

SUN PHARMA DE VENEZUELA C.A.

AUDITED FINANCIAL REPORTS

2020-2021

**SUN PHARMA DE VENEZUELA C.A.
FINANCIAL STATEMENTS
YEAR ENDED 31 ST MARCH 2020-2021 Y 2019-20**

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INDEPENDENT AUDITOR'S REPORT

To the Gentlemen: BOARD OF DIRECTORS AND SHAREHOLDERS OF SUN PHARMA DE VENEZUELA C.A.

We have audited the statement of Financial position of **SUN PHARMA DE VENEZUELA C.A.**, as of March 31, 2021, and the related statement of results, the statement of Changes in Shareholder's Fund and the statement of cash flows, which are relative for the year then ended, comparative with the previous year, which are accompanied, and a summary of significant accounting and legal policies and other explanatory notes. The company did not carry out any commercial activity during the corresponding fiscal year period from 01/04/2020 to 31/03/2021.

The preparation and presentation of these Financial Statements is the responsibility of the Company Management, in accordance with the conceptual framework of the aforementioned reports and the Internal Control necessary to issue the financial information free of significant errors, our responsibility is to express an opinion on those financial statements based on our audits.

We carry out our Audit in accordance with the International Accounting Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement or error. An audit includes the examination, based on evidence, of the evidence supporting the figures and disclosures in the financial statements. Also, an audit includes the evaluation of the accounting principles used, of the significant estimates made by management, as well as the evaluation of internal control regarding the presentation of the financial statements as a whole, and the evaluation of the risks, either by fraud or by mistake. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all its material aspects, the financial position of **SUN PHARMA DE VENEZUELA C.A.**, as at March 31, 2021, the result of its operations, the movement of the Shareholder's Fund and the cash flows for the year then ended, in accordance with accounting principles generally accepted in Venezuela VEN IFRS SME.

Caracas, April 21, 2021.

Sign and Seal

Lic. Ruby Cuello Melgarejo

Public Accountant CPC 10.976

SUN PHARMA DE VENEZUELA, C.A.
Comparative Balance Sheet As at 31st March
(Expressed in Constant Bolivars Soberanos as at 31/03/2021)

	As At 31-03-2021	As At 31-03-2020
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Bank Balances	0.00	0.00
Security Deposits	0.20	6.10
Total Current Assets	<u>0.20</u>	<u>6.10</u>
Total Assets	<u><u>0.20</u></u>	<u><u>6.10</u></u>
<u>Liabilities and Capital</u>		
<u>Current Liabilities</u>		
Payable to Suppliers	62,777.56	1,953,784.45
Total Current Liabilities	<u>62,777.56</u>	<u>1,953,784.45</u>
<u>Non-Current Liabilities</u>		
Inter Company Long Term Loan Payable	2,111.37	65,710.76
Total Non-Current Liabilities	<u>2,111.37</u>	<u>65,710.76</u>
Total Liabilities	<u>64,888.93</u>	<u>2,019,495.22</u>
<u>Capital and Retained Earnings</u>		
Share Capital	219,798.71	219,798.71
Retained Earnings	-284,687.44	-2,239,287.83
Total Capital and Retained Earnings	<u>-64,888.73</u>	<u>-2,019,489.12</u>
Total Liabilities and Capital	<u><u>0.20</u></u>	<u><u>6.10</u></u>

SUN PHARMA DE VENEZUELA, C.A.
Comparative Statement of Income
From 01 April to 31 March
(Expressed in Constant Bolivars Soberanos as at 31/03/2021)

	From 01-04-19 to 31-03-2021	From 01-04-19 to 31-03-2020
<u>Income</u>		
Sales	0.00	0.00
Other Income	0.00	0.00
Total Net Income	0.00	0.00
<u>Selling, Administrative and General Expenses</u>		
Other General Expenses	0.00	33,516.58
Total Selling, Administrative and General Expenses	0.00	33,516.58
Income (Loss) in Operation	0.00	-33,516.58
Net Income (Loss) in Operation	0.00	-33,516.58
Monetary Gain (Loss) (REME)	1,954,600.40	48,811,717.84
Total Comprehensive Financing Income (Expenses)	1,954,600.40	48,811,717.84
Profit (Loss) for the Year before Income-tax	1,954,600.40	48,778,201.26
Income-tax	0	0.00
Net Income (Loss) for the Year	1,954,600.40	48,778,201.26

