



**Ranbaxy Farmacêutica Ltda.**  
A Sun Pharma Company

Financial statements as of  
31 March 2023 and 2022



*Ranbaxy Farmacêutica Ltda.*

Financial statements as of  
31 March 2023 and 2022

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## **INDEPENDENT AUDITORS' REPORT**

To  
**The Quotaholders and Executive Board of  
Ranbaxy Farmacêutica Ltda  
Barueri - SP**

### **Opinion**

1. We have examined the financial statements of **RANBAXY FARMACÊUTICA LTDA**, which comprise the balance sheet as of March 31, 2023 and the respective statements of operations, changes in quotaholders' equity and cash flows for the year then ended, and other accompanying notes to the financial statements and a summary of significant accounting practices.
2. In our opinion, financial statements referred in paragraph above *represent fairly*, in all material respects, the financial position of RANBAXY FARMACÊUTICA LTDA as of March 31, 2023, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

### **Base for Opinion**

3. Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in accordance with these standards, are described in the following section, "Auditor's responsibility for the audit of the financial statements". We are independent in relation to the Company, according to the relevant ethical principles established in the Accountants' Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis**

4. During the year ended March 31, 2023, the Company had an unsecured liability scenario over assets of BRL 97.728 Mn. These financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company's management has no intention of discontinuing its operations and, therefore, the financial statements do not include any adjustments to Asset or Liability accounts that might be required in the event of discontinuation of operations. As a mitigating circumstance, therefore, out of the total current and non-current liabilities, BRL 488.111 Mn, 93% are borrowings and supplies taken from controlling shareholders or related parties, and the rest of the liabilities with third parties is perfectly supported by current factor liquidity index at 11,07.
5. We draw attention to NE nº. 09, which presents within the balance of Suppliers the amount of R\$ 34,731 thousand of intercompany expense allocation, resulting from the policy of transferring expenses between Brazilian companies, which until the year ended March 31, 2022 did not exist. The expense transfer policy impacted balances for the year ended March 31, 2023, and the estimated balance for comparative purposes with the previous year was informed in the aforementioned explanatory note.



### **Management's responsibility and governance for the financial statements**

6. The Company's management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and the internal controls it deemed necessary to enable the preparation of these financial statements free of material misstatements, regardless of whether caused by fraud or error.

7. In the preparation of the financial statements, management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, when applicable issues related to the continuity of its operations and the use of this accounting base in the preparation of the financial statements, unless management has decided to settle the Company or to discontinue its operations, or does not have any realistic alternative to prevent the discontinuance of operations.

8. The ones responsible for the Company's governance are those with responsibility for overseeing the process of preparation of the financial statements.

### **Auditor's responsibilities for the audit of the financial statements**

9. Our purposes are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error and to issue audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted according to the Brazilian and international auditing standards will always detect any material misstatements. The misstatements may result from fraud or error and are considered relevant when, individually or in conjunction, they may affect, from a reasonable standpoint, economic decisions of the users based on such financial statements.

10. As part of an audit conducted according to the Brazilian and international auditing standards, we exercise professional judgment, and maintain professional skepticism during the audit. In addition:

- We identify and evaluate the risks of material misstatements in the financial statements, whether due to fraud or error, plan and perform audit procedures in response to such risks, as well as obtain appropriate and sufficient audit evidence to base our opinion. The risk of not detecting material misstatement caused by fraud is higher than that caused by error, since fraud may involve the act of deceiving the internal controls, collusion, forgery, omission or intentional misrepresentations.
- We obtained understanding of the internal controls relevant to audit in order to plan audit procedures appropriate to the circumstances, but not with the aim to express opinion on the effectiveness of the internal controls of the Company.
- We evaluated the fairness of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We take conclusion on the adequacy of adoption by management of the accounting basis of the ability to continue as going concern, and, based on the obtained audit evidences, whether there is a significant uncertainty in relation to Company's ability to continue as going concern. If we conclude that there is a significant uncertainty, we shall call attention in our audit report to the respective disclosures in the financial statements or include a modification in our opinion, if the disclosures are inadequate. Our conclusions are based on audit evidences obtained to the date of our report. However, future events or conditions may cause the Company not to continue as going concern.



- We evaluate the general presentation, structure and content of the financial statements, including disclosures and if the financial statements represent the corresponding transactions and events in compliance with the purpose of fair presentation.

