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 2025, 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, 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 2025, 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 Russian ethical requirements, including the Rules of Independence of Auditors and Audit Organisations and the Code of Professional Ethics of Auditors, including requirements regarding independence, that are used for the audit of financial statements of public interest entities, as well as with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). 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 - Section 2.24 “Income recognition” and Section 5.1 “Income from ordinary activities” of the Notes to the Balance Sheet and the Statement of Financial Results for the year ended 31 December 2025

In the course of the audit we paid special attention to revenue recognition as there were various revenue streams with different recognition, risk and benefit sharing principles; and recognition of rebates and bonuses to pharmacy chains due to their considerable influence on the revenue and items of the financial statements related to it.

We evaluated the consistency of application of the accounting policies in the recognition of revenue, in terms of various types of revenue, as well as recognition of rebates and bonuses to pharmacy chains. Our audit procedures with respect to the risk of material misstatement of revenue, rebates and bonuses included, in particular, evaluation of controls; assessment of the risk of fraud or error; and substantive procedures carried out on a test basis in terms of transactions of payment and recording of rebates and bonuses; analysis of the regulation on accounting of liabilities with pharmacy chains and distributors and other by-laws governing the procedure for calculating rebates and bonuses to pharmacy chains and distributors; checking of the completeness of information disclosed with regard to revenue recognition in the financial statements.

Information about the revenue recognition methods applied is provided in Section 2.24 “Income recognition” of the Notes to the Balance Sheet and the Statement of Financial Results for the year ended 31 December 2025; revenue value parameters are disclosed in the Statement of Financial Results for 2025 as well as in Section 5.1 “Income from ordinary activities” of the Notes to the Balance Sheet and the Statement of Financial Results for the year ended 31 December 2025.

Other Information

Management is responsible for the other information. The other information comprises the annual report of Biosintez PJSC for 2025 and securities issuer’s report of Biosintez PJSC for the 12 months of 2025 (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 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 2025 and securities issuer’s report of Biosintez PJSC for the 12 months of 2025, 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.

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 No. 107/24 dated 01 November 2024	Denislam Rinatovich Zakirov (registration number 21906101698)

Date of the independent auditor's report 25 March 2026

Audited entity

Name:

Biosintez Public Joint Stock Company (Biosintez PJSC).

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.

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 organisations of the self-regulatory organisation of auditors 11506030481.

Appendix No. 3
to Federal Accounting Standard RFAS 4/2023 "Accounting (Financial) Statements," approved by Order of the Ministry of Finance of the Russian Federation No. 157n dated 04 October 2023

Balance Sheet
as at 31 Decembe 20 25

Entity **Biosintez Public Joint Stock Company**

Measurement unit: RUB thousand

Note	Narrative	Code	As at 31 December 20 25	As at 31 December 20 24	As at 31 December 20 23
	ASSETS				
	I. Non-current assets				
4.1	Intangible assets	1110	174,264	148,915	106,566
	including: *intangible assets put into operation*	1111	91,732	77,903	51,708
	capital investments in intangible assets	1112	82,532	71,012	54,858
4.2	Fixed assets	1150	2,133,562	1,969,328	1,984,655
	including: *Fixed assets put into operation*	1151	1,741,925	1,829,089	1,915,949
	capital investments in fixed assets	1152	390,988	139,362	67,062
	Right-of-use asset	1153	649	877	1,644
	Investment property	1160	0	0	0
4.3	Financial investments	1170	2,000	2,000	2,000
4.4	Deferred tax assets	1180	2,256		6,825
4.5	Other non-current assets	1190	379	344	0
	Total for Section I	**1100**	**2,312,461**	**2,120,587**	**2,100,046**
	II. Current assets				
4.6	Reserves	1210	1,190,488	1,079,548	1,283,948
	including: *raw and other materials and other similar valuables*	1211	561,620	607,119	804,130
	costs in work-in-process	1212	78,475	108,782	91,025
	finished products and goods for resale	1213	541,345	362,227	387,255
	other reserves and costs	1214	9,048	1,420	1,538
4.7	Non-current assets for sale	1215	0	10,252	0
	Value added tax on acquired valuables	1220	6,974	3,935	3,489
4.8	Accounts receivable	1230	1,215,809	1,282,513	1,219,064
	Financial investments (excluding cash equivalents)	1240	0	0	0
4.9	Cash and cash equivalents	1250	123,376	34,530	137,014
4.10	Other current assets	1260	481	406	32
	Total for section II	**1200**	**2,537,128**	**2,411,184**	**2,643,547**
	BALANCE	1600	**4,849,589**	**4,531,771**	**4,743,593**

Note	Narrative		As at 31 December 20 25	As at 31 December 20 24	As at 31 December 20 23
	EQUITY AND LIABILITIES				
	III. EQUITY				
4.11	Share capital	1310	286	286	286
	Treasury shares owned by the company, shareholders' debt for payment of shares	1320	(0)	(0)	(0)
	Accumulated revaluation of non-current assets	1340	0	0	0
4.12	Additional capital (without accumulated revaluation)	1350	1,820,840	1,820,840	1,820,840
4.13	Reserve capital	1360	14	14	14
4.14	Retained profit (uncovered loss)	1370	2,098,974	1,662,893	1,209,484
	Total for Section III	**1300**	**3,920,114**	**3,484,033**	**3,030,624**
	IV. Long-term liabilities				
4.16	Borrowed funds	1410	0	504,800	0
4.15	Deferred tax liabilities	1420		4,862	
	Estimated liabilities	1430	0	0	0
4.17	Other long-term liabilities	1450	1,190	3,077	2,768
	Total for Section IV	**1400**	**1,190**	**512,739**	**2,768**
	V. Short-term liabilities				
4.16	Borrowed funds	1510	268,158	17,797	1,174,366
4.18	Accounts payable	1520	316,949	269,063	304,346
	including: *suppliers and contractors*	1521	176,136	175,506	200,218
	indebtedness to the organisation's personnel	1522	23,628	21,294	19,414
	indebtedness to state off-budget funds	1523	18,354	15,984	13,596
	indebtedness on taxes and levies	1524	80,056	51,298	63,769
	advance payments received	1525	3,833	1,661	3,081
	other creditors	1526	14,942	3,320	4,268
4.20	Estimated liabilities	1540	343,177	248,121	231,484
	Other short-term liabilities	1550	1	18	5
	Total for Section V	**1500**	**928,285**	**534,999**	**1,710,201**
	BALANCE	1700	**4,849,589**	**4,531,771**	**4,743,593**

General Director		D. V. Boldov	Chief Accountant		T.Y. Tefanova
(title)	(signature)	(signed by)	(title)	(signature)	(signed by)

" 25 " March 20 26

Appendix No. 4
to Federal Accounting Standard RFAS 4/2023 "Accounting (Financial) Statements," approved by Order of the Ministry of Finance of the Russian Federation No. 157n dated 04 October 2023

Statement of Financial Results
for the year 20 25

Entity **Biosintez PJSC**

Measurement unit: thousand RUB

Note	Narrative	Code	for the year 25	for the year 24
5.1	Revenue	2110	3,395,037	3,350,951
	including from the sale of own-produced medical products	2111	3,346,855	3,321,653
5.2	Cost of sales	2120	(1,847,328)	(1,923,557)
	including from the sale of own-produced medical products	2121	(1,829,336)	(1,911,730)
	Gross profit (loss)	2100	**1,547,709**	**1,427,394**
5.2	Selling expenses	2210	(298,041)	(244,950)
5.2	Administrative expenses	2220	(570,574)	(497,176)
	Sales profit (loss)	2200	**679,094**	**685,268**
	Income from participation in other entities	2310		
5.3	Interest receivable	2320	8,363	13,540
5.4	Interest payable	2330	(51,608)	(102,571)
5.5	Other income	2340	25,057	21,836
5.5	Other expenses	2350	(67,974)	(46,948)
	Profit (loss) before tax from continuing operations	2300	**592,932**	**571,125**
5.6	Corporate income tax	2410	(156,851)	(117,716)
	including: current corporate income tax	2411	(163,969)	(106,029)
	deferred corporate income tax	2412	7,118	(11,687)
	Profit (loss) from discontinuing operations (less related corporate income tax)	2420		
	Net profit (loss)	2400	**436,081**	**453,409**

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Note	Narrative	Code	for the year 25	for the year 24
	Result of revaluation of non-current assets not included to the net profit (loss)	2510		
	Result of other transactions not included to the net profit (loss)	2520	54	1,232
5.6	Corporate income tax related to the results of revaluation of non-current assets and other transactions not included in net profit (loss)	2530	(13)	(387)
	Cumulative financial result	**2500**	**436,122**	**454,254**
5.7	Basic earnings (loss) per share, rubles, kopecks	2900	2,031.01	2,111.71
5.7	Diluted earnings (loss) per share, rubles, kopecks	2910	2,031.01	2,111.71

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

“ 25 " March 20 26

Appendix No. 6
to Federal Accounting Standard RFAS 4/2023
"Accounting (Financial) Statements," approved
by Order of the Ministry of Finance of the
Russian Federation No. 157n dated October 4,
2023

Statement of Changes in Equity
for the year 20 25

Entity **Biosintez PJSC**

Measurement unit: thousand RUB

Note	Narrative	Code	Share capital	Treasury shares owned by the company, shareholders' debt for payment of shares	Accumulated revaluation of non-current assets	Additional capital (without accumulated revaluation)	Reserve capital	Retained profit (uncovered loss)	Total
	As at 31 December 20 23	**3100**	**286**	( )		**1,820,840**	**14**	**1,208,599**	**3,029,739**
	Restatement due to: changes in accounting policies	3110						*(785)*	(785)
	correction of errors	3120						*1,670*	1,670
4.11, 4.12, 4.13, 4.14	**As at 31 December 20 23 after restatement**	**3101**	**286**	( )		**1,820,840**	**14**	**1,209,484**	**3,030,624**

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Note	Narrative	Code	Share capital	Treasury shares owned by the company, shareholders' debt for payment of shares	Accumulated revaluation of non-current assets	Additional capital (without accumulated revaluation)	Reserve capital	Retained profit (uncovered loss)	Total
	for e 12 months 20 24 Net profit (loss)	3211						453,409	453,409
	Revaluation of non-current assets	3212							
	Dividends	3227							
	Other changes due to transactions with owners (except for dividends) - total	3230							
	including: *by types (specify the type)*	3231							
	Reorganisation of legal entity	3216							
	Other changes - total	3240						845	845
	including: changes in accounting policies	3241						(*785*)	(785)
	correction of errors	3242						*1,630*	1,630
	As at 31 December 20 24	**3200**	**286**	( )		**1,820,840**	**14**	**1,662,852**	**3,483,992**
3	Restatement due to: changes in accounting policies	3210						*1*	1
	correction of errors	3220						*40*	40
4.11, 4.12, 4.13, 4.14	**As at 31 December 20 24 after restatement**	**3201**	**286**	( )		**1,820,840**	**14**	**1,662,893**	**3,484,033**

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Note	Narrative	Code	Share capital	Treasury shares owned by the company, shareholders' debt for payment of shares	Accumulated revaluation of non-current assets	Additional capital (without accumulated revaluation)	Reserve capital	Retained profit (uncovered loss)	Total
	for e 12 months 20 25 Net profit (loss)	3311						436,081	436,081
	Revaluation of non-current assets	3312							
	Dividends	3327							
	Other changes due to transactions with owners (except for dividends) - total	3330							
	including: *by types (specify the type)*	3331							
	Reorganisation of legal entity	3316							
	Other changes - total	3340							
	including: correction of errors	3341							
4.11, 4.12, 4.13, 4.14	**As at 30 Decembe 20 25**	**3300**	**286**	( )		**1,820,840**	**14**	**2,098,974**	**3,920,114**

