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## SUN PHARMACEUTICALS MOROCCO LLC SARLAU

### GENERAL REPORT OF THE INDEPENDENT AUDITOR ON PROVISIONAL ACCOUNTS

YEAR ENDED MARCH 31<sup>st</sup>, 2020

ADVISORY · ASSURANCE · TAX · LEGAL

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*(This is a free translation into English of our audit report signed and issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed solely in accordance with, Moroccan law and Moroccan professional standards).*

**To the Shareholder of SUN PHARMACEUTICALS MOROCCO LLC SARLAU  
Casablanca**

## **GENERAL REPORT OF THE INDEPENDENT AUDITOR ON PROVISIONAL ACCOUNTS**

**Year from April 1<sup>st</sup>, 2019 to March 31<sup>st</sup>, 2020**

In accordance with our assignment as auditor, we have audited the accompanying financial statements including the balance sheet and the profit and loss account of SUN PHARMACEUTICALS MOROCCO LLC SARLAU for the year ended March 31<sup>st</sup>, 2020, which show a net equity of **MAD 404 777,18** including a net profit of **MAD 5 999 009,14**. These statements were prepared in the evolving context of the health crisis of the Covid-19 epidemic, on the basis of the elements available at the time.

### **Management's Responsibility**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Moroccan accounting principles. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the presentation of financial statements that are free from material misstatement, and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Moroccan auditing standards. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

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



## Opinion on the financial statements

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sun Pharmaceuticals LLC SARLAU as of March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting standards accepted in Morocco.

Without qualifying the above opinion, we bring to your attention the fact that the net equity of the Company as of March 31<sup>st</sup>, 2020, is less than 25% of the share capital.

According to the article 86 of the law 5-96 (Law on LLC), the sole shareholder must decide whether the company should be liquidated. If the sole shareholder decides the company should not be liquidated, then he must proceed to an increase of capital, so that equity becomes at least equal to one fourth (25%) of share capital.

The shareholder of the company continues to give its financial support to Sun Pharmaceuticals Morocco LLC. Therefore, the financial statements have been prepared on a going concern basis.

Casablanca, May 20<sup>th</sup>, 2020

THE INDEPENDENT AUDITOR  
Chakib Zaari

A handwritten signature in blue ink, appearing to read "Zaari", is written over a faint circular stamp.

MAJER AUDIT SARL

Balance Sheet (Assets)

	ASSETS	CURRENT YEAR			PRIOR YEAR
		GROSS AMOUNT	AMORTIZATION OR DEPRECIATION	Net	Net
	<b>CAPITALIZED EXPENSES (A)</b>	163 353,00	163 353,00	0,00	
	Preliminary expenses	163 353,00	163 353,00		
	Deferred expenses on several years				
F	Premium of debentures refund				
I	<b>INTANGIBLE FIXED ASSETS (B)</b>	66 741,00	57 617,48	9 123,52	21 382,19
X	Research and development				
E	Patents, Trademarks, and similar rights	66 741,00	57 617,48	9 123,52	21 382,19
D	Goodwill				
	Other Intangible Assets				
A	<b>TANGIBLE FIXED ASSETS(C)</b>	10 482 247,44	1 796 551,70	8 685 695,74	4 947 924,45
S	Land				
S	Buildings				
E	Industrial fixtures and equipment	7 737 339,60	572 444,51	7 164 895,09	3 823 303,23
T	Transportation equipment				
S	Office equipment and furniture	2 744 907,84	1 224 107,19	1 520 800,65	1 124 621,22
	Other tangible fixed assets				
	Tangible fixed assets in progress				
	<b>LONG TERM INVESTMENTS (D)</b>	2 030 371,84	0,00	2 030 371,84	1 564 084,74
	Long term loans				
	Other financial assets	2 030 371,84		2 030 371,84	1 564 084,74
	Investments				
	Other investments				
	<b>UNREALISED EXCHANGE RATE LOSSES (E)</b>				
	Unrealised exchange rate losses (from long term assets)				
	Unrealised exchange rate losses (from long term liabilities)				
	<b>TOTAL I (A+B+C+D+E)</b>	<b>12 742 713,28</b>	<b>2 017 522,18</b>	<b>10 725 191,10</b>	<b>6 533 391,38</b>
	<b>INVENTORIES (F)</b>	82 062 475,83	22 919 507,48	59 142 968,35	38 608 169,67
C	Merchandises	68 394 815,61	9 090 490,50	59 304 325,11	31 510 921,32
U	Raw materials and furnitures	10 854 349,29	5 168 125,46	5 686 223,83	5 764 970,64
R	Work in progress				
R	Intermediate and residual products				
E	Finished products	2 813 310,93	8 660 891,52	-5 847 580,59	1 332 277,71
N	<b>CURRENT ASSETS(G)</b>	124 283 333,56	0,00	124 283 333,56	93 689 842,87
T	Advances payments to suppliers and other debtors	3 570 161,50		3 570 161,50	1 787 710,50
	Trade accounts receivable	111 460 944,16		111 460 944,16	86 820 568,19
A	Personnel	654 913,01		654 913,01	499 185,69
S	Taxes	8 069 025,55		8 069 025,55	4 081 701,72
S	Shareholders Current accounts				
E	Others debtors	210 504,92		210 504,92	210 504,92
T	Deferral accounts	317 784,42		317 784,42	290 171,85
S	<b>MARKETABLE SECURITIES (H)</b>				
	<b>UNREALISED EXCHANGE RATE LOSSES (I)</b>	15 620 269,55		15 620 269,55	6 189 469,27
	(Current)				
	<b>TOTAL II ( F+G+H+I)</b>	<b>221 966 078,94</b>	<b>22 919 507,48</b>	<b>199 046 571,46</b>	<b>138 487 481,81</b>
C	<b>CASH AND CASH EQUIVALENTS (Assets)</b>	71 700 762,14	0,00	71 700 762,14	30 531 360,09
A	Checks and other instruments to be cashed				
S	Cash on Bank	71 525 134,99		71 525 134,99	30 349 095,78
H	Cash on hand	175 627,15		175 627,15	182 264,31
	<b>TOTAL III</b>	<b>71 700 762,14</b>	<b>0,00</b>	<b>71 700 762,14</b>	<b>30 531 360,09</b>
	<b>TOTAL ASSETS I+II+III</b>	<b>306 409 554,36</b>	<b>24 937 029,66</b>	<b>281 472 524,70</b>	<b>175 552 233,28</b>

