

**SUN PHARMACEUTICAL
INDUSTRIES S.A.C.**

FINANCIAL STATEMENTS

2022-2021

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Directors of SUN PHARMACEUTICAL INDUSTRIES S.A.C.

We have audited the attached Financial Statements of SUN PHARMACEUTICAL INDUSTRIES S.A.C., which comprise of the Balance Sheet as at March 31, 2022, and the Income Statement, Statement of changes in Shareholders' Equity and Cash Flow Statement for the year then ended on that date, as well as the Notes to the Financial Statements, the preparation of the Financial Statements being the Company's Management responsibility. Our responsibility is to express an opinion on these Financial Statements based on our audit.

Our audit was made in accordance with generally accepted Auditing Standards in Peru. Those standards require that we plan and perform our work in order to obtain reasonable assurance that the Financial Statements are free of material misstatement. An audit includes an assessment based on selective evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles applied, and the significant estimates made by the Management; as well as evaluating an overall presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached Financial Statements present fairly, in all material respects, the financial position of the company SUN PHARMACEUTICAL INDUSTRIES S.A.C., as at March 31, 2022, as well as the results of its Operations, changes in Shareholders' Equity and Cash Flows for the year then ended on that date, in accordance with the generally accepted Accounting Principles in Peru.

GAMARRA MEDRANO ANTONIO N.

Independent Auditors
Certified Public Accountant

CPA Registration No. 28787

Date: April 29, 2022

Place: Lima, Peru

SUN PHARMACEUTICAL INDUSTRIES S.A.C.
BALANCE SHEET AS AT MARCH 31, 2022

| | Notes | As at March 31, 2022 | | As at March 31, 2021 | |
|--------------------------------|-------|----------------------|--------------------------|----------------------|--------------------------|
| | | Soles | Soles | Soles | Soles |
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' Funds | | | | | |
| Capital Stock | | 4,342,017 | | 4,342,017 | |
| Reserves and Surplus | 3 | <u>(12,897,057)</u> | <u>(8,555,040)</u> | <u>(11,054,173)</u> | <u>(6,712,156)</u> |
| Current Liabilities | | | | | |
| Sundry Creditors | 4 | 27,822,326 | | 20,778,193 | |
| Other Current Liabilities | 5 | <u>4,920,275</u> | <u>32,742,601</u> | <u>1,286,380</u> | <u>22,064,573</u> |
| Non-Current Liabilities | | | | | |
| Loans and Advances | 6 | | 6,593,250 | | 6,735,829 |
| Total Liabilities | | | <u><u>30,780,811</u></u> | | <u><u>22,088,246</u></u> |
| ASSETS | | | | | |
| Non Current Assets | | | | | |
| Fixed Assets | 7 | 226,959 | | 206,191 | |
| Long Term Loans and Advances | 8 | <u>240,117</u> | <u>467,075</u> | <u>237,388</u> | <u>443,578</u> |
| Current Assets | | | | | |
| Inventories | 9 | 13,746,073 | | 8,509,971 | |
| Trade Receivables | 10 | 9,454,680 | | 8,810,539 | |
| Cash and Cash Equivalents | 11 | 5,717,159 | | 4,229,731 | |
| Loans and advances | 12 | <u>1,395,823</u> | <u>30,313,735</u> | <u>94,427</u> | <u>21,644,668</u> |
| Total Assets | | | <u><u>30,780,811</u></u> | | <u><u>22,088,246</u></u> |

The accompanying notes are an integral part of the Financial Statements

SUN PHARMACEUTICAL INDUSTRIES S.A.C.
INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