SUN PHARMA DE VENEZUELA, C.A.
Comparative Statement of Changes in Shareholders' Fund
From April 01 to March 31
(Expressed in Constant Bolivars Soberanos as at 31/03/2021)

	20120-21	2019-20
Capital		
Share Capital	219,798.71	219,798.71
Total Share Capital	<u>219,798.71</u>	<u>219,798.71</u>
Reserve & Surplus		
Accumulated Profit / (Loss)	-2,239,287.82	-51,017,488.81
Profit (Loss) for the Year	<u>1,954,600.39</u>	<u>48,778,200.99</u>
Total	<u>-284,687.44</u>	<u>-2,239,287.82</u>
Total Shareholders' Fund	<u><u>-64,888.73</u></u>	<u><u>-2,019,489.11</u></u>

SUN PHARMA DE VENEZUELA C.A.**Comparative Cash Flow Statement for the Year Ended March 31****(Expressed in Constant Bolivars Soberanos as at 31/03/2021)**

	2020/21	2019/20
<u>Cash Flow From Operating Activities</u>		
Net Profit (Loss)	1,954,600.39	48,778,201.31
Net Changes in Operating Assets		
(Increase) Decrease in Assets		
Security Deposit	5.90	148.14
Net Cash from Operating Activities		
Increase / (Decrease) Liabilities		
Payable to Suppliers	-1,891,006.89	-47,488,748.04
Others Accounts Payable	0.00	0.00
Inter Company Long Term Loan Payable	-63,599.40	-1,597,168.38
Net Cash from Operating Activities	<u>0.00</u>	<u>-307,566.96</u>
Increase (Decrease) in cash and equivalents	<u>0.00</u>	<u>-307,566.96</u>
Cash and Equivalents at Beginning of the Year	<u>-307,566.96</u>	<u>0.00</u>
Cash and Equivalents at End of the Year	<u>-307,566.96</u>	<u>-307,566.96</u>
DETAILS OF REME		
	2020-21	2019-20
In Operational Activities	1,954,600.40	49,107,139.17
In Opening Balances of Cash and Equivalents	0.00	-295,421.33
Closing Balance of Cash and Equivalents	0.00	0.00
	<u>1,954,600.40</u>	<u>48,811,717.84</u>

SUN PHARMA DE VENEZUELA, C.A.

Notes to the financial statements

As at March 31, 2021 and 2020

(Expressed in constant Bolívares Soberanos as at March 31, 2021)

(1) Company Activities

Business Description: SUN PHARMA DE VENEZUELA, C.A. is a company incorporated on September 20, 2010, according 2nd Notary Public of Autonomous Municipality of Chacao of Caracas Metropolitan District and filed with the Registry, under No. 29, Volume 2-A in the province Seventh District Capital, its principal object is to carry out all types of activities related to the pharmaceutical industry, including: (i) import, representation, marketing, sales and distribution of pharmaceutical products, (ii) manufacture pharmaceutical products; and (iii) any other lawful activity of trade that the Company deems necessary to achieve its social objective; on the understanding that these activities will be developed in compliance with Venezuelan legal provisions, in which case the Company must obtain the necessary permissions and/or authorizations issued by the competent authorities.

The company started its activity in the month of November 2010 and closed its first fiscal year on March 31, 2011, as contemplated by its constitution document, in the twenty third article.

(2) Basis of Preparation

(a) Compliance Statement

The financial statements of the Company are prepared in accordance with accounting principles generally accepted in Venezuela (VEN IFRS SMEs).

The Federation of Public Accountants of Venezuela (FPAV), according to the decision taken by the Expanded National Board in the month of April 2008, resolved the adoption of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as the accounting principles generally accepted in Venezuela, which have been approved by the Expanded National Board, being the approved date of adoption for large entities at the end of the fiscal year ended on December 31, 2008 or the closure immediately after that date, except for small and medium enterprises (SMEs) and listed on the stock market, with dates and conditions for the adoption entities.