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

“ 25 " March 20 26

Appendix No. 7
to Federal Accounting Standard FSBU 4/2023"Company's Accounting
Statements," approved by Order of the Ministry of Finance of the Russian
Federation No. 157n dated 04 October 2023

Statement of Cash Flows
for 2025

Entity **Biosintez Public Joint Stock Company**

Measurement unit: thousand RUB

Note	Narrative	Code	for 12 month 20 25	for 12 month 20 24
	Cash flows from operating activities			
	Receipts – total	4110	**3,512,564**	**3,351,691**
	including:			
	sales of products, goods, performance of works and provision of services	4111	3,474,840	3,318,841
	rent payments, royalties, commissions and other payments	4112	1,332	1,415
	resale of financial investments	4113	-	-
	interest on receivables from customers	4114	-	-
4.9	other receipts	4119	36,392	31,435
	Payments – total	4120	**(2,798,736)**	**(2,646,792)**
	including:			
	to suppliers for raw materials, performed works and provided services	4121	(1,640,500)	(1,581,011)
	including to related parties (Sun Pharmaceutical Industries Ltd.)		*(23,455)*	*(149,930)*
	wages and salaries	4122	(886,514)	(768,033)
	interest on borrowings	4123	(54,248)	(119,141)
	including interest on borrowings towards related parties (JSC Ranbaxy)		*(54,248)*	*(119,141)*
	income tax	4124	(132,893)	(118,356)
4.9	other payments	4129	(84,581)	(60,251)
	Net cash flows from operating activities	**4100**	**713,828**	**704,899**

Note	Narrative	Code	for 12 month 20 25	for 12 month 20 24
	Cash flows from investing activities			
	Receipts – total	4210	**4,850**	**1,085**
	including:			
	from sales of non-current assets (except for financial investments)	4211	4,850	1,085
	from sales of shares of other entities (ownership interest)	4212	-	-
	from return of loans issued, sales of debt securities (rights of claiming cash from third parties)	4213	-	-
	dividends, interest on debt financial investments and receipts from participation in other entities	4214	-	-
	other receipts	4219	-	-
	Payments – total	4220	**(377,850)**	**(173,845)**
	including:			
	acquisition, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(377,850)	(173,845)
	acquisition of other entities shares (ownership interest)	4222	(-)	(-)
	acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(-)	(-)
	borrowing costs included in the cost of the investment asset	4224	(-)	(-)
	other payments	4229	(-)	(-)
	Net cash flows from investing activities	**4200**	**(373,000)**	**(172,760)**
	Cash flows from financing activities			
	Receipts – total	4310	**-**	**-**
	including:			
	borrowings	4311	-	-
	including borrowings from related companies (JSC Ranbaxy)		-	-
	contributions of owners (members)	4312	-	-
	issue of shares, increase in ownership interest	4313	-	-
	issue of bonds, promissory notes and other debt securities	4314	-	-
	other receipts	4319	-	-

Note	Narrative	Code	for 12 month 20 25	for 12 month 20 24
	Payments – total	4320	**(251,800)**	**(635,200)**
	including: to owners (members) due to the fact of share buy-back or cessation of membership	4321	(-)	(-)
	dividend payments or other distribution of profit to owners (members)	4322	(-)	(-)
	redemption (buy-back) of promissory notes and other debt securities, loan repayment	4323	(251,800)	(635,200)
	including repayment of loans from related companies (JSC Ranbaxy)		*(251,800)*	*(635,200)*
	other payments	4329	(-)	(-)
	Net cash flows from financing activities	**4300**	**(251,800)**	**(635,200)**
	Net cash flows for the period	**4400**	**89,028**	**(103,061)**
4.9	**Cash and cash equivalents at the beginning of the period**	**4450**	**34,530**	**137,014**
4.9	**Cash and cash equivalents at the end of the period**	**4500**	**123,376**	**34,530**
	Effect of change in the Russian ruble exchange rate	4490	(182)	577

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

" 25 " March 20 26

Biosintez
Public Joint Stock Company

Notes
to the Balance Sheet and the Statement of Financial Results for the year ended 31 December 2025

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Contents

(in thousand Russian Rubles unless otherwise stated)

These notes form an integral part of the 2025 financial statements of Biosintez PJSC (the "Company") prepared in accordance with the legislation of the Russian Federation.

The financial statements are subject to approval by the Company's Board of Directors, with the approval date yet to be finalised.

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 31/12/2025	As at 31/12/2024	As at 31/12/2023
938	972	1047

1.2. Basic activities

In 2024-2025, 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.	Type of activity	Licensing authority	Date of issue	License series, number, validity period
1	Licence for drug manufacturing activities (with APPENDIX)	Ministry of Industry and Trade of the Russian Federation	02/12/2020	No. 00290-ЛС register number Л012-00102-77/00010490 dated 11/11/1994, for an unlimited term
2	Licence to circulate narcotics, psychotropic substances and their precursors, and cultivate drug-yielding plants (with APPENDIX 1)	Federal Service for Supervision of Healthcare	16/11/2017	ФС-99-03-000304 register number Л017-00110-77/00146676, for an unlimited term
3	Licence for the use of explosive and chemically hazardous production facilities of hazard categories I, II and III (with APPENDIX 1)	Federal Service for Ecological, Technological and Atomic Supervision	29/06/2016	ВХ-50-014598, for an unlimited term
4	Licence for the installation, maintenance and repair of fire safety devices of buildings and structures	Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters	01/11/2008	58-Б/00007, for an unlimited term

(in thousand Russian Rubles unless otherwise stated)

No.	Type of activity	Licensing authority	Date of issue	License series, number, validity period
5	Licence for medical activities (with Appendix 1)	Ministry of Healthcare of the Penza Region	16/09/2015	No. ЛО-58-01-001631 register number Л041-01166-58/00301022, for an unlimited term
6	Licence for the use of infectious agents (unless this activity is performed for medical purposes) and genetically modified organisms of potential hazard grades III-IV in closed systems	Office of the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing for the Penza Region	21/02/2017	No.58.02.02.001.Л.000001.02.17 register number Л015-00111-58/00414953, for an unlimited term

1.3. Branches and representative offices

Biosintez PJSC has no branches or representative offices.

1.4. 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 competence of the General Meeting of Shareholders in accordance with the Law on Joint-Stock Companies and the Company's Articles of Association.

The Board of Directors consists of 5 persons as at 31 December 2025:

No.	Full name	Position
1	Tatyana Somova	Financial Director, Economic Department, at JSC Ranbaxy
2	Arun Kumar Rajput	Director of the Department, Business Development and Market Research Division, at JSC Ranbaxy
3	Viswanathan Sethuraman	Financial Director, 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 General Meeting.

1.5. 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. Audit committee members:

Tatyana Somova
Alexander Voloshinov
Sergey Lepetan

By a decision dated 24 June 2020, the Company's Board of Directors approved the Internal Audit Policy of Biosintez PJSC. By a decision dated 2 April 2024, Biosintez PJSC's Board of Directors approved a new version of the Internal Audit Policy of Biosintez PJSC. Lyudmila Manuilova was appointed as the Head of Internal Audit by a decision of the Company's Board of Directors dated 20 February 2021.

(in thousand Russian Rubles unless otherwise stated)

1.6. 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.

Penza Regional Branch: 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 organisation of auditors Association “Sodruzhestvo” (SRO AAS). Number in the register of audit organisations of the self-regulatory organisation of auditors: Certificate of membership in the self-regulatory organisation of auditors Association “Sodruzhestvo” No. 7198, Principal Number of Registration Entry – 11506030481.

Amount of remuneration for the audit organisation (inclusive of VAT):

	2024	2025
Remuneration for the audit of the Company’s financial statements (including disclosures), RUB	1,710,000	1,884,000
Remuneration for other audit-related services rendered to the Company, RUB	19,490.18	13,130.28

1.7. Subsidiaries and associates

Biosintez PJSC has no subsidiaries or associates.

2. Basis of presentation

2.1. Basis of presentation

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

The Company'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 2025 were approved by the General Director's order No. 2334 dated 28 December 2024.

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.

For the purpose of classifying assets and liabilities in the balance sheet, the Company's normal operating cycle is established based on the nature of its business activities and is deemed to be twelve months.

2.2. Correction of errors in accounting records and financial statements

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

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

Identified errors and their implications are subject to mandatory correction.

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-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 authorised 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 3 of these Notes.

2.3. 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;
- harmonisation of the Company's accounting policies with the Sun Pharma Group accounting policies;
- 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.

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.

2.3.1. Changes in the accounting policies for 2025

Effective from 2025, the Accounting Policies of Biosintez PJSC have been amended for financial reporting purposes due to the application of:

- RFAS 4/2023 "Financial Statements", as approved by Order No. 157n dated 4 October 2023 of the Russian Ministry of Finance (hereinafter referred to as RFAS 4/2023),
- RFAS 28/2023 "Stocktaking", as approved by Order No. 4n dated 13 January 2023 of the Russian Ministry of Finance (hereinafter referred to as RFAS 28/2023).

Effective from 2025, the Company has updated its accounting policies to comply with the disclosure requirements of RFAS 4/2023 as follows:

- fixed assets classified as investment property and related capital expenditures are now presented separately in line 1160 "Investment property" of the balance sheet;
- non-current assets for sale are now presented separately in line 1215 "Non-current assets for sale" of the balance sheet.

A real estate property is classified as investment property, forming a separate group of fixed assets, if it is held primarily to earn rental income and (or) income from capital appreciation. The Company defines real estate as properties, assets, land plots, buildings, and structures belonging to the group of fixed assets if they are permanently attached to the land and cannot be relocated without incurring irreparable damage to their intended use.

In 2025, amendments were introduced to the Company's accounting policies to align with the revised corporate Sun Global Inventory Provisioning Policy (dated 23 June 2025) regarding the formation of a provision for impairment of inventories.

The effect of changes to the accounting policies on the figures in the financial statements is shown in clause 3 of these notes.

2.4. Accounting system and accounting procedures

The Financial and Accounting Department headed by the Chief Accountant is responsible for accounting at Biosintez PJSC. The bookkeeping and accounting are automated by:

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

2.5. Stocktaking of assets and liabilities

The procedure for stocktaking of assets and liabilities and reporting the results in the financial statements complies with Russian Federal Accounting Standard (RFAS) 28/2023 "Stocktaking", as approved by Order No. 4n dated 13 January 2023 of the Russian Ministry of Finance, and Biosintez PJSC's Stocktaking Regulation, code ОАД-П-ООБ 000-031.1, effective from 1 July 2025.

Stocktaking of fixed assets is carried out once in three years under the Company's Accounting Policies and Regulation. The previous stocktaking of fixed assets and construction in progress was carried out in 2025.

(in thousand Russian Rubles unless otherwise stated)

2.6. Accounting for assets and liabilities denominated in foreign currencies

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

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.

2.7. 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.

Assets meeting the criteria for intangible assets but valued at RUB 100,000 or less per item are recognised as expenses in the period of purchase.

No revaluation of intangible assets was made in 2024 and 2025.

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	Patent term
Computer programmes, data bases	5 years or as determined by the Company’s Experts
Marketing authorisations (for production and sale) of pharmaceuticals	The validity period of the marketing authorisation or as determined by the Company’s Experts

Changes in the amortisation elements, resulting from their review for compliance with the actual usage of intangible assets conducted by the Company in the reporting year, were made within the applicable useful lives of the intangible asset groups and had no material impact on the assets or financial results.

The monthly amortisation amount is calculated as 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 other expenses.

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 2025, the check of intangible assets carried out by the entity in the reporting year revealed no impairment.

