at the date of the financial statements, there were no decisions of the sole shareholder to distribute the profit for 2024.

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

Narrative	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Retained earnings (uncovered loss), TOTAL	1,662,852	1,209,443	1,028,444
including:			
Retained earnings (loss) of prior years	1,209,443	1,028,444	916,351
Retained earnings (loss) of the reporting year	453,409	181,784	112,093

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Narrative	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Expenses directly attributable to equity – one-off adjustments due to the first-time adoption of RFAS 14/2022, total		(785)	
<i>including: adjustments (writing-off) of intangible assets that do not meet the recognition criteria</i>		(785)	

5.14. Deferred tax liabilities

Deferred tax liabilities as at 31 December 2024, 31 December 2022 are netted with deferred tax assets in B/S line 1420. As at 31 December 2023 they are netted in B/S line 1180. Information is provided in clause 5.4. hereof.

5.15. Loans and borrowings

Information about the Company's outstanding loans and borrowings and their movement is as follows:

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

For 2024

Narrative	Line code	At the beginning of the year	Changes for the period				Exchange difference	At the end of the period
			Received	Interest accrued	Principal repayment	Interest repayment		
Long-term borrowings - total	1410							504,800
Loans	1411							504,800
Short-term borrowings - total	1510	1,174,366		102,571	(635,200)	(119,140)		17,797
Loans	1511	1,140,000			(635,200)			
Interest on loans	1512	34,366		102,571		(119,140)		17,797

For 2023

Narrative	Line code	At the beginning of the year	Changes for the period				Exchange difference	At the end of the period
			Received	Interest accrued	Principal repayment	Interest repayment		
Long-term borrowings - total	1410	1,530,000			(390,000)			
Loans	1411	1,530,000			(390,000)			
Short-term borrowings - total	1510	23,938		100,619		(90,191)		1,174,366
Loans	1511							1,140,000
Interest on loans	1512	23,938		100,619		(90,191)		34,366

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Main loans and borrowings

Narrative	Line code	Annual interest rate	Maturity	As at 31/12/2024			As at 31/12/2023			As at 31/12/2022		
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total
Long-term borrowings – total	1410			504,800		504,800				1,530,000		1,530,000
Loans (lender – JSC Ranbaxy)	A			504,800		504,800				1,530,000		1,530,000
19-БИО-362 dated 12/12/2019		Key rate*0.75	31/12/2026	504,800		504,800				1,530,000		1,530,000
Short-term borrowings – total	1510				17,797	17,797	1,140,000	34,366	1,174,366		23,938	23,938
Loans (lender – JSC Ranbaxy)	A				17,797	17,797	1,140,000	34,366	1,174,366		23,938	23,938
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/01/2023								6,354	6,354
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/03/2023								13,935	13,935
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/06/2023								2,851	2,851
19-БИО-362 dated 12/12/2019		Key rate*0.75	31/07/2023								798	798
19-БИО-362 dated 12/12/2019		Key rate*0.75	31/12/2024				1,140,000		1,140,000			
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/01/2024					8,684	8,684			
19-БИО-362 dated 12/12/2019		Key rate*0.75	28/02/2024					7,821	7,821			
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/03/2024					10,361	10,361			
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/06/2024					5,846	5,846			
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/07/2024					1,654	1,654			
19-БИО-362 dated 12/12/2019		Key rate*0.75	28/02/2025		271	271						
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/03/2025		15,138	15,138						
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/06/2025		2,388	2,388						

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

The cost of borrowings is included in other expenses; in the reporting periods 2023-2024 no cost of borrowings was included in the value of investment assets.

5.16. Accounts payable

Information about the structure of accounts payable is presented below.

Narrative	Line code	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Other liabilities - long-term accounts payable	1450	952	1,679	1,112
including: long-term lease liabilities		952	1,679	1,112
Short-term accounts payable - total	1520	269,063	304,346	132,558
including:				
suppliers and contractors	1521	175,506	200,218	68,932
payables to company employees	1522	21,294	19,414	18,166
payables to state non-budgetary funds	1523	15,984	13,596	12,536
charge and tax payables	1524	51,298	63,769	30,739
including value-added tax		26,180	26,856	16,880
advances received	1525	1,661	3,081	935
other creditors	1526	3,320	4,268	1,250
short-term lease liabilities		3	19	10
Total		270,015	306,025	133,670

5.17. Government assistance

Information about government assistance is as follows:

Narrative	For 2024	For 2023
Public funds received – total	3,052	13,726
including for current expenses (reimbursement of expenses for exported cargo carriage)		13,726
for capital expenses related to intangible assets (registration of pharmaceuticals)	3,052	

5.18. Estimated liabilities, contingent liabilities and contingent assets

Information about estimated liabilities is as follows:

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)**For 2024**

Narrative	At the beginning of the year	Recognised	Repaid	Written off as surplus amount	At the end of the year
		amount recognised in the reporting period			
Total	231,484	664,573	(647,936)		248,121
including:					
Estimated liabilities for vacation payments to employees	51,540	66,002	(60,353)		57,189
Provision for settlements with contractors	1,268	2,546	(3,078)		736
Provision for bonuses to customers	178,676	596,025	(584,505)		190,196

For 2023

Narrative	At the beginning of the year	Recognised	Repaid	Written off as surplus amount	At the end of the year
		amount recognised in the reporting period			
Total	229,405	693,060	(622,658)	(68,323)	231,484
including:					
Estimated liabilities for vacation payments to employees	48,886	58,594	(55,940)		51,540
Provision for settlements with contractors	648	2,590	(1,970)		1,268
Provision for bonuses to customers	179,871	631,876	(564,748)	(68,323)	178,676

Contingent liabilities and contingent assets*Legal proceedings*

As at 31/12/2024 the Company was not a defendant in any legal proceedings.

Transfer pricing

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. Transfer pricing legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. Management has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices and legislative restrictions. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of such developments cannot be reliably estimated, however it may be significant to the financial position and/or performance of the Company. The management is resolutely determined to stand for the Company's position on transfer pricing.

As at the reporting date, the management believes that the Company does not have contingent liabilities related to tax risks, the probability of which is estimated as "higher than small". The management is determined to be resolute in standing for the Company's approach in calculating tax amounts disclosed in these financial statements should such approach be challenged by tax authorities.

According to the estimates of the Company's management, such contingent liabilities will not entail any losses.

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Contingent assets

In the reporting period the Company did not present any claims in any major litigation.

5.19. Lease contracts

The lessee's leases

The Company received assets in lease (land) intended to place real estate items used for production of finished products and for general business needs.

The Company also leases assets (land) that cannot bring economic benefits (not recognised as a right-of-use asset).

Leased assets recognised by the entity as a right-of-use asset and information about the movement of right-of-use assets:

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

The availability and movement of right-of-use assets for 2024:

Narrative	Line code	At the beginning of the period			Changes for the period							At the end of the period			
		Historical (actual) cost	Accumul ated depreciat ion	Accumul ated impairme nt	Disposed			Impairment				Change in historical cost due to revaluation of the lease liability	Historical (actual) cost	Accumulat ed depreciati on	Accumul ated impairme nt
					Added	Historical (actual) cost	Accumulated depreciation	Accumulat ed impairment	Deprecia tion accrued	Recognised (reversed)	Reduced by depreciati on amount				
Fixed assets (other than investment property) - total	1153	1,724	(80)			(740)				(27)			984	(107)	
including:															
Land plots		1,724	(80)			(740)				(27)			984	(107)	

The availability and movement of right-of-use assets for 2023:

Narrative	Line code	At the beginning of the period			Changes for the period							At the end of the period			
		Historical (actual) cost	Accumul ated depreciat ion	Accumul ated impairme nt	Disposed			Impairment			Change in historical cost due to revaluation of the lease liability	Historical (actual) cost	Accumul ated depreciat ion	Accumul ated impairme nt	
					Added	Historical (actual) cost	Accumulated depreciation	Accumulat ed impairment	Deprecia tion accrued	Recognised (reversed)					Reduced by depreciati on amount
Fixed assets (other than investment property) - total	1153	1,131	(32)		593					(48)			1,724	(80)	
including:															
Land plots		1,131	(32)		593					(48)			1,724	(80)	

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Information about the revision of the useful lives of leased assets and/or lease payments:

For 2024

Group of right-of-use assets	Useful lives (number of years)	Annual lease payments (thousand rubles)
113	49	113

For 2023

Group of right-of-use assets	Useful lives (number of years)	Annual lease payments (thousand rubles)
Land plots	49	108

There are no lease contracts with the term less than 12 months.