11. We communicate with those responsible for governance with respect to, among other aspects, the planned scope, time of the audit and significant audit findings, including possible material weaknesses in internal controls identified by us during our work.

São Paulo, May 08, 2023



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**Paulo Cesar R. Peppe**  
Contador CRC-SP nº 1SP095009/O-5

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**Renata Reche Simon Peppe**  
Contador CRC-SP nº 1SP296480/O-2

## Ranbaxy Farmacêutica Ltda.

### Balance Sheets ended as of 31 March 2023 and 31 March 2022

*(In thousands of Brazilian Reais)*

Asset	Note	31/Mar-2023	31/Mar-2022	Liability	Note	31/Mar-2023	31/Mar-2022
<b>Current</b>				<b>Current</b>			
Cash and cash equivalents	4	2.647	948	Suppliers	9	399.135	150.687
Other investments	4	81.887	6.648	Loans	10	26.226	18.977
Accounts receivable from customers	5	44.627	47.804	Taxes and contribution payable	11	4.518	997
Inventories	6	205.153	67.446	Salaries and holiday payable		563	703
Current tax assets	7	50.866	29.345	Other provisions	12	28.928	18.869
Other accounts receivable		3.542	994	Other accounts payable		1.096	3.267
<b>Total of current assets</b>		<b>388.721</b>	<b>153.186</b>	<b>Total of current liabilities</b>		<b>460.466</b>	<b>193.500</b>
<b>Non-current</b>				<b>Non-current</b>			
Fixed Assets	8	1.511	1.240	Provision for contingencies	13	1.420	178
Intangible Assets		151	62	Loans	10	26.226	48.191
<b>Total of non-current assets</b>		<b>1.662</b>	<b>1.302</b>			<b>27.645</b>	<b>48.369</b>
<b>Total of assets</b>		<b>390.383</b>	<b>154.488</b>	<b>Net Equity</b>			
				Share Capital	14	17.367	17.367
				Accumulated Losses		(115.095)	(104.748)
				<b>Total net equity</b>		<b>(97.728)</b>	<b>(87.381)</b>
				<b>Total of liabilities and net equity</b>		<b>390.383</b>	<b>154.488</b>

The accompanying notes are an integral part of these financial statements.

## Ranbaxy Farmacêutica Ltda.

### Statements of income

Fiscal years ended as of 31 March 2023 and 31 March 2022

(In thousands of Brazilian Reais)

	<u>Note</u>	<u>31/Mar-2023</u>	<u>31/Mar-2022</u>
Net Operating Revenue	15	303.801	219.748
Cost of goods sold		<u>(214.466)</u>	<u>(179.085)</u>
<b>Gross Profit</b>		<b>89.335</b>	<b>40.663</b>
<b>Operating expenses:</b>			
Sales	16	(7.545)	(6.784)
Administrative and General	17	(74.852)	(34.564)
Other operating (expenses) income	18	<u>(296)</u>	<u>(990)</u>
<b>Earnings before net financial (expenses) revenue and taxes</b>		<b>6.643</b>	<b>(1.674)</b>
Financial expenses		(6.482)	(6.796)
Financial revenues		<u>5.750</u>	<u>25.541</u>
<b>Net financial (expenses) revenue</b>	19	<u><b>(732)</b></u>	<u><b>18.746</b></u>
<b>Profit before taxes</b>		<b>5.911</b>	<b>17.072</b>
<b>Income tax and social contribution</b>		<b>(16.256)</b>	<b>(10.352)</b>
Income tax		(11.947)	(7.600)
Social Contribution		(4.309)	(2.753)
<b>Income for the fiscal year</b>		<u><b>(10.345)</b></u>	<u><b>6.720</b></u>

The accompanying notes are an integral part of these financial statements.