2.7.1. 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.

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.

2.7.2. 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.

2.8. 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 that investment property, and capital investments in them are reflected within fixed assets in the Balance Sheet.

Measurement of fixed assets at recognition

Fixed assets (including investment property) 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".

(in thousand Russian Rubles unless otherwise stated)

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.

Below are the useful lives and residual value 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	40,496
Structures	10-79	1,268
Transfer devices	15-88	
Machinery and equipment	3-67	5,655
Transport vehicles	10-38	8,940
Production and maintenance tools	7-36	11

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.

Changes in the depreciation elements, resulting from their review for compliance with the actual usage of fixed assets conducted by the Company in the reporting year, were made within the applicable useful lives of the fixed asset groups and had no material impact on the assets or financial results.

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.

2.9. 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).

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.

In the Balance Sheet in-progress investments in non□current assets are reflected in line 1112 *“Capital investments in intangible assets”* of group of items 1110 “Intangible assets” and line 1152 *“Capital investments in fixed assets”* of group of items 1150 “Fixed assets”.

2.10. 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”.

<u>The Company excludes from financial investments:</u>

- 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.

In the financial statements, financial investments are classified as either short-term or long-term, depending on their term to maturity (redemption period). 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.

2.11. 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.

As inventories the Company accounts:

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

Inventories intended for use in capitalised repairs, reconstruction, or modernisation of fixed assets are reported as non-current assets in line 1152 "*Capital investments in fixed assets*".

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: nomenclature number, batch, 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 not 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.

The actual cost of inventories contributed to the Company's share (joint-stock) capital is determined based on the monetary valuation agreed upon by the founders (members), unless otherwise required by Russian Federation legislation.

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 amount of the reversal of the provision for impairment of inventories is credited against expenses based on the nature of the disposal: use for production or sale – credited to the same expense categories where the impairment was originally recognised; scrapping/write-off – on account 91.

Provisions for impairment of inventories are established in the amount of 100% of the value as frequently as indicated in clause 2.18 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.

According to RAR 8/2010 “Estimated Liabilities, Contingent Liabilities and Contingent Assets”, inventories pledged as collateral are classified as contingent liabilities and must be disclosed in the relevant section of these notes based on their quantity and value at the reporting date, as recorded in the accounts.

2.12. Work in progress and finished products

The Company accounts for inventories in accordance with RFAS 5/2019 “Inventories” 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 tests and technical 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 (completing), 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.

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).

2.13. 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.

Accounts receivable from and accounts payable to buyers and customers, suppliers and contractors, and other receivables and payables are classified as short-term if they mature within 12 months of the reporting date.

Advances paid to suppliers and contractors for capital construction projects, and to suppliers of fixed assets, irrespective of their maturity, are recorded under the heading “*Capital investments in fixed assets*” in the balance sheet.

Advances paid to suppliers and contractors under contracts for the acquisition and creation of intangible assets, irrespective of their maturity, are recorded under the heading “*Capital investments in intangible assets*” in the balance sheet.

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

The amounts of advances paid for capital investments are recorded in the balance sheet under capital investment items, net of VAT, provided that VAT has been claimed for deduction upon receipt of a VAT invoice from the supplier.

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

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.

Accounts receivable 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.

In the balance sheet, arrears (overpayments) and payments related to specific types of taxes, duties, and other compulsory payments which are settled via the unified tax account are presented on a gross basis under accounts receivable and/or accounts payable.

2.14. 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 member’s contribution 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.

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.

2.15. 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.

2.16. 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 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.

In the balance sheet, the balance of deferred income recognised as a result of receiving a government subsidy to reimburse the costs of registering pharmaceuticals is recorded within “Long-term liabilities” under the heading “Other long-term liabilities”.

Deferred income recognised as a result of receiving inventories (samples) from suppliers free of charge is presented within “Short-term liabilities” under the heading “Other short-term liabilities”.

2.17. 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 staff remuneration, including annual performance-based bonuses;
- 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 8/2010) 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 staff remuneration is accrued in accordance with the Remuneration Regulations, based on the estimate prepared by the Human Resources Department. Accrual of the provision is attributed to expenses for ordinary activities, reversal of the provision is attributed to other income.

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 nonfulfillment of conditions set forth in clause 5 paragraphs "б" and (or) "в" of RAR 8/2010.

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

a) pursuant to laws, regulations, court decisions and agreements;

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

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

a) the entity has a liability as a result of past events which fulfilment the entity cannot avoid. In case the entity has doubts as to the existence of such liability, it recognises an estimated liability provided that based on the analysis of all circumstances and conditions, including expert opinions, it is more likely than not that the liability exists;

b) economic benefits are likely to decrease as a result of the estimated liability fulfilment;

c) the value of the estimated liability can be reliably measured.

2.18. 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;

- remaining shelf life shorter than the specified period (depending on the inventory group);

- remaining in stock for longer than the specified period (depending on the inventory group);

- 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 shipping and handling expenses) on a monthly basis, except for provisions for impairment of realisable value of inventories, which are established as at the date of the interim and/or annual financial statements (for materials, as at the date of the annual stocktaking). Provisions for impairment of inventories are recognised as expenses in the period in which the provisions are established, which is recorded on account 90. The amount of the reversal of the provision for impairment of inventories is credited against expenses based on the nature of the disposal: use for production or sale – on account 90; scrapping/write-off – on account 91.

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 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 an annual 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.

Provisions for impairment of non-current assets for sale reduce the carrying amount of non-current assets for sale. Impairment is checked on an annual basis. Provisions are established based on the following criteria: long storage periods (lack of market demand); reduction in net realisable value. The recognition/reversal of provisions is recorded as other expenses/income.

2.19. Accounting for leases

2.19.1. 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 2025 is used for discounting in 2025.

The discount rate for new leases concluded after 01 January 2025 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 using the straight-line method. 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.

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 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 long-term liabilities" and line 1520 "Accounts payable".

2.19.2. Accounting by the lessor

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 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.

2.20. 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 part of B/S line 1215 “Non-current assets for sale”.

2.21. Leased fixed assets

Company's leased land plots, 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 cadastral value. 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 (leases of land from which the lessee cannot obtain economic benefits).

2.22. 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.

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

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

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

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.

2.24. Income recognition

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

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

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

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

Income from ordinary activities includes:

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

Other income includes:

- income from leasing out fixed assets;
- 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.

In the statement of financial results, other income and other expenses related to one (in particular, the gain or loss on the disposal of fixed assets) or several similar (in particular, foreign exchange differences, revaluation of non-current assets included in income or expenses for the reporting period, and recognition and reversal of impairment of non-current assets included in expenses or income for the reporting period) economic events, are generally presented on a net basis, except where:

a) the separate presentation of such income and expenses can influence the decisions made by users of the financial statements;

b) the procedure for presenting other income and expenses is prescribed by federal or sector-specific standards.

2.25. Expense recognition

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

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

- expenses for ordinary activities;
- other expenses.

Expenses for ordinary activities include expenses connected to income from ordinary activities listed in clause 2.24 hereof.

Other expenses include expenses related to other income listed in clause 2.24 hereof.

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”.

Direct costs are costs that directly relate 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 provisions for vacation and performance 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.

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

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 other 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 2210 “Selling expenses” of the Statement of Financial Results.

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

2.26. 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).

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.

2.27. Earnings per share

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

2.28. Related parties

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

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

a) a legal entity and (or) an individual and a company compiling the financial statements, which are affiliated according to the legislation of the Russian Federation (RF Law dd. 22 March 1991, No. 948-1 “On Competition and Limitation of Monopolistic Activity in Commodities Markets”);

b) a legal entity and/or an individual registered as an individual entrepreneur and a reporting entity involved in joint business activities;

c) a reporting entity and a non-governmental pension fund acting for the benefit of the employees of such entity or another entity related to the reporting entity.

2.29. 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 2010.

Biosintez PJSC does not disclose segment information as it is not an issuer of publicly traded securities; consequently, in accordance with RAR 12/2010 “Segment Information” (approved by Order No. 143n dated 8 November 2010 of the Russian Ministry of Finance), it is not obliged to provide such information.

2.30. 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.

(in thousand Russian Rubles unless otherwise stated)

3. Opening and comparative data, adjustment of financial statements

3.1. Restatement of items arising from changes in accounting policies

In these financial statements the data for the previous periods were restated as follows due to the changes in accounting policies

Balance Sheet as at 31 December 2025 (column "As at 31 December 2024"):

B/S item	Line code	As at 31 December 2024 in the financial statements for the previous year	Restated figure as at 31 December 2024 in the current financial statements	Restatement amount	Reason for restatement
Inventories	1210	1,089,800	1,079,548	-10,252	
raw and other materials and other similar valuables	1211	*599,499*	*607,119*	*+7,620*	RFAS 4/2023
other inventories and costs	1214	*9,040*	*1,420*	*-7,620*	RFAS 4/2023
non-current assets for sale	1215	*10,252*		*-10,252*	
Non-current assets for sale	1215		10,252	+10,252	RFAS 4/2023
Retained earnings (uncovered loss)	1370	1,662,852	1,662,893	+41	+1 RFAS 4/2023 +40 correction of errors
Other long-term liabilities	1450	952	3,077	+2,125	RFAS 4/2023
Income of future periods	1530	2,144		-2,144	RFAS 4/2023
Other short-term liabilities	1550		18	+18	RFAS 4/2023

Balance Sheet as at 31 December 2025 (column "As at 31 December 2023"):

B/S item	Line 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
raw and other materials and other similar valuables	1211	796,586	804,130	+7,544	RFAS 4/2023
other inventories and costs	1214	*9,082*	*1,538*	*-7,544*	RFAS 4/2023
Retained earnings (uncovered loss)	1370	1,209,443	1,209,484	+41	+1 RFAS 4/2023 +40 correction of errors
Other long-term liabilities	1450	1,679	2,768	+1,089	RFAS 4/2023
Income of future periods	1530	1,095		-1,095	RFAS 4/2023
Other short-term liabilities	1550		5	+5	RFAS 4/2023

The relevant items in the notes to the balance sheet and the statement of financial results have been amended accordingly.

3.2. Restatement of items arising from correction of errors

In these financial statements the data for the previous periods were restated as follows

Balance Sheet as at 31 December 2025 (column "As at 31 December 2024"):

(in thousand Russian Rubles unless otherwise stated)

B/S item	Line code	As at 31/12/2024 in the financial statements for the previous year	Restated figure as at 31/12/2024 in the current financial statements	Restatement amount	Reason for restatement
Fixed assets	1150	1,969,275	1,969,328	+53	
fixed assets put into operation	1151	*1,829,036*	*1,829,089*	*+53*	Extension of useful life
Retained earnings (uncovered loss)	1370	1,662,852	1,662,893	+41	+1 RFAS 4/2023 +40 correction of errors
Deferred tax liabilities	1420	4,849	4,862	+13	Extension of useful life

Balance Sheet as at 31 December 2025 (column "As at 31 December 2023"):

B/S item	Line 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
Fixed assets	1150	1,984,602	1,984,655	+53	
fixed assets put into operation	1151	*1,915,896*	*1,915,949*	*+53*	Extension of useful life
Retained earnings (uncovered loss)	1370	1,209,443	1,209,484	+41	+1 RFAS 4/2023 +40 correction of errors
Deferred tax assets	1180	6,838	6,825	-13	Extension of useful life

Statement of financial results for 2025 (column "for January – December 2024" / "for 2024"):

Item of the statement of financial results	Line code	As at 2024 in the financial statements for the previous year	Restated figure as at 2024 in the current financial statements	Restatement amount	Reason for restatement
Revenue	2110	3,320,711	3,350,951	+30,240	
including from the sale of own-produced medical products	2111	*3,291,412*	*3,321,653*	*+30,241*	Sales incentives provided to pharmacy chains
Selling expenses	2210	214,710	244,950	+30,240	

The relevant items in the notes to the balance sheet and the statement of financial results have been amended accordingly.