Lease liabilities

Information about lease liabilities is presented in the table below:

Narrative	31/12/2024	31/12/2023	31/12/2022
Short-term lease liabilities (B/S line 1526)	3	18	10
Long-term lease liabilities (B/S line 1450)	952	1,679	1,112
Total lease liabilities	955	1,697	1,122

Interest on lease liabilities

Narrative	2024	2023
Interest accrued on lease liabilities that was included in other expenses (line 2350 of the Statement of Financial Results)	111	91
Interest accrued on lease liabilities included in the value of fixed assets under construction and investment property (line 1150 of the Balance Sheet)	-	-
Total interest accrued on lease liabilities	111	91

Information about lease contracts with no right-of-use assets and lease liabilities recognised:

Narrative	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Leased fixed assets - TOTAL	26,657	26,657	19,754
Land	26,657	26,657	19,754

The list of land plots leased by the Company with no right-of-use assets and lease liabilities recognised:

No.	Location of the land plot	Area	Cadastral value	Lessor	Remained term of lease, months
1	11 Podlesny, Penza, Penza Region	900	884	Municipal Property Management Committee of the Administration of Penza	374
2	9 Podlesny, Penza, Penza Region	900	884		374

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

3	10 Podlesny, Penza, Penza Region	900	884		374
4	3 Podlesny, Penza, Penza Region	900	884		374
5	4 Podlesny, Penza, Penza Region	900	884		374
6	5 Podlesny, Penza, Penza Region	900	884		374
7	6 Podlesny, Penza, Penza Region	900	884		374
8	7 Podlesny, Penza, Penza Region	900	884		374
9	8 Podlesny, Penza, Penza Region	900	885		374
10	12 Podlesny, Penza, Penza Region	900	885		374
11	13 Podlesny, Penza, Penza Region	900	885		374
12	4 Druzhby St., Penza, Penza Region	4,416	4,172	Interregional Territorial Administration of the State Property Management Federal Agency in the Republic of Mordovia, Republic of Mari El, Chuvash Republic and Penza Region	360
13	4 Druzhby St., Penza, Penza Region	2,293	2,608		360
14	4 Druzhby St., Penza, Penza Region	2,710	4,120		360
15	4 Druzhby St., Penza, Penza Region	1,603	2,534		360
16	4 Druzhby St., Penza, Penza Region	1,402	3,496		360
	TOTAL	22,324	26,657		

Leased land plots are presented in the financial statements at cadastral value off-balance sheet.

The lessor's leases

Operating lease income is recognised on a straight-line basis.

Biosintez PJSC transferred buildings and equipment in operating lease to its contractors for production needs of Biosintez PJSC and its employees (the gate house (236/246) intended for employees to enter the premises, the boiler house intended for heat generation, the café intended for catering needs of employees of Biosintez PJSC). Information about the carrying amount of the assets is presented in section 5.2 hereof.

Lease income and expenses are recognised by the lessor in other income and are disclosed in section 6.5 hereof.

5.20. Off-balance sheet inventories

Information about off-balance sheet inventories is as follows.

Narrative	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Inventories accepted for custody	776	571	329
Inventories accepted for processing	1,343	9,329	858
TOTAL	2,119	9,900	1,187

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

5.21. Collateral and surety issued and received

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

Narrative	As at 31/12/2024	As at 31/12/2023	As at 31/12/2022
Collateral and surety received, total:			12,100
including bank guarantees			12,100
Collateral and surety issued, total:	205,754	1,244,136	5,000
including <i>pledge of property and property rights</i>	5,000	5,000	5,000
<i>surety</i>	200,754	1,238,836	
<i>security payment</i>		300	

Information about sureties granted is presented below:

Sureties granted (in the amount of the debt):

Names of organizations sureties are granted for	Nature of liabilities sureties are granted for	Term of the surety	Nature of relationship with the organization	Amount of the surety		
				as at 31/12/2024	as at 31/12/2023	as at 31/12/2022
JSC Ranbaxy	Surety under a loan facility agreement with PJSC Sberbank, the limit of RUB 1,000,000 thousand	09/02/2026	related parties	102,419	794,154	
JSC Ranbaxy	Surety under a loan facility agreement with PJSC Sberbank, the limit of RUB 1,000,000 thousand	09/02/2026	related parties	98,335	444,682	
Total				200,754	1,238,836	-

6. Notes to the Statement of Financial Results**6.1. Income from ordinary activities**

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

Narrative	Line code	For 2024	For 2023
Sale of pharmaceuticals for export	2111	422,207	496,478
Sale of pharmaceuticals on the domestic market	2111	2,869,205	2,775,894
Other sales	2112	29,299	25,253
Total revenue	2110	3,320,711	3,297,625