| | Notes | Year Ended March 31, 2022 | | Year Ended March 31, 2021 | |
|---|-------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | Soles | Soles | Soles | Soles |
| Total Income | 13 | | | | |
| Revenue From Operations | | 40,278,853 | | 32,150,936 | |
| Other Income | | 121,533 | 40,400,386 | 11,118 | 32,162,054 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cost of Consumption | | | | | |
| Cost of Material Consumption | 14 | | (26,809,999) | | (19,439,663) |
| Operational Expenses | | | | | |
| Personnel Expenses | 15 | (7,380,024) | | (5,518,792) | |
| Marketing Sales and Distribution Expenses | 16 | (2,777,272) | | (2,868,445) | |
| Other Expenses | 17 | (5,163,321) | | (1,442,253) | |
| Depreciation | 18 | (211,468) | (15,532,085) | (402,261) | (10,231,751) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Operating Profit | | | (1,941,698) | | 2,490,640 |
| Exchange Gain / (Loss) - Net | | | 98,814 | | (1,517,354) |
| Profit before Tax | | | (1,842,885) | | 973,286 |
| Income-tax | | | | | (288,914) |
| Profit after Tax | | | (1,842,885) | | 684,372 |

The accompanying notes are part of the Financial Statement

SUN PHARMACEUTICAL INDUSTRIES S.A.C.
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

| | Year Ended March 31, 2022 | | Year Ended March 31, 2021 | |
|--|---------------------------|--------------------|---------------------------|--------------------|
| | Soles | Soles | Soles | Soles |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit (Loss) Before Tax | | (1,842,885) | | 684,372 |
| Adjustment for: | | | | |
| Depreciation Expenses | 211,468 | | 402,260 | |
| Provision (Excess Provision) for Doubtful Trade Receivables | (79,684) | | 288,914 | |
| Excess Depreciation Provided written back | (29,365) | 102,418 | - | 691,174 |
| | | <u>(1,740,466)</u> | | <u>1,375,547</u> |
| Operating Profit (Loss) Before Working Capital Changes | | | | |
| Changes in Working Capital: | | | | |
| Increase / (Decrease) Trade Payables | 7,044,133 | | 721,844 | |
| Increase / (Decrease) Other Current Liabilities | 3,633,895 | | (3,841,903) | |
| Increase / (Decrease) Loans and Advances-Non Current Liabilities | (142,579) | | 651,454 | |
| (Increase) / Long Term Loans and Advances-Non Current Assets | (2,729) | | (13,355) | |
| (Increase) / Decrease Inventories | (5,236,102) | | (317,629) | |
| (Increase) / Decrease Trade Receivables | (564,457) | | (491,749) | |
| (Increase) / Decrease Loans and Advances-Current Assets | (1,301,396) | | 1,689,433 | |
| Assets Leased under ROU - Building | (196,425) | | (518,001) | |
| | | <u>3,234,341</u> | | <u>(2,119,906)</u> |
| Cash Generated from / (Used in) Operations | | <u>1,493,874</u> | | <u>(744,360)</u> |
| Income Tax Paid | | - | | 288,914 |
| Net Cash Flow from Operating Activities | | <u>1,493,874</u> | | <u>(1,033,274)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Capital Expenditure on Fixed Assets (Net) | | (6,446) | | (19,192) |
| Net Cash Generated from / (Used in) Investing Activities | | <u>(6,446)</u> | | <u>(19,192)</u> |
| NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS | | <u>1,487,428</u> | | <u>(1,052,466)</u> |
| CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR | | 4,229,731 | | 5,282,197 |
| CASH AND EQUIVALENTS AT END OF THE YEAR | | <u>5,717,159</u> | | <u>4,229,731</u> |

The accompanying notes are part of the Financial Statements

SUN PHARMACEUTICAL INDUSTRIES S.A.C.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEARS ENDED MARCH 31, 2022

| Shareholders' Name | Opening Balance | | Addition / (Deletion) | | Closing Balance | |
|-----------------------------|------------------|------------------|-----------------------|----------|------------------|------------------|
| | No. of Shares | Soles | No. of Shares | Soles | No. of Shares | Soles |
| SUN PHARMA NETHERLANDS B.V. | 4,342,016 | 4,342,016 | 0 | - | 4,342,016 | 4,342,016 |
| RANBAXY HOLDING (U.K.) LTD | 1 | 1 | 0 | - | 1 | 1 |
| Total Capital Stock | 4,342,017 | 4,342,017 | 0 | 0 | 4,342,017 | 4,342,017 |
| Previous Year | 4,342,017 | 4,342,017 | 0 | 0 | 4,342,017 | 4,342,017 |

The accompanying notes are part of the Financial Statements

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SUN PHARMACEUTICAL INDUSTRIES S.A.C.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022 - 2021

1. OBJECTIVE, ACTIVITIES AND LEGAL ASPECT

The main activity of the company is the commercialization of pharmaceutical products.