## **Ranbaxy Farmacêutica Ltda.**

### **Statements of changes in stockholders' equity**

**Fiscal years ended as of 31 March 2023 and 31 March 2022**

*(In thousands of Brazilian Reais)*

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	<b>Share Capital</b>	<b>Losses Accumulated</b>	<b>Total</b>
<b>Balances as of 31 March 2020</b>	17.367	(112.498)	(95.131)
Income for the fiscal year	<u>-</u>	<u>1.031</u>	<u>1.031</u>
<b>Balances as of 31 March 2021</b>	17.367	(111.468)	(94.101)
Income for the fiscal year	<u>-</u>	<u>6.720</u>	<u>6.720</u>
<b>Balances as of 31 March 2022</b>	<u>17.367</u>	<u>(104.750)</u>	<u>(87.383)</u>
Income for the fiscal year		<u>(10.345)</u>	<u>(10.345)</u>
<b>Balances as of 31 March 2023</b>		<u>(115.095)</u>	<u>(97.728)</u>

The accompanying notes are an integral part of these financial statements.

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# Ranbaxy Farmacêutica Ltda.

## Statements of Cash Flows - indirect method

Fiscal years ended as of 31 March 2023 and 31 March 2022

(In thousands of Brazilian Reais)

	Note	31/Mar-2023	31/Mar-2022
<b>Cash flows from operating activities</b>			
Profit before taxes		5.911	17.072
Adjust for:			
Depreciation		529	633
Amortization		37	17
Assets impairment adjustment		26	10
Provision for contingencies		(1.436)	184
Provision for doubtful debts		1.281	(327)
Provision for stock write-off		3.579	5.631
Other provisions		10.059	5.374
Exchange rate variations	19	3.840	(23.457)
Gain/Loss on sale of assets		(122)	(48)
Provision for Income Tax		(2.491)	624
<b>Net adjusted PBT before changes in working capital</b>		<u>21.214</u>	<u>5.711</u>
<b>(Increase) decrease in current assets and liabilities</b>			
Accounts receivable from customers		1.896	(13.791)
Inventories		(141.285)	(10.512)
Current tax assets		(21.521)	(8.959)
Other accounts receivable		(2.548)	(4)
Judicial Deposits		195	(961)
Taxes and contributions payable		17.287	10.510
Salaries and charges thereon payable		(140)	(34)
Suppliers		248.448	(40.958)
Payment of tax contingencies		2.482	-
Other accounts payable		(2.171)	2.451
<b>Net (Increase) decrease in assets and liabilities</b>		<u>102.643</u>	<u>(62.259)</u>
<b>Cash from operations</b>		<u>123.857</u>	<u>(56.548)</u>
Interests paid on loans	10	(44)	(611)
Income tax and social contribution paid on the fiscal year		(13.766)	(9.729)
<b>Net cash from Operating activities</b>		<u>110.048</u>	<u>(66.887)</u>
<b>Cash Flow from Investing activities</b>			
Purchase of fixed assets	8	(827)	(65)
Sale of fixed assets		(89)	(15)
Purchase of intangible assets		139	64
<b>Net cash used in Investing activities</b>		<u>(777)</u>	<u>(15)</u>
<b>Cash Flow from Financing activities</b>			
Loan taken - locally		(14.673)	9.890
<b>Net cash from Financing activities</b>		<u>(14.673)</u>	<u>9.890</u>
Exchange rate variations - realized	19	(17.660)	17.787
<b>Net decrease in Cash and cash equivalents</b>		<u>76.937</u>	<u>(39.225)</u>
<b>Statement of decrease in cash and cash equivalents</b>			
At the beginning of the financial year		7.596	46.821
At the end of the financial year	4	<u>84.534</u>	<u>7.596</u>
		<u>76.937</u>	<u>(39.225)</u>

The accompanying notes are an integral part of these financial statements.



## **Explanatory notes to financial statements** *(In thousands of Brazilian Reais)*

### ***1 - Operating context***

Ranbaxy Farmacêutica Ltda., incorporated on 27 October 1993, having its tax domicile in the state of Rio de Janeiro, and having as its main economic activity the import of allopathic medicinal products for human use, as well as the distribution and sale of pharmaceutical products.

The company has its administration office at Alameda Tocantins, 125, 11<sup>th</sup> Floor, Room 1101, Alphaville, Barueri, São Paulo, duly registered with JUCESP [Board of Trade of the State of São Paulo], whose corporate purpose is that of an administrative office.

#### ***1.1 - Management plan for 2023 and 2022***

The balance sheet ended as at 31 March 2023 has a negative net worth of BRL 97.728 Mn .

From June 2021, the company started importing in local currency BRL, which would thus eliminate the impact of the dollar rate on imports.