(in thousand Russian Rubles unless otherwise stated)

4. Notes to significant items of the Balance Sheet

4.1. Intangible assets

Information about the availability and movement of intangible assets for 2024-2025 is presented in the tables below.

Narrative	**As at 31/12/2025**	**As at 31/12/2024**	**As at 31/12/2023**
Intangible assets - TOTAL including:	91,732	77,903	51,708
patents	*582*	*692*	*802*
computer programmes, data bases	*114*	*199*	*285*
registration certificates for medicines	*91,036*	*73,313*	*43,866*
Research and development		*3,699*	*6,755*
Capital investments in intangible assets including:	82,532	71,012	54,858
expenses on creating (acquiring) of intangible assets	*69,319*	*53,419*	*54,858*
advance payments for capital investments in intangible assets	*13,213*	*17,593*	
Total for line 1110 “Intangible assets” of the B/S	**174,264**	**148,915**	**106,566**

Biosintez PJSC

Notes to the Balance Sheet and the Statement of Financial Results for the year ended 31 December 2025

(in thousand Russian Rubles unless otherwise stated)

Presence and movement of intangible assets for 2025

Narrative	At the beginning of the year			Changes for the period							At the end of the period		
				Added	Disposed				Revaluation				
	Historical cost	Accumulated amortisation	Accumulated impairment losses	Added	Historical/market/replacement cost	Accumulated amortisation	Amortisation accrued	Impairment losses	Historical/ market/replacement cost	Accumulated amortisation	Historical cost	Accumulated amortisation	Accumulated impairment losses
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Intangible assets - TOTAL	**141,591**	**(63,688)**		**51,265**	**(19,942)**	**18,947**	**(36,441)**	**( )**		**( )**	**172,914**	**(81,182)**	
including													
Patents	2,053	(1,361)			( )		(110)	( )		( )	2,053	(1,471)	
Computer programmes, data bases	373	(173)			( )		(85)	( )		( )	373	(258)	
Registration certificates for medicines	124,398	(51,087)		50,850	(4,760)	4,394	(32,760)	( )		( )	170,488	(79,453)	
Research and development	14,766	(11,067)		416	(15,182)	14,553	(3,486)	( )		( )		( )	

(in thousand Russian Rubles unless otherwise stated)

Presence and movement of intangible assets for 2024

Narrative	At the beginning of the year			Changes for the period							At the end of the period		
				Added	Disposed				Revaluation				
	Historical cost	Accumulated amortisation	Accumulated impairment losses	Added	Historical/market/replacement cost	Accumulated amortisation	Amortisation accrued	Impairment losses	Historical/ market/replacement cost	Accumulated amortisation	Historical cost	Accumulated amortisation	Accumulated impairment losses
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Intangible assets - TOTAL	**87,344**	**(35,636)**		**54,810**	**(563)**	**563**	**(28,615)**	**( )**		**( )**	**141,591**	**(63,688)**	
including													
Patents	2,053	(1,251)			( )		(110)	( )		( )	2,053	(1,361)	
Computer programmes, data bases	373	(88)			( )		(85)	( )		( )	373	(173)	
Registration certificates for medicines	70,445	(26,579)		54,517	(563)	563	(25,071)	( )		( )	124,398	(51,087)	
Research and development	14,473	(7,718)		293	( )		(3,349)	( )		( )	14,766	(11,067)	

(in thousand Russian Rubles unless otherwise stated)

Availability and movement of capital investments in intangible assets for 2025

Narrative	At the beginning of the year		Changes for the period				At the end of the period	
	Actual costs	Accumulated impairment	costs for the period	costs written off (recognised as expenses)	recognised as intangible assets	impairment for the period	Actual costs	Accumulated impairment
Capital investments in creation of intangible assets - total	**52,442**		**61,118**		**(41,457)**		**72,103**	
including: registration certificates for medicines	45,141		48,613		(41,457)		52,297	
Research and development	7,301		12,505				19,806	
Capital investments in improvement of intangible assets - total	**18,570**		**1,667**		**(9,808)**		**10,429**	
including: registration certificates for medicines	17,030		2,791		(9,392)		10,429	
Research and development	1,540		(1,124)		(416)			

(in thousand Russian Rubles unless otherwise stated)

Availability and movement of capital investments in intangible assets for 2024

Narrative	At the beginning of the year		Changes for the period				At the end of the period	
	Actual costs	Accumulated impairment	costs for the period	costs written off (recognised as expenses)	recognised as intangible assets	impairment for the period	Actual costs	Accumulated impairment
Capital investments in creation of intangible assets - total	**53,911**		**48,673**	**(1,281)**	**(48,861)**		**52,442**	
including: registration certificates for medicines	46,610		48,673	(1,281)	(48,861)		45,141	
Research and development	7,301						7,301	
Capital investments in improvement of intangible assets - total	**947**		**23,570**		**(5,947)**		**18,570**	
including: registration certificates for medicines	580		22,104		(5,654)		17,030	
Research and development	367		1,466		(293)		1,540	

(in thousand Russian Rubles unless otherwise stated)

The carrying amounts of amortised and non-amortised intangible assets are presented in the following table:

Narrative	As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
Amortised intangible assets - total	**91,732**	**77,903**	**51,708**
including:			
created by the company	91,732	77,903	51,708
Non-amortised intangible assets - total			

Accounts receivable (advances) for investments in intangible assets, reported in line 1110 "Intangible assets" of the balance sheet, are presented below:

Narrative	As at 31/12/2025		As at 31/12/2024		As at 31/12/2023	
	under a contract	bad debt provision	under a contract	bad debt provision	under a contract	bad debt provision
1	3	4	5	6	5	6
Accounts receivable for investments in intangible assets held for more than 12 months	8,261	(10)	5,009			
Accounts receivable for investments in intangible assets held for less than 12 months	4,962		12,584			

4.2. Fixed assets

Information about the residual value of 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 "*Capital investments in fixed assets*", and line 1153 "*Right-of-use assets*":

Narrative	As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
Fixed assets other than investment property	1,741,925	1,829,089	1,915,949
Right-of-use assets	649	877	1,644
Capital expenditure on fixed asset items other than investment property including *materials and equipment held for capital investments in fixed assets*	390,988	139,362	67,062
advances on investments in fixed assets			
Total for line 1150 "Fixed assets" of the B/S	**2,133,562**	**1,969,328**	**1,984,655**

(in thousand Russian Rubles unless otherwise stated)

Presence and movement of fixed assets for 2025

Narrative	Line code	At the beginning of the year			Changes for the period							At the end of the period		
					Added	Disposed			Depreciation accrued	Impairment				
		Historical (actual) cost	Accumulated depreciation	Accumulated impairment		Historical (actual) cost	Accumulated depreciation	Accumulated impairment		Reversed	Recognised	Historical (actual) cost	Accumulated depreciation	Accumulated impairment
Fixed assets – total	**1151**	**3,724,942**	**(1,816,208)**	**(79,645)**	**76,117**	**(90,802)**	**86,768**	**1,191**	**(161,004)**	**566**	**( )**	**3,710,257**	**(1,890,444)**	**(77,888)**
including:														
Buildings		1,690,861	(607,523)	(40,705)	36,514	(10,553)	9,794		(45,154)		( )	1,716,822	(642,883)	(40,705)
Structures and transfer devices		168,003	(73,475)	(482)	1,814	(2,563)	2,112	450	(7,421)		( )	167,254	(78,783)	(32)
Machinery and equipment		1,824,629	(1,124,879)	(38,458)	30,328	(76,946)	74,317	741	(107,146)	566	( )	1,778,011	(1,157,708)	(37,151)
Transport vehicles		16,320	(6,665)		7,461	(636)	444		(612)		( )	23,145	(6,833)	
Production and maintenance tools		6,699	(3,666)			(104)	101		(671)		( )	6,595	(4,236)	
Land plots		18,430	( )			( )			( )		( )	18,430	( )	
Right-of-use assets – total	**1153**	**984**	**(107)**			**(208)**			**(20)**		**( )**	**776**	**(127)**	
including:														
Land plots		984	(107)			(208)			(20)		( )	776	(127)	

(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		
					Added	Disposed			Depreciation accrued	Impairment				
		Historical (actual) cost	Accumulated depreciation	Accumulated impairment		Historical (actual) cost	Accumulated depreciation	Accumulated impairment		Reversed	Recognised	Historical (actual) cost	Accumulated depreciation	Accumulated impairment
Fixed assets – total	**1151**	**3,696,957**	**(1,700,548)**	**(80,460)**	**79,962**	**(51,977)**	**48,981**	**1,069**	**(164,641)**		**(254)**	**3,724,942**	**(1,816,208)**	**(79,645)**
including:														
Buildings		1,680,425	(584,436)	(40,847)	31,736	(21,300)	19,757	142	(42,844)		( )	1,690,861	(607,523)	(40,705)
Structures and transfer devices		156,285	(66,853)	(450)	11,912	(194)	194		(6,816)		(32)	168,003	(73,475)	(482)
Machinery and equipment		1,819,445	(1,040,128)	(39,163)	35,667	(30,483)	29,030	927	(113,781)		(222)	1,824,629	(1,124,879)	(38,458)
Transport vehicles		16,320	(6,084)			( )			(581)		( )	16,320	(6,665)	
Production and maintenance tools		6,052	(3,047)		647	( )			(619)		( )	6,699	(3,666)	
Land plots		18,430	( )			( )			( )		( )	18,430	( )	
Right-of-use assets – total	**1153**	**1,724**	**(80)**			**(740)**			**(27)**		**( )**	**984**	**(107)**	
including:														
Land plots		1,724	(80)			(740)			(27)		( )	984	(107)	

(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 2025	As at 31 December 2024	As at 31 December 2023
Leased-out fixed assets (on-balance sheet) (carrying amount)	105,324	110,808	116,667
Fixed assets that have been temporarily shut down (carrying amount)	9,924	11,008	12,251

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 95,897 thousand).

Information about real estate items without state registration:

Narrative	As at 31 December 2025	As at 31 December 2024	As at 31 December 2023
1	2	3	4
Buildings			81
Structures and transfer devices	23,242	37,624	28,986
TOTAL	**23,242**	**37,624**	**29,067**

Information about the composition and movement of in-progress capital investments for 2024 - 2025 is presented in the table below.

(in thousand Russian Rubles unless otherwise stated)

The composition and movement of in-progress capital investments for 2025

Narrative	At the beginning of the period		Change for the period				At the end of the period	
	Historical cost	Accumulated impairment	Costs for the period	Written off	Recognised as fixed assets or increased costs	Impairment (recognised / reversed)	Historical cost	Accumulated impairment
Capital investments in acquisition of fixed assets - total	**63,524**	**(6,586)**	**157,554**		**(33,867)**	**(1,366)**	**187,211**	**(7,952)**
Including: costs	44,818	(5,017)	55,397		(33,867)	(1,366)	66,348	(6,383)
advances	18,706	(1,569)	102,157				120,863	(1,569)
Capital investments in creation of fixed assets - total	**605**			**(605)**				
Including: costs	605			(605)				
advances								
Capital investments in improvement and restoration of fixed assets - total	**81,819**		**172,160**		**(42,250)**		**211,729**	
Including: costs	59,611		108,471		(42,250)		125,832	
advances	22,208		63,689				85,897	

(in thousand Russian Rubles unless otherwise stated)

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

Narrative	At the beginning of the period		Change for the period				At the end of the period	
	Historical cost	Accumulated impairment	Costs for the period	Written off	Recognised as fixed assets or increased costs	Impairment (recognised / reversed)	Historical cost	Accumulated impairment
Capital investments in acquisition of fixed assets - total	**29,097**	**(6,586)**	**70,742**		**(36,315)**		**63,524**	**(6,586)**
Including: costs	23,299	(5,017)	57,834		(36,315)		44,818	(5,017)
advances	5,798	(1,569)	12,908				18,706	(1,569)
Capital investments in creation of fixed assets - total	**605**						**605**	
Including: costs	605						605	
advances								
Capital investments in improvement and restoration of fixed assets - total	**43,946**		**81,520**		**(43,647)**		**81,819**	
Including: costs	36,488		66,770		(43,647)		59,611	
advances	7,458		14,750				22,208	

(in thousand Russian Rubles unless otherwise stated)

Following the stocktaking of construction in progress as at 30 November 2025, design documentation costs of RUB 605 thousand related to the treatment plant system were written off as a loss.