(b) Measurement Base

The FPAV established the criteria for application in Venezuela of the International Accounting Standard Section 31 of the IFRS for SMEs "Financial reporting in hyperinflationary economies" and Application Bulletin No. 2 (BA VEN-IFS 2) "Criteria for Venezuela's application of section 31 of the IFRS for SMEs financial reporting in hyperinflationary economies". The Bulletin establishes that entities in the preparation and presentation of financial statements in accordance with VEN-IFS,

must submit restated financial information when the accumulated inflation during their fiscal year exceeds one digit. When inflation is single digit, management must assess their impact on financial information and, if relevant, in accordance with the general principles of materiality, comparability and sufficient disclosure, should recognize, for the purposes of which provisions apply to the section 31 of the IFRS for SMEs.

The Company uses, related to the presentation of its financial statements restated for the effects of inflation, the current cost approach, laid down in section 31 of the IFRS for SMEs. The preparation of financial statements for the current cost method is to update the financial statements based on changes in the National Consumer Price Index (NCPI) published by the Central Bank of Venezuela (CBV).

The main NCPI issued by the Central Bank of Venezuela to recognize the effects of inflation were the following:

	2021	2020
IPC Beginning of the Year- real	23.995.112.795,70	1.268.517.190,90
IPC Closing of the Year - real	746.784.015.747,90	23.995.112.795,70
IPC Average of the Year - real	240.364.154.176,63	8.701.436.029,39

The indices for the period April 2020 to March 2021, were calculated with the real CPI published by the Central Bank of Venezuela. The share capital, the legal reserve and the accumulated profits (deficit) were updated using the coefficient derived from the INPC, from its contribution or generation date.

The income, costs and expenses associated with monetary items were updated to present their purchasing power as of March 31, 2021, based on the INPC existing at the date of recognition as accrued or caused; The associated costs and expenses are non-monetary items, they were updated in purchasing power bolivars of March 31, 2021, based on the consumption, sale and depreciation of such items.

The monetary result for the year is the difference between the net monetary position at the date of the financial statements and the estimated net monetary position, which is determined by adjusting the monetary position at the beginning of the year, by the variation in the INPC during the period; plus or minus the net movement in the items that affect, updated to date, of the financial statements based on the INPC for the corresponding period positions.

The 2019 financial statements have been updated to bolivars of March 31, 2021, according to the coefficients derived from the INPC, so that the comparison is in terms of a currency unit of homogeneous purchasing power.

(c) Functional and Presentation currency

The Company has determined that the Bolivar (Bs.) represents its functional currency, in accordance with the provisions of section 30 of IFRS for SMEs, International Accounting Standard section 31 of the IFRS for SMEs "Effects of change in exchange rates of foreign currency". To

determine its functional currency, it was considered that the main economic environments of the Company's operations are conducted in the domestic market. Therefore, the transactions in currencies other than the bolivar are considered "foreign currency".

According to the provisions of the Decree with Rank, Value and Force of Law on Currency Conversion, which was published on March 6, 2007, in Official Gazette No. 38.638, as of 1 January 2008, the unit monetary system of the Bolivarian Republic of Venezuela is expressed in Bolivars (Bs.). The financial statements as of March 31, 2021 and 2020 are presented in Bolivars.

(d) Estimates and Judgments use

The preparation of financial statements in conformity with accounting principles of generally accepted in Venezuela (VEN-IFS SMEs), requires that the Company management made a number of judgments, estimates and assumptions that affect the application of accounting policies in relation with the amounts presented of assets, liabilities, income and expenses informed during the correspondent period. The estimates and associated assumptions are based on historical experience and other factors that are considered reasonable under the current circumstances; the result is the basis for forming judgments about the carrying value of assets and liabilities that are not readily determinable by other sources. The most significant items subject to such estimates and assumptions include the fair value of property furniture and equipment, deferred costs, deferred income tax. The final results may differ from such estimates.

The estimates and underlying assumptions are reviewed on a continuous basis. The review of the accounting estimates are recognized in profits and losses for the year of revision if the revision affects only that year, or profit or loss of the year of the revision and future periods, if the revision affects the current period and future years.