Balance Sheet (Liabilities)

	Liabilities	CURRENT YEAR	PRIOR YEAR
	<b>Shareholder's equity (A)</b>		
	Common stock (1)	12 235 300,00	12 235 300,00
	(Minus) Common stock subscribed but not called-up		
C	Issuance, merger and contribution premium		
A	Revaluation reserve		
P	Legal reserve		
I	Others reserves		
T	Profit/ loss account brought forward (2)	-17 829 531,96	-22 419 086,02
A	Not yet allocated income (2)		
L	Net income of the year	5 999 009,14	4 589 554,06
	<b>Total Shareholders Net Equity (A)</b>	<b>404 777,18</b>	<b>-5 594 231,96</b>
A	<b>RELATED EQUITY (B)</b>	<b>0,00</b>	<b>0,00</b>
N	Investment Subsidy		
D	Regulatory provisions		
	<b>FINANCIAL LIABILITIES (C)</b>	<b>0,00</b>	<b>0,00</b>
R	Debenture Loans		
E	Other financial liabilities		
S			
E			
R	<b>PROVISION FOR CONTINGENCIES AND LOSSES(D)</b>	<b>0,00</b>	<b>0,00</b>
V	Provision for contingencies		
E	Provision for losses		
S	<b>UNREALISED EXCHANGE RATE GAINS (Non current) (E)</b>	<b>0,00</b>	<b>0,00</b>
	Unrealised exchange rate gains from long term assets		
	Unrealised exchange rate gains from long term liabilities		
	<b>Total I(A+B+C+D+E)</b>	<b>404 777,18</b>	<b>-5 594 231,96</b>
L	<b>CURRENT LIABILITIES (F)</b>	<b>261 616 590,77</b>	<b>174 458 276,24</b>
I	Trade accounts payable	167 476 501,87	96 997 544,83
A	Clients in credit, Advance payments received	24 486 081,20	14 215 398,42
B	Personnel	2 153 837,20	3 236 117,97
I	Social security liabilities	1 455 624,09	1 504 947,20
L	Taxes	12 028 724,76	7 383 090,70
I	Shareholders current accounts	54 015 821,65	51 121 177,12
T	Others debts		
I	Deferral accounts		
E	<b>OTHER PROVISION FOR CONTINGENCIES AND LOSSES (G)</b>	<b>17 838 730,76</b>	<b>6 605 418,96</b>
S	<b>UNREALISED EXCHANGE RATE GAINS (Current ) (H)</b>	<b>1 612 425,99</b>	<b>82 770,04</b>
	<b>Total II (F+G+H)</b>	<b>281 067 747,52</b>	<b>181 146 465,24</b>
C	<b>CASH LIABILITIES</b>	<b>0,00</b>	<b>0,00</b>
A	Discounts credit		
S	Short term credit facility		
H	Bank Overdrafts		
	<b>Total III</b>		
	<b>TOTAL LIABILITIES I+II+III</b>	<b>281 472 524,70</b>	<b>175 552 233,28</b>