Accounts receivable (advances) for capital investments, reported in line 1152 "Capital investments in fixed assets" of the balance sheet, are presented below:

Narrative	As at 31/12/2025		As at 31/12/2024		As at 31/12/2023	
	under a contract	bad debt provision	under a contract	bad debt provision	under a contract	bad debt provision
1	3	4	5	6	5	6
Accounts receivable for capital investments held for more than 12 months						
Accounts receivable for capital investments held for less than 12 months	206,760	(1,569)	40,914	(1,569)	13,257	(2,449)

4.3. 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, %		
		31/12/2025	31/12/2024	31/12/2023	31/12/2025	31/12/2024	31/12/2023
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 2023-2025.

(in thousand Russian Rubles unless otherwise stated)

4.4. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are reported in line 1180 "Deferred tax assets" or 1420 "Deferred tax liabilities" of the balance sheet on a net basis.

Deferred tax assets are broken down below:

5. No.	Narrative	Amount as at 31/12/2025	Amount as at 31/12/2024	Amount as at 31/12/2023
1	Provisions for impairment of inventories, R&D	62,098	72,738	87,133
2	Provisions for payment of bonuses to customers	64,846	47,549	35,735
3	Provisions for recognition of expenses with regard to suppliers and contractors	12,308	15,238	3,101
4	Difference in recognition of foreign exchange losses	136	486	118
5	Other deferred tax assets	889	2,897	1,866
	TOTAL	**140,277**	**138,908**	**127,953**

Deferred tax liabilities are broken down below:

No.	Narrative	Amount as at 31/12/2025	Amount as at 31/12/2024	Amount as at 31/12/2023
1	Fixed assets	135,964	140,725	119,636
2	Intangible assets and R&D	630	2,046	1,351
3	Difference in recognition of foreign exchange gains	292	638	119
4	Other deferred tax liabilities	1,135	361	22
	TOTAL	**138,021**	**143,770**	**121,128**

Netted result of lines 1180, 1420:

No.	Narrative	Amount as at 31/12/2025	Amount as at 31/12/2024	Amount as at 31/12/2023
1	Deferred tax assets	2,256		6,825
2	Deferred tax liabilities		4,862	

4.5. 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";

4.6. 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 for the reporting and preceding periods is shown in the table below:

(in thousand Russian Rubles unless otherwise stated)

Presence and movement of inventories in 2025:

Narrative	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: cost	disposed: provision for impairment	impairment loss	inventory turnover between groups (types)	cost	amount of provision for impairment
Inventories - total	**1,347,666**	**(268,118)**	**2,147,828**	**(2,091,067)**	**22,643**	**31,536**	**X**	**1,404,427**	**(213,939)**
including:									
raw and other materials and other similar valuables	835,131	(228,012)	1,233,221	(72,094)	17,039	21,823	(1,245,488)	750,770	(189,150)
work in progress costs	117,191	(8,409)	910,345	(145,011)	1,463	(2,143)	(794,961)	87,564	(9,089)
finished products	393,924	(31,697)		(1,865,085)	4,141	11,856	2,028,206	557,045	(15,700)
other inventories and costs	1,420		4,262	(8,877)			12,243	9,048	

Presence and movement of inventories in 2024:

Narrative	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: cost	disposed: provision for impairment	impairment loss	inventory turnover between groups (types)	cost	amount of provision for impairment
Inventories - total	**1,696,777**	**(412,829)**	**1,909,458**	**(2,258,569)**	**167,758**	**(23,047)**	**X**	**1,347,666**	**(268,118)**
including:									
raw and other materials and other similar valuables	1,025,438	(221,308)	1,078,374	(86,501)	17,813	(24,517)	(1,182,180)	835,131	(228,012)
work in progress costs	97,399	(6,374)	821,442	(135,623)	12,069	(14,104)	(666,027)	117,191	(8,409)
finished products	572,402	(185,147)		(2,026,691)	137,876	15,574	1,848,213	393,924	(31,697)
other inventories and costs	1,538		9,642	(9,754)			(6)	1,420	

(in thousand Russian Rubles unless otherwise stated)

Inventories are shown in the balance sheet net of the provision for impairment.

Amounts of the established and reversed provision, recognised as part of the cost of goods sold and other expenses.

1. Amounts of the established and reversed provision as part of the cost of goods sold are: RUB (31,536) thousand
2. Amounts of the established and reversed provision as part of other income are: RUB 22,643 thousand

Accounts receivable – advances and prepayments related to the acquisition, production, or processing of inventories – are reported as advances paid in line 1230 “Accounts receivable” of the balance sheet.

4.7. Non-current assets for sale

The following items are reported in line 1215 “Non-current assets for sale” of the balance sheet:

Narrative	As at 31/12/2025			As at 31/12/2024			As at 31/12/2023		
	carrying amount	accounting value	amount of provision for impairment	carrying amount	accounting value	amount of provision for impairment	carrying amount	accounting value	amount of provision for impairment
Non-current assets for sale including		**28,069**	**28,069**	**10,252**	**28,069**	**17,817**		**17,817**	**17,817**
Equipment at the warehouse		28,069	28,069	10,252	28,069	17,817		17,817	17,817

As there are no potential buyers for the equipment held for sale, a 100% provision for impairment has been established.

(in thousand Russian Rubles unless otherwise stated)

4.8. Accounts receivable

Information about accounts receivable reported in line 1230 “Accounts receivable” of the balance sheet is provided below:

For 2025

Narrative	Indicator code	At the beginning of the year		Changes for the period (less accounts receivable recognised and settled within the same reporting period)						At the end of the period	
		under a contract	bad debt provision	added		written off			reclassified	under a contract	bad debt provision
				under a contract	interest, penalties	repaid	expenses	bad debt provision			
Accounts receivable due in more than 12 months but within the operating cycle – total		**296**				**(265)**				**31**	
including: advances paid		58				(27)				31	
other debtors		238				(238)					
Accounts receivable due in less than 12 months – total		**1,291,747**	**(9,530)**	**1,211,139**	**66**	**(1,275,718)**	**(5,700)**	**3,774**		**1,221,534**	**(5,756)**
including: buyers and customers		1,194,317	(1,921)	1,159,121		(1,189,685)	(11)	(2,704)		1,163,742	(4,625)
including: debts of related companies		*125,463*				*(125,463)*					
advances paid		82,575	(2,757)	46,356		(81,065)	(891)	1,669		46,975	(1,088)
other debtors		14,855	(4,852)	5,662	66	(4,968)	(4,798)	4,809		10,817	(43)
Total	**1230**	**1,292,043**	**(9,530)**	**1,211,139**	**66**	**(1,275,983)**	**(5,700)**	**3,774**		**1,221,565**	**(5,756)**

(in thousand Russian Rubles unless otherwise stated)

For 2024

Narrative	Indicator code	At the beginning of the year		Changes for the period (less accounts receivable recognised and settled within the same reporting period)						At the end of the period	
		under a contract	bad debt provision	added		written off			reclassified	under a contract	bad debt provision
				under a contract	interest, penalties	repaid	expenses	bad debt provision			
Accounts receivable due in more than 12 months but within the operating cycle – total		**1499**		**199**		**(1,402)**				**296**	
including: advances paid		1,282		25		(1,249)				58	
other debtors		217		174		(153)				238	
Accounts receivable due in less than 12 months – total		**1,224,081**	**(6,516)**	**1,283,191**		**(1,215,435)**	**(90)**	**(3,014)**		**1,291,747**	**(9,530)**
including: Buyers and customers		1,122,653	(12)	1,194,307		(1,122,643)		(1,909)		1,194,317	(1,921)
including: debts of related companies		*30,007*		*95,456*						*125,463*	
Advances paid		78,757	(1,661)	73,733		(69,825)	(90)	(1,096)		82,575	(2,757)
Other debtors		22,671	(4,843)	15,151		(22,967)		(9)		14,855	(4,852)
Total	**1230**	**1,225,580**	**(6,516)**	**1,283,390**		**(1,216,837)**	**(90)**	**(3,014)**		**1,292,043**	**(9,530)**

(in thousand Russian Rubles unless otherwise stated)

Information about overdue accounts receivable is as follows:

Narrative	Line code	Amount as at 31/12/2025	Amount as at 31/12/2024	Amount as at 31/12/2023
Accounts receivable less than 12 months – total	**1230**	**24,896**	**29,763**	**2,527**
including buyers and customers		22,895	14,748	45
advances paid		2,001	15,010	2,477
other debtors			5	5
Total	**1230**	**24,896**	**29,763**	**2,527**

4.9. Cash

Cash in line 1250 “Cash and cash equivalents” of the Company’s Balance Sheet includes:

No.	Narrative	Amount as at 31/12/2025	Amount as at 31/12/2024	Amount as at 31/12/2023
1	Cash on hand	9	3	1
2	Cash on bank accounts in rubles	115,410	33,997	137,013
3	Cash on bank accounts in foreign currencies	7,957	530	
	TOTAL B/S line 1250	**123,376**	**34,530**	**137,014**
	Balance of cash in the Statement of Cash Flows	**123,376**	**34,530**	**137,014**

Information about cash flows is disclosed in the Statement of Cash Flows. The Statement of Cash Flows presents changes in the Company’s financial position categorised by 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 current activities

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

Narrative	Line code	For 2025	For 2024
Other receipts	**4119**	**36,392**	**31,435**
Received fines and damages	41192	559	874
Receipts of interest under bank account contracts	41193	8,277	11,783
Receipts of interest on deposits (deposit period up to 3 months)	41194		1,863
Receipt of subsidies from the federal budget	41195		3,052
Tax refund on the Single Tax Account	41196	27,326	13,442
Other	41197	230	421
Other payments	**4129**	**(84,581)**	**(60,251)**
Internal receivables from employees (funds provided for current needs)	41291	(3,015)	(1,965)
Paid fines and damages	41292	(14)	(14)
State duties	41293	(345)	(104)

(in thousand Russian Rubles unless otherwise stated)

Narrative	Line code	For 2025	For 2024
Gain/loss on foreign currency exchange transactions	41294	(4,684)	(3,001)
Bank services	41295	(5,656)	(3,338)
Social payments	41296	(1,496)	(829)
Taxes (except for income tax, individual income tax, insurance contributions)	41297	(65,570)	(47,407)
Loans provided to employees (net of repayments of loans provided during the current year)	41298	(3,801)	(3,593)

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:

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

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

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

In 2025 and 2024, material cash flows occurred between the Company and its related parties, which are presented separately in the statement of cash flows and disclosed in clause 6.2 "Related Parties" in section 7 hereof.