(3) Significant Accounting Policies

Policies and significant accounting principles have been consistently applied in the preparation of financial statements, and are presented below:

(a) Current and noncurrent balances classification

The balances presented in the accompanying balance attachments are classified according to their maturity, i.e. as current or those with a maturity equal or lower than twelve months, and as non-current exceeding the maturity that period.

(b) Cash and cash equivalents

For purposes of the cash flow statement, the Company considers all highly liquid investments acquired in securities with a maturity of three months or less, as cash equivalents.

(c) Financial assets at fair value with through profits

This category is classified as financial assets for trading and financial assets at fair value with effect on results by voluntary designation at the date of incorporation. A financial asset is

classified in this category when it is acquired for the purpose of selling it in the short term or if it is designated by the Management when it is purchased. The unrealized gain or loss in the valuation of these assets is included in the results of the year.

(d) Share Capital

Common shares are classified as equity. As at March 31, 2020 and 2019 the Company has no preferred shares.

(e) Revenue Costs and Expenses Recognition

The Revenues comprise the fair or market value of the products sold, net of sales taxes, returns and discounts. Revenues from product sales and other income are recognized as detailed below:

The Revenues from the sale of products are recognized when they are dispatched and accepted by the customer, and the risk and ownership of the products have been transferred to the buyer.

The Interest income and expenses are recognized on a proportional basis of time and using the effective interest method.

The Costs and expenses are recognized in the results to the extent that they are incurred. The revenues and direct costs of contracts for services entered into with customers are recognized during the term thereof. The anticipated collections of unrealized revenues are recognized as deferred credits in the current liabilities of the balance sheet.

(f) Commitments and Contingencies

Obligations or losses associated with contingencies, originating in claims, litigation, fines or penalties in general, are recognized as liabilities in the balance sheet when there is a certain legal obligation resulting from past events, it is likely that an outlay will be necessary to pay the obligation and the amount can be reasonably estimated. Otherwise, the qualitative details of the situation causing the contingency are disclosed in the notes to the financial statements. The relevant commitments are disclosed in the notes to the financial statements. No income, gains or contingent assets are recognized.

(g) Cash Flow Statement

The cash flow statement presents the cash change of constant purchasing power, based on the financial situation at the beginning of the year, updated in terms of bolivars purchasing power as at March 31, 2021.

(4) Taxes:

Income tax

The provision for income tax comprises the sum of the current income tax payable and the

deferred income tax when it is significant.

(5) Shareholder's Fund

(a) Share Capital

As of March 31, 2020, the nominal capital stock of the Company is comprised as detailed below. The evolution of the actualization is due to the inflation effect of the share capital is detailed below:

PERIOD	SUBSCRIBED AND PAID CAPITAL	UPDATING OF CAPITAL
Sep-10	0.50	219.798,71
	0.50	219.798,71

The Company's equity at constant values as 31-03-2021, presents a deficit of Bs. 284.687,44 thus violating the content of Art. 264 of the Venezuelan Commercial Code, and the shareholders must replace the lost capital.

(b) Legal Reserve

The bylaws of the Company establish the creation of a Legal Reserve Fund, calculating based on 5% of the profits settled to form a minimum of 10% of the share capital. This reserve is not Susceptible of being distributed to shareholders as dividends during the existence of the Company.

(6) Monetary Result (REME)

SUN PHARMA DE VENEZUELA C.A.

DEMONSTRATIVE STATEMENT OF THE MONETARY RESULT

Year ended 31 de March 2021 and 2020

	2021		2020	
	Historical	Réstate	Historical	Réstate
Passive monetary position at the beginning Of the year	-3.421,30	-1.958.021,69	-3.030,77	-50.797.683,12
Net Sales	0,00	0,00	0,00	0,00
	0,00	0,00	0,00	0,00
Less:				
Personal Expenses	0,00	0,00	0,00	0,00
Other Expenses	0,00	0,00	390,53	33.524,05
	0,00	0,00	390,53	33.524,05

Final Recordad Monetary position	-3.421,30	-1.958.021,69	-3.421,30	-50.769.739,54
Final Recordad Monetary position	<u>-3.421,30</u>	<u>-3.421,30</u>	<u>-3.421,30</u>	<u>-1.958.021,70</u>
Monetary Result		<u>-1.954.600,40</u>		<u>-48.811.717,84</u>

(7) Complementary financial statements expressed in nominal bolivars, based on historical cost.