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

6.2. Expenses for ordinary activities

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

Narrative	Line code	For 2024	For 2023
Sale of pharmaceuticals for export	2121	286,190	366,341
Sale of pharmaceuticals on the domestic market	2121	1,625,540	1,933,004
Other sales	2122	11,827	9,934
Total cost of sales	2120	1,923,557	2,309,279

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

Narrative	For 2024	For 2023
Maintenance of the executive office	15,894	14,793
Transportation of products to destination	47,051	42,880
Expenses of warehouses of finished products	40,204	31,379
Non-capital expenses related to the improvement of technology and organisation of work	1,696	38,304
Expenses for the current market research	74,293	3,622
Advertising	1,120	2,417
Depreciation	28,562	4,677
Other selling expenses	5,890	3,931
Total selling expenses	214,710	142,003

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

Narrative	For 2024	For 2023
Material costs	59,390	51,344
Payroll costs	208,278	188,376
Social charges	55,394	48,814
Depreciation	16,895	15,445
Expenses for quality and certification	39,558	25,239
Expenses for maintaining warehouses for raw materials and consumables	33,058	15,609
Other	84,603	80,357
Total administrative expenses	497,176	425,184

Expenses for ordinary activities by cost item are as follows:

Narrative	For 2024	For 2023
Material costs*	1,243,504	1,814,326

Biosintez PJSC

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Narrative	For 2024	For 2023
Payroll costs	607,802	541,004
Insurance contributions to non-budgetary funds	167,157	147,389
Amortisation	187,291	173,714
Other expenses	254,660	69,939
including repair of fixed assets	16,955	4,990
representation expenses	30	5
Total by cost items	2,628,172	2,746,372
Changes in inventories and expenses (- increase, + decrease)	+ 7,271	+ 130,094
Total expenses for ordinary activities	2,635,443	2,876,466

* including the cost of purchased energy of all types (electrical and heat energy, compressed air, cold, etc.) consumed for technological, power, motor, and other operational and economic needs of the entity.

6.3. Interest receivable

Narrative	2024	2023
Interest on bank deposits and for keeping cash in banks	13,540	5,851
Total for line "Interest receivable" in the Statement of Financial Results	13,540	5,851

6.4. Interest payable

Narrative	2024	2023
Interest on loans received	102,571	100,619
Total for line "Interest payable" in the Statement of Financial Results	102,571	100,619

6.5. Other income and expenses

The other income and expenses for 2023 – 2024 shown in lines 2340 and 2350 of the Statement of Financial Results, respectively, are as follows:

No.	Narrative	For 2024	For 2023
1	Other income	21,836	35,773
1.1.	Property sale:	10,878	12,009

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

No.	Narrative	For 2024	For 2023
1.1.1.	<i>Sale of raw materials and consumables</i>	10,439	11,466
1.1.2.	<i>Sale of fixed assets</i>	439	543
1.2.	Income from the lease of property	4,005	4,020
1.3.	Exchange differences	1,321	
1.4.	Donated property	31	1
1.5.	Surpluses identified during stocktaking	156	476
1.6.	Overdue accounts payable	6	93
1.7.	Subsidies	2,017	14,271
1.8.	Other income	3,422	4,903
2	Other expenses	(46,948)	(130,747)
2.1.	Foreign currency sale and purchase expenses	(3,001)	(2,062)
2.2.	Exchange differences		(8,384)
2.3.	Accrual (reversal) of provisions	(3,102)	(2,596)
2.4.	Services of credit institutions	(3,345)	(2,659)
2.5.	Depreciation of fixed assets temporarily shut down		(6,325)
2.5.1.	Other expenses	(37,500)	(108,721)
2.5.2.	<i>including expenses resulting from the write-off of finished products with an expired shelf life</i>	(11,461)	(9,598)
2.5.3.	<i>social expenses</i>	(15,006)	(10,058)
2.5.4.	<i>property tax</i>	(2,784)	(3,583)
2.5.5.	<i>changes in accounting estimates of fixed assets</i>	(254)	(79,899)
2.5.6.	<i>other expenses</i>	(7,995)	(5,583)

6.6. Income tax

Income tax for tax purposes (current income tax – line 2410 of the Statement of Financial Results) is determined on the basis of provisional income tax expense/benefit adjusted for the permanent tax liability, deferred asset and deferred tax liability.