4.10. Other current assets

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

No.	Narrative	Amount		
		As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
1	Monetary documents (postage stamps, envelopes, employee catering cards, vacation packages)	481	406	32
	TOTAL	**481**	**406**	**32**

4.11 Share capital

The share capital of the Company, according to the Articles of Association, makes up RUB 286,283.

The share capital has been paid in full. No share capital changes were made in 2025 or 2024.

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

Rights granted by the outstanding ordinary shares:

- to participate in the management of the Company by attending General Shareholders' Meetings with the right to vote on all matters within the General Shareholders' Meeting's authority;
- to table agenda items for the General Shareholders' Meeting in the manner and under the conditions prescribed by the Law on Joint-Stock Companies, the Company's Articles of Association, and other applicable laws of the Russian Federation;

- to request the convening of the General Shareholders' Meeting in the manner and under the conditions prescribed by the Law on Joint-Stock Companies, the Company's Articles of Association, and other applicable laws of the Russian Federation;
- to dispose of their shares in the Company without the consent of other Shareholders or the Company;
- to purchase shares sold by other Shareholders at the offering price, in the manner prescribed by applicable laws of the Russian Federation and the Company's Articles of Association;
- to be elected to the governing and supervisory bodies of the Company;
- to demand the redemption by the Company of all or part of their shares in cases provided for by the Law on Joint-Stock Companies;
- to participate in the distribution of the Company's profits, specifically by receiving dividends;
- to access the accounting records and other corporate documents of the Company in the manner and under the conditions prescribed by the Law on Joint-Stock Companies, the Company's Articles of Association, and other applicable laws of the Russian Federation;
- in the event of the Company's liquidation, to receive either a share of the residual assets remaining after the settlement of all creditor claims, or the value thereof, pro rata to the number of shares held by the respective Shareholder;
- acting in a representative capacity on the Company's behalf, to demand restitution for losses caused to the Company through the fault of the sole executive body (General Director) of the Company (hereinafter referred to as the "General Director") or persons having the actual ability to control the actions of the Company, in the cases and in the manner prescribed by applicable laws of the Russian Federation;
- to challenge resolutions passed by the Company's governing bodies that entail civil law consequences, in the cases and in the manner prescribed by applicable laws of the Russian Federation;
- acting in a representative capacity on the Company's behalf, to challenge transactions entered into by the Company on the grounds prescribed by the Civil Code of the Russian Federation or the Law on Joint-Stock Companies and seek remedies for their invalidity, as well as remedies for the invalidity of the Company's void transactions;
- to nominate candidates for the Company's governing bodies in the manner and under the conditions prescribed by the Law on Joint-Stock Companies, the Company's Articles of Association, and other applicable laws of the Russian Federation;
- to request for inspection the list of persons entitled to attend the General Shareholders' Meeting, in the manner and under the conditions prescribed by the Law on Joint-Stock Companies, the Company's Articles of Association, and other applicable laws of the Russian Federation;
- to exercise any other rights prescribed by applicable laws of the Russian Federation, the Company's Articles of Association, and resolutions of the General Shareholders' Meeting adopted within the scope of its authority.

Rights granted by the outstanding Type A preferred personal uncertificated shares:

- Each preferred share confers equal rights upon its holder. Holders of Type A preferred personal uncertificated shares enjoy all rights granted to them under applicable laws of the Russian Federation, including, but not limited to, the following:
- to dispose of their shares in the Company without the consent of other Shareholders or the Company;
- to purchase shares sold by other Shareholders at the offering price, in the manner prescribed by applicable laws of the Russian Federation and the Company's Articles of Association;
- to be elected to the governing and supervisory bodies of the Company;
- to receive a fixed annual dividend. The total amount payable as a dividend on each Type A preferred personal uncertificated share is set to be no less than the 100% value of a Type A preferred personal uncertificated share;
- to access the corporate documents of the Company in the manner and under the conditions prescribed by the Law on Joint-Stock Companies, the Company's Articles of Association, and other applicable laws of the Russian Federation;
- to receive a portion of the Company's assets (liquidation quota) remaining upon the Company's liquidation, pro rata to the number of shares held;
- to attend the General Shareholders' Meeting without the right to vote, unless otherwise prescribed by the Law on Joint-Stock Companies;

(in thousand Russian Rubles unless otherwise stated)

- to attend the General Shareholders' Meeting with the right to vote on the following matters:
  (i) the reorganisation and liquidation of the Company;
  (ii) any amendments and additions to the Company's Articles of Association that limit the rights of holders of Type A preferred personal uncertificated shares;
  (iii) in other cases prescribed by applicable laws.
- in the event that the annual General Shareholders' Meeting, for any reason, fails to resolve to pay dividends or resolves to pay dividends only in part on Type A preferred personal uncertificated shares – the right to attend the General Shareholders' Meeting with the right to vote on all matters within the scope of its authority. This right arises at the meeting following the annual General Shareholders' Meeting that passed such a resolution, and ceases upon the first payment of dividends in full on the said shares;
- to exercise any other rights prescribed by applicable laws of the Russian Federation, the Company's Articles of Association, and resolutions of the General Shareholders' Meeting adopted within the scope of its authority.

The Company's majority shareholder is Limited Liability Company "Sun Pharma (Netherlands) B.V." (the sole shareholder, holding 100% of the Company's shares).

The ultimate controlling party is SUN PHARMACEUTICAL INDUSTRIES LIMITED, India, as the Company is a member of its global group of companies. SUN PHARMACEUTICAL INDUSTRIES LIMITED holds 100% of the shares in Sun Pharma (Netherlands) B.V.

The Company's ultimate beneficial owner is Dilip Shantilal Shanghvi, India.

4.12. Added 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:				
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.

4.13. Reserve capital

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, to redeem the Company's bonds and repurchase the Company's shares when other funds are unavailable; it may not be used for any other purposes.

The reserve fund has the following structure:

Narrative	Line code	As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
Reserves in accordance with the legislation	1360	14	14	14
TOTAL	**1360**	**14**	**14**	**14**

(in thousand Russian Rubles unless otherwise stated)

4.14. Retained earnings (uncovered loss)

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

On 27 June 2025 the sole shareholder decided to leave profit for 2024 at the disposal of Biosintez PJSC.

Item	Amount
Net profit	453,409
Dividend payment on shares	-
Retained earnings	453,409

As at the date of the financial statements, there were no decisions of the sole shareholder to distribute the profit for 2025.

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

Narrative	As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
Retained earnings, TOTAL	**2,098,974**	**1,662,893**	**1,209,484**
including:			
Retained earnings of prior years	1,662,893	1,209,484	1,027,700
Retained earnings (loss) of the reporting year	436,081	453,409	181,784

4.15. Deferred tax liabilities

Deferred tax liabilities as at 31 December 2024 are netted with deferred tax assets in B/S line 1420. As at 31 December 2025, 31 December 2023 they are netted in B/S line 1180. Information is provided in clause 4.4. hereof.

4.16. Loans and borrowings

Information regarding the Company’s loans and borrowings for 2024 – 2025, as reported in lines 1410 “Borrowed funds” and 1510 “Borrowed funds” of the balance sheet, is as follows:

(in thousand Russian Rubles unless otherwise stated)

For 2025

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	Transfer from long-term to short-term debt		
Long-term borrowings - total	**1410**	**504,800**			**(251,800)**		**(253,000)**		
Loans	1411	504,800			(251,800)		(253,000)		
Short-term borrowings - total	**1510**	**17,797**		**51,608**		**(54,247)**	**253,000**		**268,158**
Loans	1511						253,000		253,000
Interest on loans	1512	17,797		51,608		(54,247)			15,158

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	Transfer from long-term to short-term debt		
Long-term borrowings - total	**1410**						**504,800**		**504,800**
Loans	1411						504,800		504,800
Short-term borrowings - total	**1510**	**1,174,366**		**102,571**	**(635,200)**	**(119,140)**	**(504,800)**		**17,797**
Loans	1511	1,140,000			(635,200)		(504,800)		
Interest on loans	1512	34,366		102,571		(119,140)			17,797

(in thousand Russian Rubles unless otherwise stated)

Main loans and borrowings

Narrative	Line code	Annual interest rate	Maturity	As at 31/12/2025			As at 31/12/2024			As at 31/12/2023		
				Principal amount	Interest	Total	Principal amount	Interest	Total	Principal amount	Interest	Total
Long-term borrowings – total	**1410**						**504,800**		**504,800**			
Loans (lender – JSC Ranbaxy)	**A**						**504,800**		**504,800**			
19-БИО-362 dated 12/12/2019		Key rate*0.75	31/12/2026				504,800		**504,800**			
Short-term borrowings – total	**1510**			**253,000**	**15,158**	**268,158**		**17,797**	**17,797**	**1,140,000**	**34,366**	**1,174,366**
Loans (lender – JSC Ranbaxy)	**A**			**253,000**	**15,158**	**268,158**		**17,797**	**17,797**	**1,140,000**	**34,366**	**1,174,366**
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			
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/03/2026		13,291	13,291						
19-БИО-362 dated 12/12/2019		Key rate*0.75	30/06/2026		1,867	1,867						
19-БИО-362 dated 12/12/2019		Key rate*0.75	31/12/2026	253,000		253,000						

(in thousand Russian Rubles unless otherwise stated)

The cost of borrowings is included in other expenses; in the reporting periods 2024-2025 no cost of borrowings was included in the value of investment assets.

4.17. Other long-term liabilities

Line 1450 “Other long-term liabilities” of the Balance Sheet shows the following:

No.	Narrative	Amount		
		As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
1	Long-term lease liabilities	745	952	1,678
2	Income of future periods	445	2,125	1,090
	TOTAL	**1,190**	**3,077**	**2,768**

(in thousand Russian Rubles unless otherwise stated)

4.18. Accounts payable

A detailed breakdown of accounts payable reported in line 1520 “Accounts payable” is provided below.

For 2025

Narrative	Line code	At the beginning of the year	Changes for the period (less liabilities incurred and settled within the same reporting period)					At the end of the period
			added		written off		reclassified	
			under contracts	interest, penalties	repaid	income		
Accounts payable due in more than 12 months but within the operating cycle – total:		**507,877**			**(253,687)**		**(253,000)**	**1,190**
including								
borrowed funds	1410	504,800			(251,800)		(253,000)	
other creditors	1450	3,077			(1,887)			1,190
Accounts payable due in less than 12 months – total:		**286,878**	**314,527**	**51,608**	**(320,905)**		**253,000**	**585,108**
including								
borrowed funds	1510	17,797		51,608	(54,247)		253,000	268,158
suppliers and contractors	1521	175,506	173,715		(173,085)			176,136
payables to company employees	1522	21,294	23,628		(21,294)			23,628
payables to state non-budgetary funds	1523	15,984	18,354		(15,984)			18,354
charge and tax payables	1524	51,298	80,056		(51,298)			80,056
advances received	1525	1,661	3,833		(1,661)			3,833
other creditors	1526	3,320	14,941		(3,319)			14,942
Other short-term liabilities	1550	18			(17)			1
Total		**794,755**	**314,527**	**51,608**	**(574,592)**		**X**	**586,298**

Biosintez PJSC
Notes to the Balance Sheet and the Statement of Financial Results for the year ended 31 December 2025
(in thousand Russian Rubles unless otherwise stated)