Management understands that the amounts will be reversed in the coming years, considering the increase in operational volumes, product portfolio, and committed steady supply of products by the manufacturing plants in India

There is direct involvement of commercial team in the demand planning and forecasting activity, whereby Rolling Sales Forecast is given for the subsequent twelve months, and production is aligned according to the demand and commercial aspirations and expectations. This process is helping to impact increase in sales in a positive manner

### ***2 - Presentation of the Financial Statements***

The financial statements were prepared in accordance with accounting practices adopted in Brazil and comprise the period from April to March, having their issue authorized by the Board on 28<sup>th</sup> April, 2023.

The Company adopts the Law no. 6.404/76 and its amendments introduced by Law no. 11.638/07, which modified, revoked and introduced new provisions to the Brazilian Companies Law.

The aforementioned law aimed, mainly, to update the Brazilian corporate law to allow the process of convergence of accounting practices adopted in Brazil with those comprised in the International Financial Accounting Standards (IFRS).

#### ***2.1 Functional currency and presentation currency***

The financial statements are presented in Brazilian Real, which is the functional currency of the Company. All financial information presented in Real have been rounded up to the nearest thousands, except where indicated otherwise.

#### ***2.2 Use of estimates and judgments***

The preparation of financial statements in accordance with the accounting practices adopted in Brazil requires that the Management of the Company make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Estimates and assumptions are reviewed in a continuous manner. Revisions with respect to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The information on assumptions and estimates that have a significant risk of result in material adjustments within the next few years are included in the following explanatory notes:

Note 5 - Provision for doubtful receivables

Note 6 - Provision for inventory obsolescence

Note 8 - Review of the useful life of fixed asset

Note 13 - Provision for contingencies

### **3 Summary of Significant Accounting Policies**

#### ***a. Determination of Net Income***

Net income from operations of the company is established in accordance with the accounting on accrual basis for the financial year, which covers the period from April to March of each year.

Operating revenues from the sale of products, as well as costs and expenses are recognized in the outcome as a function of its implementation, i.e., when there is convincing evidence that the risks and rewards significant and inherent to ownership have been transferred to the purchaser.

#### ***b. Cash and cash equivalents***

Cash and cash equivalents include cash in hand, balances in current bank accounts and financial investments of high liquidity. The financial investments are recorded at cost, plus income earned during the financial year, duly regulated by the central bank of Brazil.

#### ***c. Accounts receivable from customers***

Accounts receivable from customers are initially recorded at the invoiced value, including their indirect taxes, tax liability of the Company, minus the taxes withheld at source, which are considered as tax credits.

The provision for credit losses was made at an amount considered sufficient by the Management to compensate for any losses on the realization of the credits earned, overdue for more than 12 months and or when identified as unable to recover.

As provided in the CPC12, adjustment to the present value was not registered by virtue of not having material effect on the financial statements.

#### ***d. Inventories***

Inventories are stated on the basis of historic cost of acquisition, plus expenses relating to transport, storage and non-recoverable taxes. The cost is determined by the weighted average cost. The values of inventories recorded does not exceed the net value of realization. The net value of realization, which corresponds to the estimated selling price in the ordinary course of business, less the estimated costs of completion and those necessary to make the sale.

*e. Fixed assets*

- **Fixed assets**

Items of fixed asset (property, plant and equipment) are measured at historic cost of acquisition or construction, less accumulated depreciation and loss of reduction to the recoverable amount (impairment), if applicable.

The cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of assets constructed by the company itself includes the cost of materials and labor, other direct costs to place the asset in the location and condition necessary for these to be capable of operating in the manner sought by the management, the costs of dismantling and restoration of the site where these assets are located.

The improvement in third parties' properties is amortized in accordance with the duration of the lease contract.

Gains and losses on disposal of an item of property, plant and equipment are calculated by comparison between the resources deriving from disposal with the carrying amount of property and are recognized net inside of other revenues in the result.

Other costs are capitalized only when there is an increase in the economic benefits of the item of fixed asset. Any other type of expense is recognized in the result as an expense when incurred.

- **Depreciation**

Depreciation is calculated on the depreciable value, which is the cost of an asset, or other substitute value of the cost minus the residual value.

Depreciation is recognized in the results based on the straight-line method over the estimated useful lives of each part of an item of the fixed asset, since this method is that one that more closely reflects the pattern of consumption of future economic benefits embodied in the asset. Lands are not depreciated.