Within the corporate purpose acts related to the activities described in the preceding paragraphs that contribute to its goals achievement are included. To comply with the corporate purpose, the company may perform all legal acts and contracts without restriction or limitation.

The activity of SUN PHARMACEUTICAL INDUSTRIES S.A.C., is governed by the New General Law of Commercial Companies and as provided in the articles and rules of incorporation and amendments.

2 SIGNIFICANT ACCOUNTING POLICIES

The principles and significant accounting policies applied for registration of operations and arrangement of Financial Statements are as follows:

- a) The preparation and presentation of Financial Statements in accordance with generally accepted accounting principles in Peru, requires Management to make estimates and assumptions to determine the amounts of assets and liabilities and the amounts of revenues and expenses, and of contingent assets and liabilities at the date of the financial statements. If these estimates and assumptions vary in the future as a result of changes in circumstances and conditions under which they were based, the effect of such changes is recognized in profit or loss at the time such changes are identified. The main estimates related to financial statements correspond: i) estimate of allowance for doubtful accounts; ii) allowances for impairment of inventories; iii) estimate of useful life assigned to fixed assets; iv) the recoverability of income tax.

- b) Fixed assets are stated at historical cost, net of accumulated depreciation and accumulated impairment, if any. The initial cost comprises its purchase price, and any other cost directly attributable to locating and rendering the assets fit to use. Disbursements incurred after assets have been put to use, such as repairs and the cost of maintenance and refurbishment are charged to results of period in which the costs are incurred. If it can be demonstrated clearly that such disbursement will result in future benefits deriving from use assets beyond their original performance standard, these are capitalized as an additional cost to assets. Repairs and maintenance costs are recognized in the results of period as incurred. An item of fixed assets and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss.
- c) Foreign currency transactions: Functional currency and presentation currency, Company prepares and presents its financial statements in Soles, which corresponds to its functional currency. The functional currency corresponds to primary economic environment in which the Company operates.

Transactions and balances: transactions in different currency were translated into the functional currency, at the exchange rate as on the date of the transactions. Differences due to adjustment of balances of assets and liabilities in foreign currencies, recorded at the exchange rate when the operations occurred and the exchange rate at the date of balance sheet are recognized in the results of the period.

3. SHAREHOLDERS' FUNDS

| | As at 31 March, | |
|-------------------------------------|--------------------|--------------------|
| | Soles | |
| | <u>2022</u> | <u>2021</u> |
| Equity Capital | 4'342,017 | 4'342,017 |
| Legal Reserves | 103,698 | 103,698 |
| Retained Earnings of Previous years | (11'157,871) | (11'842,243) |
| Net Income (Loss) for the Year | <u>(1'842,885)</u> | <u>684,372</u> |
| | <u>(8'555,040)</u> | <u>(6'712,156)</u> |

In the Balance Sheet the Equity Capital as at March 31, 2022 is comprised of 4'342,017 Soles (Previous year 4'342,017 Soles), representing 4'342,017 (Previous year 4'342,017) units of common shares with a nominal value of 1.00 Soles (Previous year 1.00 Soles) each.

4. SUNDRY CREDITORS

| | As at 31 March, Soles | |
|---------------------------------------|--------------------------|-------------------|
| | <u>2022</u> | <u>2021</u> |
| Trade Payables Other than Acceptances | 506,301 | 275,246 |
| Trade Payables Acceptances | 6'384,539 | 6'017,832 |
| Other Trade Payables | <u>20'931,486</u> | <u>14'485,115</u> |
| | <u>27'822,326</u> | <u>20'778,193</u> |

5. OTHER CURRENT LIABILITIES

| | As at 31 March, Soles | |
|---|--------------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| Other Provisions | 3'042,152 | 347,578 |
| Current Maturities of Lease Obligations | 52,356 | 105,465 |
| Taxes Payable | 665,513 | 288,914 |
| Employee Benefits Severance Pension Pay | <u>1'160,254</u> | <u>544,423</u> |
| | <u>4'920,275</u> | <u>1'286,380</u> |