For 2024

Narrative	Line code	At the beginning of the year	Changes for the period (less liabilities incurred and settled within the same reporting period)					At the end of the period
			added		written off		reclassified	
			under contracts	interest, penalties	repaid	income		
Accounts payable due in more than 12 months but within the operating cycle – total:		**2,768**	**309**				**504,800**	**507,877**
including								
borrowed funds	1410						504,800	504,800
other creditors	1450	2,768	309					3,077
Accounts payable due in less than 12 months – total:		**1,478,718**	**262,226**	**102,571**	**(1,051,832)**	**(5)**	**(504,800)**	**286,878**
including								
borrowed funds	1510	1,174,366		102,571	(754,340)		(504,800)	17,797
suppliers and contractors	1521	200,218	173,638		(198,350)			175,506
payables to company employees	1522	19,414	21,294		(19,414)			21,294
payables to state non-budgetary funds	1523	13,596	15,984		(13,596)			15,984
charge and tax payables	1524	63,769	51,298		(63,769)			51,298
advances received	1525	3,081			(1,418)	(2)		1,661
other creditors	1526	4,268			(945)	(3)		3,320
Other short-term liabilities	1550	6	12					18
Total		**1,481,486**	**262,535**	**102,571**	**(1,051,832)**	**(5)**	**X**	**794,755**

(in thousand Russian Rubles unless otherwise stated)

A breakdown of taxes and levies payable is provided below:

Types of taxes and levies	As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
Total:	**80,056**	**51,298**	**63,769**
Property tax	6,306	6,374	6,460
Value-added tax	21,615	26,180	26,856
Personal income tax	3,745	3,332	3,100
Income tax	44,319	13,243	25,571
Transport tax	28	27	30
Land tax	2,142	2,142	1,752
Other	1,901		

Information about overdue accounts payable is as follows:

Narrative	Line code	As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
Accounts payable due in less than 12 months – total:	**1520**	**86,153**	**21,357**	**48,270**
including				
suppliers and contractors	1521	86,153	21,357	48,268
including amounts due to related parties		*57,020*	*756*	*22,388*
other creditors	1526			2
Total		**86,153**	**21,357**	**48,270**

4.19. Government assistance

Information about government assistance is as follows:

Narrative	For 2025	For 2024
Public funds received – total		**3,052**
including for capital expenses related to intangible assets (registration of pharmaceuticals)		3,052

4.20. Estimated liabilities, contingent liabilities and contingent assets

Information about estimated liabilities is as follows:

(in thousand Russian Rubles unless otherwise stated)

For 2025

Narrative	At the beginning of the year	Recognised		Utilised against incurred expenses or recognised as accounts payable	Reversed due to excess or because recognition criteria are no longer met	At the end of the year
		amount recognised in the reporting period	increase in present value during the reporting period (interest)			
Total	**248,121**	**763,807**		**(611,732)**	**(57,019)**	**343,177**
including: Estimated liabilities for vacation payments to employees	57,189	80,400		(72,338)		65,251
Estimated liabilities for employee remuneration		17,730				17,730
Estimated liabilities for settlements with contractors	736	3,166		(3,092)		810
Estimated liabilities for customer bonuses	190,196	662,511		(536,302)	(57,019)	259,386
Total for line 1540	**248,121**	**763,807**		**(611,732)**	**(57,019)**	**343,177**

For 2024

Narrative	At the beginning of the year	Recognised		Utilised against incurred expenses or recognised as accounts payable	Reversed due to excess or because recognition criteria are no longer met	At the end of the year
		amount recognised in the reporting period	increase in present value during the reporting period (interest)			
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
Estimated liabilities for settlements with contractors	1,268	2,546		(3,078)		736
Estimated liabilities for customer bonuses	178,676	596,025		(584,505)		190,196
Total for line 1540	**231,484**	**664,573**		**(647,936)**		**248,121**

4.21. Contingent liabilities and contingent assets

Legal proceedings

As at 31/12/2025 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.

Contingent assets

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

4.22. Lease contracts

4.22.1. The lessee's leases

The Company received assets in lease (land) intended to be 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 are disclosed in Section 4.2 "Fixed Assets".

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

For 2025

Lease contract	Reassessment of the amount of future lease payments (at nominal value) for the reporting year	Reassessment of the discount rate (in %) for the reporting year	Revaluation of the lease liability
Federal Treasury Department for the Republic of Mordovia (the Interregional Territorial Administration of the Federal Agency for State Property Management for the Republics of Mordovia, Mari El, Chuvashia, and the Penza Region)	+5	15.75	(208)

For 2024

Lease contract	Reassessment of the amount of future lease payments (at nominal value) for the reporting year	Reassessment of the discount rate (in %) for the reporting year	Revaluation of the lease liability
Federal Treasury Department for the Republic of Mordovia (the Interregional Territorial Administration of the Federal Agency for State Property Management for the Republics of Mordovia, Mari El, Chuvashia, and the Penza Region)	+5	11.59	(739)

(in thousand Russian Rubles unless otherwise stated)

4.22.2. Lease liabilities

Information about lease liabilities is presented in the table below:

Narrative	31/12/2025	31/12/2024	31/12/2023
Short-term lease liabilities (B/S line 1526)	1	3	18
Long-term lease liabilities (B/S line 1450)	745	952	1,679
Total lease liabilities	**746**	**955**	**1,697**

Interest on lease liabilities

Narrative	2025	2024
Interest accrued on lease liabilities that was included in other expenses (line 2350 of the Statement of Financial Results)	118	111
Total interest accrued on lease liabilities	**118**	**111**

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

Narrative	As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
Leased fixed assets - TOTAL	**18,698**	**26,657**	**26,657**
Land plots	18,698	26,657	26,657

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

4.22.3. The lessor's leases

The lessor's leases

The leasing of assets does not constitute a core business activity of the Company.

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 4.2 hereof.

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

Lease income and expenses are recognised by the lessor in other income and are disclosed in section 5.5 hereof.

4.23. Off-balance sheet inventories

Information about off-balance sheet inventories is as follows.

Narrative	As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
Inventories accepted for custody	19,103	776	571
Inventories accepted for processing	9,348	1,343	9,329
TOTAL	**28,451**	**2,119**	**9,900**

4.24. Collateral and surety issued and received

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

(in thousand Russian Rubles unless otherwise stated)

Narrative	As at 31/12/2025	As at 31/12/2024	As at 31/12/2023
Collateral and surety received, total:	**46,505**		
including *bank guarantees*	46,505		
Collateral and surety issued, total:	**5,000**	**205,754**	**1,244,136**
including *pledge of property and property rights*	5,000	5,000	5,000
surety		200,754	1,238,836
security payment			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 December 2025	As at 31 December 2024	As at 31 December 2023
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	19/04/2026	related parties		98,335	444,682
Total					**200,754**	**1,238,836**

(in thousand Russian Rubles unless otherwise stated)

5. Notes to the Statement of Financial Results

5.1. Income from ordinary activities

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

Narrative	Line code	For 2025	For 2024
Sale of pharmaceuticals for export	2111	327,393	422,207
Sale of pharmaceuticals on the domestic market	2111	3,019,462	2,899,445
Other sales	2112	48,182	29,299
Total revenue	**2110**	**3,395,037**	**3,350,951**

5.2. 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 2025	For 2024
Sale of pharmaceuticals for export	2121	220,149	286,190
Sale of pharmaceuticals on the domestic market	2121	1,609,187	1,625,540
Other sales	2122	17,992	11,827
Total cost of sales	**2120**	**1,847,328**	**1,923,557**

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

Narrative	For 2025	For 2024
Maintenance of the executive office	17,586	15,894
Transportation of products to destination	35,814	47,051
Expenses of warehouses of finished products	39,378	40,204
Non-capital expenses related to the improvement of technology and organisation of work	2,241	1,696
Expenses for the current market research	159,210	104,533
Advertising	1,034	1,120
Depreciation	36,378	28,562
Other selling expenses	6,400	5,890
Total selling expenses	**298,041**	**244,950**

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

Narrative	For 2025	For 2024
Material costs	59,403	52,097

(in thousand Russian Rubles unless otherwise stated)

Payroll costs	253,905	208,278
Social charges	65,646	55,394
Depreciation	18,178	16,895
Expenses for quality and certification	28,396	31,855
Expenses for maintaining warehouses for raw materials and consumables	28,113	24,294
Other	116,933	108,363
including: *facility security*	*24,328*	*20,691*
shop floor expenses during shutdown period	*16,248*	*16,838*
corporate transportation expenses	*16,813*	*14,204*
taxes and other mandatory payments	*13,308*	*12,562*
insurance expenses	*7,748*	*7,871*
routine maintenance and capital repairs	*2,054*	*3,369*
audit services	*3,277*	*2,872*
information and advisory services	*3,172*	*1,585*
other expenses	*29,985*	*28,371*
Total administrative expenses	**570,574**	**497,176**

Expenses for ordinary activities by cost item are as follows:

Narrative	For 2025	For 2024
Material costs*	1,435,031	1,411,262
Payroll costs	724,619	607,802
Insurance contributions to non-budgetary funds	193,279	167,157
Depreciation	191,531	187,291
Other expenses	320,294	284,900
including repair of fixed assets	9,342	16,955
representation expenses	5	30
Total by cost items	**2,864,754**	**2,658,412**
Changes in inventories and expenses (- increase, + decrease)	**-148,811**	**+7,271**
Total expenses for ordinary activities	**2,715,943**	**2,665,683**

* 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.

5.3. Interest receivable

Narrative	2025	2024
Interest on bank deposits and for keeping cash in banks	8,363	13,540

(in thousand Russian Rubles unless otherwise stated)

Narrative	2025	2024
Total for line "Interest receivable" in the Statement of Financial Results	**8,363**	**13,540**

5.4. Interest payable

Narrative	2025	2024
Interest on loans received	51,608	102,571
Total for line "Interest payable" in the Statement of Financial Results	**51,608**	**102,571**

5.5. Other income and expenses

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

Narrative	For the year ended			
	31 December 2025		31 December 2024	
	Income	Expenses	Income	Expenses
Other income and expenses	**25,057**	**67,974**	**21,836**	**46,948**
From sale, write-off, and other receipt (disposal) of assets:				
from sale of:				
fixed assets	2,553		439	
inventories	9,704		10,439	
foreign currency		4,684		3,001
from write-off		9,561		11,461
from other receipt (disposal)		268	31	
From transactions related to:				
payment for services provided by credit institutions		5,677		3,345
leasing of property	3,977		4,005	
establishment, reversal and utilisation of provisions		1,936		3,102
utilisation of budget funds received to cover current expenses	1,701		2,017	
From non-sales transactions:				
penalties, fines, forfeit penalties for breach of contract, damages paid (received)	402	4,964		
prior-period gains (losses) recognised in the reporting year		8,126		
expired accounts payable (including unclaimed wages) and accounts receivable, other uncollectible debt		176	6	
exchange differences	4,317		1,321	
increases (decreases, impairment) in the value of assets	566	11,618		254
recognition of inventory surpluses identified during stocktaking	26		156	
inventory shortages, spoilage, and theft where the responsible parties are unidentified		35		
expenses and payments based on the Company's estimates		16,845		15,006
other non-sales income (expenses)	1,811	4,084	3,422	10,779

5.6. 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 2025	For 2024

1.	Profit (loss) before tax according to book data	592,932	571,125
2.	Income tax rate, %	25	20
3.	Provisional income tax expense (benefit)	148,233	114,225
4.	Permanent tax liability (asset)	9,398	3,491
5.	Federal investment tax deduction according to Article 286.2 of the Tax Code of the Russian Federation	(780)	
6.	Deferred tax asset (DTA)	1,368	10,955
7.	Deferred tax liability (DTL)	5,750	(22,642)
8.	**Current income tax (current tax loss)**	**163,969****	**106,029***
9.	**Deferred income tax (with no effect on the current amount of the income tax for the reporting period),** including	**(943)**	**(1,356)**
10.	conditioned by adjustments of deferred income assets and liabilities of the previous years	(13)	(387)
11.	conditioned by changes in taxation rules, **changes in applied tax rates**	(930)	(969)

* including income tax for 2023 in the amount of RUB 29 thousand as per the amended tax return.
** income tax for 2024 in the amount of RUB (4,448) 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 2025	For 2024
1.	**Permanent differences, including:**	**37,592**	**17,455**
1.1.	social expenses	10,257	11,473
1.2.	writing-off of inventories and other assets	11,262	(4,367)
1.3.	Donated property, services	3,233	3,272
1.4.	Prior-period losses not recognised for tax purposes	9,872	
1.5.	changes in effective tax rates	3,720	4,848
1.6	other	(752)	2,229
2.	**Temporary (taxable) differences, including:**	**22,999**	**(113,210)**
2.1.	fixed assets	19,044	(105,440)
2.2.	Intangible assets, R&D	5,666	(3,475)
2.3.	other	(1,711)	(4,295)
3.	**Temporary (deductible) differences, including:**	**5,474**	**54,775**
3.1.	accrual (reversal) of provision for settlements with contractors	(11,721)	60,680
3.2.	accrual (reversal) of bad debt provision	(6,467)	3,395
3.3.	accrual (reversal) of provisions for impairment	(42,560)	(71,975)
3.4.	accrual (reversal) of provision for bonuses to customers	69,188	59,070
3.5.	other	(2,966)	3,605

5.7. Disclosure of information about earnings per share.

Basic earnings (loss) per share

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

For 2025	For 2024
214,712	214,712

(in thousand Russian Rubles unless otherwise stated)

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 per share are calculated as the ratio of the basic earnings of the reporting period to the weighted average number of ordinary shares outstanding during the reporting period.