The estimated useful lives are as follows:

	<b>Years</b>
Machines and equipment	14
Furniture and utensils	12
IT equipment	10
Vehicles	12
Improvement on third parties' property	5

The depreciation methods were reviewed, and new rates will be adopted, each closing of the financial year and any adjustments are recognized as changes in accounting estimates.

- **Intangible Assets**

It is valued at cost of acquisition, less accumulated depreciation and losses by reducing the recoverable amount, when applicable.

The intangible asset of the company has defined life, composed by software. The record of depreciation is done in the demonstration of the income statement of the fiscal year, under the heading "Depreciation and amortization".

	<b>Years</b>
The estimated useful life for the current fiscal and year is:	
Software	10

- **Reduction in the recoverable value of assets**

According to NBC TG 01 (R4) – Impairment of Assets – Related to IAS 36.

Aims to ensure that the assets are not recorded accounted for a higher value than the one that can be recovered in time for use of the company's operations or its eventual sale.

- f. Leasing Operation*

In line with the pronouncement of the new Accounting Standard on Leasing, through CPC 06 (R2) and in India (Where Ranbaxy's headquarters are located) from April 1, 2019 through Ind AS 116. It establishes principles for the recognition and measurement of leases, the purpose of which is to ensure relevant information that faithfully represents these transactions.

As part of an economic group, w.e.f. April 1, 2019, Ranbaxy Farmaceutica Ltda. adhered to the referred norm, and began to treat the property rental according as required. The company started to present its Assets - Right of Use (Net Present Value of the Lease Agreement) and its Lease Liabilities (Net Present Value of the Lease Payable, updated by interest). The Right of Use is amortized over the term of the contract and its effects are reflected in the result.

- g. Current and non-current liabilities*

The current and non-current liabilities are demonstrated by the known or calculated estimated plus, when applicable the corresponding charges, monetary variations and/or exchange rate incurred up to the date of the balance sheet.

- h. Short-term benefits to employees*

Obligations of short-term benefits to employees are measured on an undiscounted basis and are incurred as expenses as the related service is provided.

Provision was made for the payment of bonuses on individual performance and was recognized by the amount expected to be paid under the plans of bonuses on money or participation in profits in the short term if the company has a legal or constructive obligation to pay this value in function of past service rendered by the employee, and the obligation can be estimated reliably.

- i. Loans and Financing*

The financial charges and the monetary indexations of the loans are accounted for on the basis of the period elapsing, being established in accordance with the terms of the contracts. Composed mainly by contracts aiming at the expansion of production capacity, as well as modernization, as well as to meet working capital needs.

- j. Provisions*

A provision is recognized in the balance sheet when the company has an obligation or as a result of a past event, and it is probable that an economic resource will be required to settle the obligation. Provisions are recorded taking as a basis the best estimates of the value involved.

- k. Income tax and social contribution*

The fiscal year for calculation of income tax is determined by law, and comprises the period counting from January to December, unlike the corporate year depicted in the financial statements, which comprises the period from April to March.

The income tax and social contribution of current and deferred charges are calculated on the basis of rates of 15%, plus an additional 10% on the taxable profit surplus of BRL 240 for income tax and 9% on taxable profit for social contribution on net profits and consider the offsetting of tax losses and negative social contribution base, limited to 30% of the real profit.

The current tax is the tax payable or receivable expected on the taxable profit or loss for the year, the tax rates enacted or substantively enacted at the date of presentation of the financial statements and any adjustment to tax payable in relation to previous years.

The Company does not recognize the Income Tax and Social Contribution, of deferred tax assets on tax loss and negative base of social contribution, and also on temporary differences between the tax base of assets and liabilities and their respective accounting value. The deferred active Income Tax and Social Contribution are recognized based on the expected generation of future taxable profits. Deferred tax is measured by the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the date of presentation of the financial statements.

The Company does not have any value recorded with respect to income tax and social contribution deferred during the fiscal year, due to expected generation of future taxable profits.