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

No.	Narrative	For 2024	For 2023
1.	Profit (loss) before tax according to book data	571,125	231,417
2.	Income tax rate, %	20	20
3.	Provisional income tax expense (benefit)	114,225	46,283
4.	Permanent tax liability (asset)	2,521	3,350
5.	Deferred tax asset (DTA)	(16,826)	23,704
6.	Deferred tax liability (DTL)	6,109	31,464
7.	Current income tax (current tax loss)	106,029**	104,801
8.	Deferred income tax (with no effect on the current amount of the income tax for the reporting period), including	(1,357)	(8,611)
9.	conditioned by adjustments of deferred income assets and liabilities of the previous years	(388)	(8,611)

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

10.	conditioned by changes in taxation rules, changes in applied tax rates	(969)	
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* including income tax for 2022 in the amount of RUB 21 thousand as per the amended tax return.

* including income tax for 2024 in the amount of RUB 29 thousand as per the amended tax return.

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

No.	Narrative	For 2024	For 2023
1.	Permanent differences, including:	12,604	16,749
1.1.	social expenses	11,473	8,170
1.2.	writing-off of inventories and other assets	4,104	5,704
1.3.	Donated property, services	3,272	2,454
1.4.	Expenses for writing off raw materials and consumables (of previous years)	(8,471)	
1.5.	Other	2,226	421
2.	Temporary (taxable) differences, including:	30,546	157,319
2.1.	fixed assets	35,273	153,349
2.2.	Intangible assets, R&D	(1,430)	4,530
2.3.	other	(3,297)	(560)
3.	Temporary (deductible) differences, including:	(84,132)	118,520
3.1.	Tax loss carried forward (recognised to decrease the tax base)		(129,630)
3.2.	accrual (reversal) of provision for settlements with contractors	45,445	1,976
3.3.	accrual (reversal) of bad debt provision	1,102	2,730
3.4.	Accrual (reversal) of provisions for impairment of inventories	(144,712)	244,469
3.5.	accrual (reversal) of provision for bonuses to customers	11,520	(1,194)
3.6.	other	2,513	169

6.7. Disclosure of information about earnings per share

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

For 2024	For 2023
214,712	214,712

Basic earnings per share

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

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

Narrative	2024	2023
Earnings (loss) of the reporting period left after tax and other mandatory payments, RUB	453,409,277.40	181,783,711.11
Dividends on preferred shares accrued to their holders for the reporting period	-	-

Biosintez PJSC**Notes to the Balance Sheet and the Statement of Financial Results****for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)**

Narrative	2024	2023
Basic earnings (loss) of the reporting period, RUB	453,409,277.40	181,783,711.11
Weighted average number of ordinary shares	214,712	214,712
Basic earnings (loss) per one share, RUB	2,111.71	846.64

Diluted earnings (loss) per share

The Company has no items diluting its earnings, as a result the diluted earnings per share equal the basic earnings per share.

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

7. Other notes**7.1. Information about discontinued operations**

The Company did not make any decisions to discontinue operations in 2024.

7.2. Related parties

The list of the main related parties for 2023-2024 and relevant information are given below:

Nature of relationship with related parties

Group	Nature of relationship*		Change in related parties
Name of related party	For 2024	For 2023	
Predominant (participating) companies			
Sun Pharma (Netherlands) B.V.	B	B	
Key management personnel: Members of the Board of Directors			
Arun Kumar Rajput - chairman	B	B	
Viswanathan Sethuraman	B	B	
Sergey Lepetan	B	B	
Arvind Abrol	B	B	
Alexander Voloshinov	B	B	
General Director Dmitry Boldov	B	B	
Other related parties			
SUN PHARMACEUTICAL INDUSTRIES LIMITED, India	B	B	
JSC Ranbaxy, Moscow	C	C	

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

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

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

The Company belongs to the SUN PHARMACEUTICAL INDUSTRIES LIMITED group of companies, India.

The list of related parties of SUN PHARMACEUTICAL INDUSTRIES LIMITED as at 31 March 2024 is presented in the group's consolidated financial statements on the company's website

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

There were no material changes in the group structure as at 31 December 2024.