For purposes of analysing its financial statements, the Company presents historical cost financial statements for the 2020/2021 period, as supplementary information (Annexures 1,2,3 and 4).

SUN PHARMA DE VENEZUELA, C.A.
Comparative Balance Sheet As at 31st March
(Expressed in Historical Bolivars Soberanos)

Anex 1

	2021	2020
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Bank Balances	0.00	0.00
Security Deposit	0.20	0.20
Total Current Assets	<u>0.20</u>	<u>0.20</u>
Total Assets	<u><u>0.20</u></u>	<u><u>0.20</u></u>
<u>Liabilities and Capital</u>		
<u>Current Liabilities</u>		
Payable to Suppliers	62,777.56	62,777.56
Others Accounts Payable	0.00	0.00
Total Current Liabilities	<u>62,777.56</u>	<u>62,777.56</u>
<u>Non-Current Liabilities</u>		
Inter Company Long Term Loan Payable	2,111.37	2,111.37
Total Non-Current Liabilities	<u>2,111.37</u>	<u>2,111.37</u>
Total Liabilites	<u>64,888.93</u>	<u>64,888.93</u>
<u>Capital and Retained Earnings</u>		
Share Capital	0.50	0.50
Retained Earnings	-64,889.23	-64,889.23
Total Capital and Retained Earnings	<u>-64,888.73</u>	<u>-64,888.73</u>
Total Liabilities and Capital	<u><u>0.20</u></u>	<u><u>0.20</u></u>

SUN PHARMA DE VENEZUELA, C.A.
Comparative Statement of Income
From 01 April to 31 March
(Expressed in Historical Bolivars Soberanos)

Anex 2

	From 01-04-20 to 31-03-2021	From 01-04-19 to 31-03-2020
<u>Income</u>		
Sales	0.00	0.00
Total Net Income	<u>0.00</u>	<u>0.00</u>
<u>Selling, Administrative and General Expenses</u>		
Personnel Expenses	0.00	0.00
Other General Expenses	0.00	390.53
Total Selling, Administrative and General Expenses	<u>0.00</u>	<u>390.53</u>
 Profit (Loss) for the Year	 0.00	 -390.53
Income-tax	0.00	0.00
Net Income (Loss) for the Year	<u>0.00</u>	<u>-390.53</u>

SUN PHARMA DE VENEZUELA, C.A.
Comparative Statment of Changes in Shareholders' Fund
From April 01 to March 31
(Expressed in Historical Bolivars Soberanos)

	2021	2020
Capital		
Share Capital	0.50	0.50
Increase in Capital	0.00	0.00
Total Share Capital	<u>0.50</u>	<u>0.50</u>
Reserve & Surplus		
Accumulated Profit / (Loss)	-64,889.23	-64,498.70
Profit (Loss) for the Year	0.00	-390.53
Total	<u>-64,889.23</u>	<u>-64,889.23</u>
Legal Reserve	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>
Total Shareholders' Fund	<u><u>-64,888.73</u></u>	<u><u>-64,888.73</u></u>

SUN PHARMA DE VENEZUELA C.A.
Comparative Cash Flow Statement for the Year Ended March 31
(Expressed in Historical Bolivars Soberanos)

Anex 4

	2020/2021	2019/2020
<u>Cash Flow From Operating Activities</u>		
Net Profit (Loss)	0.00	-390.53
<u>Adjustment To Reconcile the Net Income for the Year</u>		
<u>Net Cash from Operating Activities</u>		
Net Cash from Operating Activities		
Increase / (Decrease) Liabilities		
Payable to Suppliers	0.00	0.00
Others Accounts Payable	0.00	0.00
Inter Company Long Term Loan Payable	0.00	0.00
Net Cash from Operating Activities	<u>0.00</u>	<u>0.00</u>
Increase (Decrease) in cash and equivalents	<u>0.00</u>	<u>-390.53</u>
Cash and Equivalents at Beginning of the Year	<u>0.00</u>	<u>0.00</u>
Cash and Equivalents at End of the Year	<u><u>0.00</u></u>	<u><u>0.00</u></u>