(2) beneficiaire (+) , déficitaire (-)

INCOME STATEMENT

	ITEM	OPERATIONS			Prior year net amount 4
		Related to the period 1	Related to the prior periods 2	Net amount 3=2+1	
EXPLOITATION	<b>I OPERATING REVENUE</b>				
	Sales of merchandise	155 118 168,44		155 118 168,44	117 492 469,61
	Sales of goods and services	27 227 051,41		27 227 051,41	16 549 181,82
	Finished Goods inventory change (+/-) (1)	182 345 219,85		182 345 219,85	134 041 651,43
	Self constructed capital asset	-1 715 504,23		-1 715 504,23	1 372 387,26
	Operating Subsidy				
	Others operating income	9 012 853,17		9 012 853,17	4 509 347,44
	Reversal of operating provisions-charges transfer	18 255 191,84		18 255 191,84	12 013 777,25
	<b>Total I</b>	<b>207 897 760,63</b>		<b>207 897 760,63</b>	<b>151 937 163,38</b>
	<b>II OPERATING EXPENSES</b>				
	Purchase of goods for resale (2)	69 087 992,61		69 087 992,61	52 858 035,93
	Purchase of materials and supplies (2)	8 794 262,34		8 794 262,34	10 057 808,89
	Other external expenses	57 809 521,99		57 809 521,99	34 113 479,39
	Taxes	1 017 377,22		1 017 377,22	1 331 463,80
	Personnel expenses	24 214 244,41		24 214 244,41	24 317 627,96
Other operating expenses					
Operating allowances (for depreciation and risks)	23 641 501,65		23 641 501,65	18 518 491,58	
<b>Total II</b>	<b>184 564 900,22</b>		<b>184 564 900,22</b>	<b>141 196 907,55</b>	
<b>III OPERATING INCOME / LOSS (I - II)</b>			<b>23 332 860,41</b>	<b>10 740 255,83</b>	
FINANCIER	<b>IV FINANCIAL REVENUE</b>				
	Revenue from investment and others				
	Exchange gains	107 312,11		107 312,11	234 362,18
	Interests and other financial revenue	1 802 511,52		1 802 511,52	162 736,39
	Reversal of financial provisions - charges transfer	6 701 838,65		6 701 838,65	6 429 114,91
	<b>Total IV</b>	<b>8 611 662,28</b>		<b>8 611 662,28</b>	<b>6 826 213,48</b>
	<b>V FINANCIAL EXPENSES</b>				
	Interests expenses	2 096 064,26		2 096 064,26	2 146 033,81
	Exchange losses	217 378,41		217 378,41	616 141,64
	Other financial expenses				
Financial allowances	17 941 233,53		17 941 233,53	6 605 418,96	
<b>Total V</b>	<b>20 254 676,20</b>		<b>20 254 676,20</b>	<b>9 367 594,41</b>	
<b>VI FINANCIAL INCOME (IV-V)</b>			<b>-11 643 013,92</b>	<b>-2 541 380,93</b>	
<b>VII ORDINARY INCOME (III+VI)</b>			<b>11 689 846,49</b>	<b>8 198 874,90</b>	

1)Change in inventories: final inventories - initial inventories,  
increase (+) decrease (-)

Tableau N°2

Société : SUN PHARMA MOROCCO LLC SARL

Year end :

31/03/2020

Article IS : 40256039

## INCOME STATEMENT

	ITEM	OPERATIONS		Net amount 3=2+1	Prior year net amount 4	
		Related to the period 1	Related to the prior periods 2			
NON COURANT	VII	ORDINARY INCOME (report)		11 689 846,49	8 198 874,90	
	VIII	EXCEPTIONAL REVENUE				
		Revenue from assets disposal	0,00		0,00	0,00
		Balancing Subsidy	0,00		0,00	0,00
		Reversal of Investment Subsidy	0,00		0,00	0,00
		Other extraordinary revenue	139,03		139,03	25 455,46
		Reversal of extraordinary provisions- charges transfer	0,00		0,00	0,00
		Total VIII	139,03	0,00	139,03	25 455,46
	IX	EXCEPTIONAL EXPENSES				
		Net value of sold assets	0,00		0,00	0,00
		Granted Subsidies	0,00		0,00	0,00
		Others extraordinary expenses	420 642,38		420 642,38	968 628,30
		Extraordinary allowances	0,00		0,00	0,00
		Total IX	420 642,38	0,00	420 642,38	968 628,30
	X	EXCEPTIONAL INCOME / LOSS (VIII - IX)			-420 503,35	-943 172,84
	XI	INCOME / LOSS BEFORE TAXES(VII + X)			11 269 343,14	7 255 702,06
	XII	INCOME TAX			5 270 334,00	2 666 148,00
	XIII	NET INCOME / LOSS (XI - XII)			5 999 009,14	4 589 554,06