Biosintez PJSC

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

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

Remuneration to key management personnel

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

No.	Narrative	For 2024	For 2023
1	Short-term remunerations – the amounts to be paid during the reporting period, and 12 months after the reporting date (payroll for the reporting period, taxes and other mandatory payments to the corresponding budgets and non-budgetary funds accrued thereon, annual paid leave for work in the reporting period, payment for medical treatment, health services, utilities and other payments to the benefit of the key management personnel)	30,807	33,055
	TOTAL	30,807	33,055

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

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

Related party transactions for 2023-2024:

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Related party transactions for 2024

Item (name of related party)	Type of transaction	Outstanding as at 31 December 2023 (Debit +, Credit -)	Receipt of goods, acceptance of works and services	Repayment of indebtedness	Debt forgiveness by the creditor	Outstanding as at 31 December 2024 (Debit +, Credit -)		Bad debt provision as at the end of the reporting period	Type of settlement
						within 12 months	over 12 months		
<i>Other related parties</i>									
JSC Ranbaxy, Moscow	Sale of medicines	23,576	496,725	(395,902)		124,399			non-cash
JSC Ranbaxy, Moscow	Sale of services		13,733	(12,669)		1,064			non-cash
JSC Ranbaxy, Moscow	Reimbursement of expenses under a service contract		182	(182)					non-cash
JSC Ranbaxy, Moscow	Loan receipt	(1,174,366)	(102,571)	754,340		(17,797)	(504,800)		non-cash
JSC Ranbaxy, Moscow	Surety	(1,238,836)		1,038,082		(200,754)			off-balance transactions
Sun Pharmaceutical Industries Ltd., India	Purchase of goods, works, services	(94,687)	(75,941)	149,930		(20,698)			non-cash
Total		(2,484,313)	332,128	1,533,599		(113,786)	(504,800)		

Biosintez PJSC

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for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Related party transactions for 2023

Item (name of related party)	Type of transaction	Outstanding as at 31 December 2022 (Debit +, Credit -)	Receipt of goods, acceptance of works and services	Repayment of indebtedness	Debt forgiveness by the creditor	Outstanding as at 31 December 2023 (Debit +, Credit -)		Bad debt provision as at the end of the reporting period	Type of settlement
						within 12 months	over 12 months		
<i>Other related parties</i>									
JSC Ranbaxy, Moscow	Sale of medicines	3,704	168,239	(148,367)		23,576			non-cash
JSC Ranbaxy, Moscow	Sale of services		16,278	(16,278)					non-cash
JSC Ranbaxy, Moscow	Reimbursement of expenses under a service contract		288	(288)					non-cash
JSC Ranbaxy, Moscow	Loan receipt	(1,553,938)	(100,619)	480,191		(1,174,366)			non-cash
JSC Ranbaxy, Moscow	Purchase of goods, works, services		(181)	181					non-cash
JSC Ranbaxy, Moscow	Surety		(3,067,175)	1,828,339		(1,238,836)			off-balance transactions
Sun Pharmaceutical Industries Ltd., India	Purchase of goods, works, services	(9,330)	(217,940)	132,583		(94,687)			non-cash
Total		(1,559,564)	(3,201,110)	2,276,361		(2,484,313)			

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

7.3. Subsequent events

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

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

7.4. Tax legislation

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

The Company's management believes that as of 31 December 2024 their interpretation of the relevant legislation was appropriate, and the Company's financial position given the applicable tax, foreign exchange and customs legislative environment is highly likely to be sustained.

Information about accrued and paid taxes is given below:

Biosintez PJSC

Notes to the Balance Sheet and the Statement of Financial Results

for the year ended 31 December 2024 (in thousand Russian Rubles unless otherwise stated)

Narrative	For 2024		for 2023	
	Accrued*	Paid**	Accrued*	Paid**
Total taxes and duties:	522,061	532,143	435,884	401,797
including:				
Federal budget - total	211,988	214,280	148,891	135,144
VAT	120,071	120,746	65,946	55,971
Income tax	15,904	17,753	15,720	12,187
Individual income tax	76,013	75,781	67,225	66,986
Budgets of the constituent entities of the Russian Federation - total	116,107	126,675	116,396	97,115
Income tax	90,124	100,603	89,081	69,061
Property tax	25,875	25,961	27,190	27,926
Transport tax	108	111	125	128
Local budgets – total	8,566	8,176	7,006	7,006
Land tax	8,566	8,176	7,006	7,006
Insurance contributions to non-budgetary funds	185,400	183,012	163,591	162,532

* The tax amount payable by the entity to the budget for the current period (including liabilities, under which the entity acts as the tax agent, penalties, fines, amended tax returns)

** The tax amount actually paid by the entity for the reporting period, less refunds and reimbursements

25 March 2025

General Director of Biosintez PJSC

D.V. Boldov

Chief Accountant at Biosintez PJSC

T.Y. Tefanova