Narrative	2025	2024
Earnings (loss) for the reporting period remaining at the Company's disposal after taxation and other mandatory payments to the budget and extra-budgetary funds, RUB	436,081,554.88	453,409,277.40
Dividends on preferred shares accrued to their holders for the reporting period		
Basic earnings (loss) of the reporting period	436,081,554.88	453,409,277.40
Weighted average number of ordinary shares, units	214,712	214,712
Basic earnings (loss) per share, RUB kop.	**2,031.01**	**2,111.71**

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.

6. Other notes

6.1. Information about discontinued operations

The Company did not make any decisions to discontinue operations in 2025.

6.2. Related parties

The list of the main related parties for 2024-2025 and relevant information are given below:

Group / Name of related party	Nature of relationship*		Change in related parties
	For 2025	For 2024	
Principal business entity (partnership)			
Sun Pharma (Netherlands) B.V.	B	B	
Other entities under common control			
JSC Ranbaxy, Moscow	C	C	
Other related parties			
SUN PHARMACEUTICAL INDUSTRIES LIMITED, India	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	Before 7 October 2025
Tatyana Somova	B		From 7 October 2025
Alexander Voloshinov	B	B	
General Director Dmitry Boldov	B	B	

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 ultimate controlling party is SUN PHARMACEUTICAL INDUSTRIES LIMITED, India

Dilip Shantilal Shanghvi, India, who heads the parent company of SUN PHARMACEUTICAL INDUSTRIES LIMITED is the Company's ultimate beneficiary.

(in thousand Russian Rubles unless otherwise stated)

Remuneration to key management personnel

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

No.	Narrative	For 2025	For 2024
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)	37,614	30,807
	TOTAL	**37,614**	**30,807**

* Pursuant to clause 11 of RAR 11/2008 “Related Parties”, the Company’s key management personnel comprises executives (the General Director and other persons exercising the powers of the sole executive body of the Company), their deputies, members of the collective executive body, members of the Board of Directors (Supervisory Board) or other collective management bodies of the Company, as well as other officials vested with authority and responsibility for planning, directing, and controlling the Company’s operations.

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 2024-2025:

(in thousand Russian Rubles unless otherwise stated)

Related party transactions for 2025

Item (name of related party)	Type of transaction	Outstanding as at 31 December 2024 (Debit +, Credit -)	Receipt of goods, acceptance of works and services	Repayment of indebtedness	Debt forgiveness by the creditor	Outstanding as at 31 December 2025 (Debit +, Credit -)		Bad debt provision as at the end of the reporting period	Type of settlement
						within 12 months	over 12 months		
Other related parties									
JSC Ranbaxy, Moscow	Sale of medicines	124,399	266,361	(390,760)					non-cash
JSC Ranbaxy, Moscow	Sale of services	1,064	28,396	(29,460)					non-cash
JSC Ranbaxy, Moscow	Reimbursement of expenses under a service contract		301	(301)					non-cash
JSC Ranbaxy, Moscow	Loan receipt	(522,597)	(51,609)	306,048		(268,158)			non-cash
JSC Ranbaxy, Moscow	Surety	(200,754)		200,754					off-balance transactions
Sun Pharmaceutical Industries Ltd., India	Purchase of goods, works, services	(20,698)	(97,356)	44,220		(73,834)			non-cash
Total		**(618,586)**	**146,093**	**130,501**		**(341,992)**			

(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		
Other related parties									
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)**		

6.3. 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.

(in thousand Russian Rubles unless otherwise stated)

7. Information about risks of business activities

7.1. 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.

2025 saw the continuation of the dramatic geopolitical tensions fuelled by the Ukraine-related conflict of February 2022 and its development. Sanctions and restrictions have been and continue to be imposed on numerous Russian entities and individuals. These events have resulted in Russian organisations facing restricted access to international markets for capital, goods and services, the disruption of supply chains, flight restrictions, the cessation or suspension of operations by a number of foreign companies in the Russian Federation, periodic increases in the volatility of financial market quotes, the key interest rate and the ruble exchange rate against major world currencies, and other negative economic consequences. Significant uncertainty remains as to how the current situation will evolve. Subsequently, further sanctions and countermeasures may be introduced, with an economic impact that remains difficult to predict.

During 2025, the Bank of Russia reduced the key interest rate from 21% to 16.5%. 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.

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

Currency	Exchange rate as at 31/12/2025	Exchange rate as at 31/12/2024	Exchange rate as at 31/12/2023
USD	78.2267	101.6797	89.6883
EUR	92.0938	106.1028	99.1919
CHF	99.1969	x	x
CNY	11.1592	13.4272	12.5762
INR	0.869737	1.18797	1.0774
10,000 UZS	65.1650	78.6965	72.6882
100 KZT	15.4978	19.4860	x
10 TRY	18.2377	x	x

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.

7.2. 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.

In 2025, the major changes in tax, customs, and other areas of legislation are related to the current geopolitical situation, particularly the economic sanctions imposed on Russia by a number of foreign countries. In 2025, Russian tax authorities applied mechanisms aimed at combating tax evasion through the use of low-tax jurisdictions and aggressive tax planning structures. Of particular note is the heightened scrutiny of tax treaty relief (specifically regarding beneficial ownership and the Multilateral Instrument designed to combat Base Erosion and Profit Shifting). This focus extends to cross-border arrangements for intra-group financing, licensing, and services, as well as the application of tax residency and permanent establishment rules across both domestic and international jurisdictions.

Additionally, the standard corporate income tax rate in Russia rose from 20% to 25%, effective 1 January 2025. At the same time, the restriction on the recognition of prior-period losses for corporate income tax purposes, capped at 50%, remains in effect. The application of this restriction has been extended until the end of 2026.

Furthermore, several new tax incentives have been introduced into tax legislation to foster investment and technological advancement. Expanding the use of accelerated depreciation, introducing a federal tax deduction and clarifying the procedure for applying regional tax deductions, as well as tax support mechanisms for large-scale investment projects.

Russian tax authorities continue to pay close attention to the operations of Russian companies with foreign group entities, analysing transactions in detail for their economic justification and transparent documentary evidence, using various sources of information (documents obtained from the taxpayer, interviews with witnesses and counterparties, publicly available data sources, analysis of business purpose test results, and others).

Where possible, Russian tax authorities continue to cooperate with the tax authorities of foreign countries through the international exchange of tax information, which makes companies' international operations more transparent and requires thorough preparation to confirm the economic purpose of the organisation and the functioning of its international structure during tax audits. While geopolitical tensions hindered such cooperation with several jurisdictions throughout 2025, companies should operate on the assumption that tax authorities may eventually secure access to data on their international operations.

The aforementioned changes, as well as recent trends in the application and interpretation of specific provisions of Russian tax legislation, indicate that tax authorities may adopt a more aggressive stance in interpreting regulations during tax audits. Consequently, tax authorities may contest transactions or legal interpretations that previously remained unchallenged. As a result, significant taxes, penalties, and fines may be assessed. It is not currently feasible to estimate potential claim amounts for unasserted litigation or to predict the likelihood of an adverse outcome. Tax audits may cover three calendar years preceding the year when the particular audit is held. Earlier tax periods may also be subject to audit, if required.

The Company's management believes that as at 31 December 2025 and the date of signing of these notes 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.

7.3. 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 2025 and 2024, 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 4 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.

(in thousand Russian Rubles unless otherwise stated)

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.

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 2025 – RUB 251,800 thousand.

7.4. Currency risks

The Company is exposed to foreign exchange risk, arising primarily from fluctuations in the ruble exchange rate, as it conducts equipment purchase/procurement transactions with foreign suppliers, exports products to European and other countries, and raises significant amounts of borrowed funds in foreign currency.

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 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 31/12/2025						
USD			42,176	6,255		35,921
EUR			1,749	131		1,618
INR			8,741			8,741
KZT			699			699
CNY	7,957		63,331	22,514		48,774
CHF			37			37
UZS			2,296			2,296
Total	**7,957**		**119,029**	**28,900**		**98,086**
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**

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

7.5. 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 sold/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. To secure accounts receivable, the Company utilises a system of obtaining high-quality collateral, including bank guarantees and operating on a prepayment basis. 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 4 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 approved financial institutions.

Management measures risk concentration as the percentage of outstanding amounts owed by specific customers relative to the total accounts receivable. As at 31 December 2025, the Company had more than 137 customers (31 December 2024: 145 customers). As at 31 December 2025, the top 10 customers represented 85.4% of the total accounts receivable from customers (31 December 2024: 79.3%).

7.6. 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 2025, 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.

In cases where the amount payable is not fixed, the values presented in the table are based on the prevailing conditions as at the reporting date. Foreign currency payments are translated using the exchange rate of the foreign currency against the Russian ruble as at the reporting date. Payments included in the analysis are not expected to occur significantly earlier or in amounts significantly different from those presented.

(in thousand Russian Rubles unless otherwise stated)

The maturity analysis of liabilities of the Company as at 31 December 2025 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)		13,292	254,866			268,158
Payables to suppliers and contractors	122,019	52,907	1,210			176,136
Lease liabilities			1	3	742	746
Other payables	41,982	94,997	3,833			140,812
Guarantees issued			5,000			5,000
Total future payments, including future payments of principal and interest on the borrowings	**164,001**	**161,196**	**264,910**	**3**	**742**	**590,852**

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**

7.7. Other risks

7.7.1. 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

Legal risks associated with changes in currency regulation in the foreign market do not have a material impact on the Company's activities due to the insignificant volume of the Company's foreign market operations.

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 equipment are imported and/or are produced using foreign-made components. Changes in customs regulations and tariffs may pose risks for the Company, including inflated capital expenditure for fixed assets and extended lead times for critical equipment and/or spare parts. Such disruptions could escalate the Company's operating costs and heighten the risk of technical failures within the network infrastructure.

7.7.2. 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 political 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.

7.7.3. 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 performed works, compliance with work performance deadlines, as well as participation of the Company in any pricing collusion. Accordingly, reputational risks are assessed by the Company as immaterial.

25 March 2026

General Director of Biosintez PJSC	D.V. Boldov
Chief Accountant at Biosintez PJSC	T.Y. Tefanova