XIV	TOTAL OF REVENUES (I+IV+VIII)			216 509 561,94	158 788 832,32
XV	TOTAL OF EXPENSES (II+V+IX+XII)			210 510 552,80	154 199 278,26
XVI	NET INCOME			5 999 009,14	4 589 554,06

Tableau N°5

Société : SUN PHARMA MOROCCO LLC SARLAI

Year end :

31/03/2020

Article IS : 40256039

## MANAGEMENT RESULTS SUMMARY

## I - BREAKDOWN OF INCOMES

			Exercice N	Exercice N - 1
	1	Sales of merchandise	155 118 168,44	117 492 469,61
	2	- Purchase of goods for resale	-69 087 992,61	-52 858 035,93
I	=	<b>Gross Margin</b>	<b>86 030 175,83</b>	<b>64 634 433,68</b>
II	+	<b>Other revenue of the period</b>	<b>25 511 547,18</b>	<b>17 921 569,08</b>
	3	Sales of goods and services	27 227 051,41	16 549 181,82
	4	Finished goods inventory change (+/-)	-1 715 504,23	1 372 387,26
	5	Self constructed capital asset		
III	-	<b>Consumption of the current year</b>	<b>66 603 784,33</b>	<b>44 171 288,28</b>
	6	Purchase of materials and supplies (2)	8 794 262,34	10 057 808,89
	7	Other external expenses	57 809 521,99	34 113 479,39
IV	=	<b>ADDED VALUE( I + II - III )</b>	<b>44 937 938,68</b>	<b>38 384 714,48</b>
	8	+ Operating subsidy		
	9	- Taxes	1 017 377,22	1 331 463,80
	10	- Personnel Expenses	24 214 244,41	24 317 627,96
V	=	<b>EBIDTA (+)</b> Or <b>EBIDTA (-)</b>	<b>19 706 317,05</b>	<b>12 735 622,72</b>
	11	+ Other operating income	9 012 853,17	4 509 347,44
	12	- Other operating expenses		
	13	+ Reversal of operating provisions-charges transfer	18 255 191,84	12 013 777,25
	14	- Operating allowances (for depreciation and risks)	23 641 501,65	18 518 491,58
VI	=	<b>OPERATING INCOME + / -</b>	<b>23 332 860,41</b>	<b>10 740 255,83</b>
VII	=	<b>FINANCIAL INCOME+ / -</b>	<b>-11 643 013,92</b>	<b>-2 541 380,93</b>
VIII	=	<b>CURRENT INCOME+ / -</b>	<b>11 689 846,49</b>	<b>8 198 874,90</b>
IX	=	<b>NON CURRENT INCOME+ / -</b>	<b>-420 503,35</b>	<b>-943 172,84</b>
	15	Corporate Tax	5 270 334,00	2 666 148,00
X	=	<b>Net earnings+ / -</b>	<b>5 999 009,14</b>	<b>4 589 554,06</b>

## II CASH FLOW

			Exercice N	Exercice N - 1
	1	Net earnings Profit+ Loss -	5 999 009,14	4 589 554,06
619	2	+ Operating allowances (for depreciation and risks) ( 1 )	721 994,17	263 299,74
639	3	+ Financial allowances ( 1 )		
659	4	+ Extraordinary allowances ( 1 )		
719	5	- Reversal of operating provisions - charges transfer ( 2 )		
739	6	- Reversal of financial provisions - charges transfer ( 2 )		
759	7	- Reversal of extraordinary provisions - charges transfer ( 2 ) ( 3 )		
	8	- Revenue from assets disposal		
	9	+ Net value of sold assets		
I		<b>Cash Flow</b>	<b>6 721 003,31</b>	<b>4 852 853,80</b>
	10	- Dividends		
II		<b>Net Cash Flow</b>	<b>6 721 003,31</b>	<b>4 852 853,80</b>

( 1 ) : Exclude allowances related to current assets and liabilities

( 2 ) : Exclude reversal related to current assets and liabilities

( 3 ) : Including investment subsidy