6. LOANS AND ADVANCES (NON-CURRENT LIABILITIES)

| | As at 31 March, Soles | |
|---|--------------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| Long term Maturities of Lease Obligations | 0 | 55,141 |
| Unsecured Inter-company non-current borrowing | <u>6'593,250</u> | <u>6'680,688</u> |
| | <u>6'593,250</u> | <u>6'735,829</u> |

7. FIXED ASSETS

| | As at 31 March, Soles | | | |
|---------------------------|--------------------------|-----------------------------|----------------|----------------|
| | | | <u>2022</u> | <u>2021</u> |
| TYPE OF ASSETS | HISTORICAL COST | ACCUMULATED DEPRECIATION | NET VALUE | NET VALUE |
| Data Processing equipment | 78,998 | (45,875) | 33,123 | 19,864 |
| Office Equipment | 14,452 | (4,143) | 10,309 | 13,456 |
| Vehicles | 60,845 | (60,845) | 0 | 0 |
| Furniture and Fixtures | 67,932 | (33,902) | 34,030 | 31,597 |
| Assets leased under ROU | <u>714,226</u> | <u>(564,930)</u> | <u>149,496</u> | <u>141,273</u> |
| | <u>936,654</u> | <u>(706,695)</u> | <u>226,959</u> | <u>206,191</u> |

8. LONG TERM LOANS AND ADVANCES (NON CURRENT ASSETS)
 (Considered good)

| | As at 31 March, Soles | |
|--|--------------------------|----------------|
| | <u>2022</u> | <u>2021</u> |
| Long Term un-secured Inter-company Loans | 163,004 | 164,082 |
| Deposits Given | <u>77,113</u> | <u>73,306</u> |
| | <u>240,117</u> | <u>237,388</u> |

9. INVENTORIES (Considered good)

| | As at 31 March, Soles | |
|---------------------------|--------------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| Finished goods | 13'428,616 | 8'509,971 |
| Finished goods in transit | <u>317,457</u> | <u>0</u> |
| | <u>13'746,073</u> | <u>8'509,971</u> |

10. TRADE RECEIVABLES

| | As at 31 March, Soles | |
|--|--------------------------|--------------------|
| | <u>2022</u> | <u>2021</u> |
| Considered Good | 9'454,680 | 8'810,539 |
| Considered Doubtful | 1'919,907 | 2'000,299 |
| Provision for Doubtful Trade Receivables | <u>(1'919,907)</u> | <u>(2'000,299)</u> |
| | <u>9'454,680</u> | <u>8'810,539</u> |

11. CASH AND CASH EQUIVALENTS

| | As at 31 March, Soles | |
|--------------------------------|--------------------------|------------------|
| | <u>2022</u> | <u>2021</u> |
| Cash on hand | 1,838 | 2,328 |
| Cash at Bank: | | |
| On Current Soles Account | 4'385,521 | 3'435,308 |
| On Current U.S. Dollar Account | 1'248,002 | 778,591 |
| On Soles Deposit Account | <u>81,798</u> | <u>13,504</u> |
| | <u>5'717,159</u> | <u>4'229,731</u> |

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12. LOANS AND ADVANCES (CURRENT ASSETS - Considered good)

| | As at 31 March, | |
|--------------------------------------|------------------|---------------|
| | Soles | |
| | <u>2022</u> | <u>2021</u> |
| Advances to Suppliers | 121,240 | 72,897 |
| Balances with Government Authorities | 1'247,683 | 0 |
| Prepaid Expenses | <u>26,900</u> | <u>21,530</u> |
| | <u>1'395,823</u> | <u>94,427</u> |

13. TOTAL INCOME

| | Year ended 31 March, | |
|---|----------------------|-------------------|
| | Soles | |
| | <u>2022</u> | <u>2021</u> |
| Sales of Products | 40'278,853 | 32'150,936 |
| Provision for Doubtful Trade Receivable | 79,684 | 0 |
| Written back | | |
| Excess Depreciation Provided written back | 29,365 | 0 |
| Other Interest income | 0 | 7,333 |
| Other Miscellaneous Income | <u>12,484</u> | <u>3,785</u> |
| | <u>40'400,386</u> | <u>32'162,054</u> |

14. COST OF CONSUMPTION

| | Year ended 31 March, | |
|------------------------------|----------------------|---------------------|
| | Soles | |
| | <u>2022</u> | <u>2021</u> |
| Cost of Material Consumption | <u>(26'809,999)</u> | <u>(19'439,663)</u> |
| | <u>(26'809,999)</u> | <u>(19'439,663)</u> |

15. PERSONNEL EXPENSES

| | Year ended 31 March, | |
|---|----------------------|------------------|
| | Soles | |
| | <u>2022</u> | <u>2021</u> |
| Salaries, Wages, Bonus and Benefits | 4'769,579 | 3'486,143 |
| Contribution to Provident and other funds | 314,918 | 347,491 |
| Staff Welfare Expenses | <u>2'295,527</u> | <u>1'685,158</u> |
| | <u>7'380,024</u> | <u>5'518,792</u> |

ASOCIADOS S.C.

16. MARKETING, SELLING AND DISTRIBUTION EXPENSES

| | Year ended 31 March, | |
|--------------------------|----------------------|------------------|
| | Soles | |
| | <u>2022</u> | <u>2021</u> |
| Selling and Distribution | 2'399,359 | 2'467,199 |
| Special Discounts | <u>377,913</u> | <u>401,246</u> |
| | <u>2'777,272</u> | <u>2'868,445</u> |

17. OTHER EXPENSES

| | Year ended 31 March, | |
|---------------------------------|----------------------|------------------|
| | Soles | |
| | <u>2022</u> | <u>2021</u> |
| Bank charges | 5,427 | 32,043 |
| Rent-Car | 758,738 | 350,007 |
| Rates and Taxes | 39,332 | 0 |
| Insurance | 70,783 | 61,137 |
| Printing and Stationery | 16,282 | 21,662 |
| Traveling, Lodging and Boarding | 114,181 | 41,946 |
| Communications | 80,436 | 58,601 |
| Consulting Fees | 270,984 | 168,155 |
| Audit Fees | 7,908 | 8,382 |
| Regulatory Filing Fees | 293,830 | 213,533 |
| Other Misc. Expenses | <u>3'505,419</u> | <u>486,788</u> |
| | <u>5'163,321</u> | <u>1'442,253</u> |

18. DEPRECIATION

| | Year ended 31 March, | |
|--|----------------------|----------------|
| | Soles | |
| | <u>2022</u> | <u>2021</u> |
| Dep - assets leased under ROU - Building | 188,202 | 376,728 |
| IT equipment | 14,907 | 12,224 |
| Office equipment | 1,566 | 1,445 |
| Vehicles | 0 | 5,070 |
| Furniture and Fixtures | <u>6,793</u> | <u>6,793</u> |
| | <u>211,468</u> | <u>402,261</u> |

ASOCIADOS S.C.

19. INCOME TAX

Superintendence Resolution No. 000195-2021/SUNAT, Resolution No. 271-2019/SUNAT is amended that approves provisions and forms for the affidavit annual income tax and transaction tax financial and the schedule for the year is approved taxable 2020.

Through the Consolidated Text of Income Tax Law, Supreme Decree No. 179-2004-EF and amendments, rules are established as approved by Supreme Decree No. 054-99-EF, hereinafter TUO (for its acronym in Spanish) and related standards regulating the Income Tax, as amended by Law No. 27356, 27386 and 27394 and Law No. 27513 and 27615. This standard has been regulated by Supreme Decree No. 122-94-EF, modified by SD 194-99-EF and S.D. 045-2001-EF and Superintendence Resolution No. 011-2018/SUNAT and Superintendence Resolution No. 069-2018/SUNAT and Superintendence Resolution No. 015-2019/SUNAT approving the provisions and forms for the annual tax return for income tax and taxes on the financial transactions of the taxable year 2021 basis that is taken for the closing of the financial statements to March 2022.

20. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorized for its issue by the Management of Sun Pharmaceutical Industries S.A.C. on April 29, 2022.