#### ***1. Financial Instruments***

The financial instruments are only recognized as from the date on which the company becomes part of the contractual provisions of the financial instruments. When recognized, are initially recorded at its fair value plus transaction costs that are directly attributable to the acquisition or contracting. On March 31, 2023, the accounting value of the financial instruments of the company, represented mainly by cash, accounts receivable, accounts payable to suppliers and loans with financial institutions and related companies were equivalent to its market value. The company does not use financial instruments in exchange operations of indices (SWAP) or involving operations in the form of derivatives risk. Other Assets and Liabilities

An asset is recognized in the balance sheet when it is probable that future economic benefits will be generated in favor of the company and its cost or value can be measured with security.

The current and non-current liabilities are demonstrated by the known or calculated values plus, when applicable the corresponding charges and monetary variations incurred up to the date of the balance sheet.

Provisions are recorded taking as a basis the best estimates of the risk involved. The financial statements therefore include various estimates based on objective and subjective factors, based on the judgment of the management for the determination of appropriate values to be recorded. The settlement of transactions involving these estimates may result in divergent values of the recorded in the financial statements due to the inaccuracies inherent to the process of determining them, for which reason the management periodically revise such estimates and assumptions.

Estimates and assumptions are used in the selection of the useful lives of the assets, for the constitution of adjustment for the possible risk of not carrying out their accounts receivable, as well as in the analysis of other risks for the determination of other provisions, including the contingent liabilities and other similar, in addition to the valuation of financial instruments and other assets and liabilities on the balance sheet date.

The realizable rights and obligations are classified as Current when their realization or settlement occur within twelve months following the date of presentation of the financial statements. Otherwise, they are shown as Non-current.

#### 4 *Cash and cash equivalents*

	<u>2023</u>	<u>2022</u>
Cash and Banks	2.647	948
Other investments (Financial Investments)	<u>81.887</u>	<u>6.648</u>
<b>Total</b>	<b><u>84.534</u></b>	<b><u>7.596</u></b>

The variation in cash and cash equivalents is directly linked to payments made during the year to SPIL, towards purchase invoices for the import of finished products.

#### 5 *Accounts receivable from customers*

Accounts receivable from customers are initially recorded by the invoiced value, including their direct taxes, tax liability of the Company, minus the taxes withheld at source, which are considered as tax credits.

The increase in the revenue recognition adjustment is related to the increase in sales volume and represents billing not delivered to the customers, by 31<sup>st</sup> Mar, 2023.

	<u>2023</u>	<u>2022</u>
Accounts receivable	62.959	60.878
Other accounts receivable	94	87
(-) Provision f/ doubtful debts	(2.111)	(830)
(-) Revenue recognition adjustment	<u>(16.316)</u>	<u>(12.332)</u>
<b>Total</b>	<b><u>44.627</u></b>	<b><u>47.804</u></b>

On 31<sup>st</sup> March, 2023 the total gross value of invoices receivable by the company, distributed by their ageing as per due dates are as follows:

<u>Not Due</u>	<u>BRL</u>
Within 30 days	19.183
From 31 to 60 days	40.484
From 61 to 90 days	290
Over 91 days	<u>0</u>
<b>Subtotal</b>	<b>59.956</b>
<u>Due</u>	
Matured from 91 within 180 days	2.117
Matured within 365 days	2
Matured over 365 days	<u>978</u>
<b>Subtotal</b>	<b>3.097</b>
<b>Overall Total</b>	<b><u>63.053</u></b>



## 6 Inventories

	<u>2023</u>	<u>2022</u>
Products for Resale (a)	83.757	42.379
Adjustment Revenue Recognition -Cogs	11.668	5.279
Packing material	88	88
Goods in transit (b)	138.249	25.735
Taxes on imports	1.827	0
Customs Agent	1.846	389
Others	39	39
(-) Adjustment Net Realization Value (c)	(23.380)	(213)
(-) Adjustment Stock write-off provision (d)	(8.942)	(6.249)
<b>Total</b>	<b><u>205.153</u></b>	<b><u>67.446</u></b>

a) Values of Products for Resale increased due to an increase in volume of sales forecast together with variation in purchase values from the parent company.

b) Goods in Transit increased exponentially due to two main factors: increase in business volumes with pharmacy chains and hospitals, as also due to the and the increase in purchase values from the parent company in 2022-23, and an internal IT issue that caused operations to stop.

c) The increase in the Net Realization Value is due to the change in the accounting practice from what was carried out previously using only the “On hand” inventory as a basis for this evaluation, to the revised model in 2022-23 whereby “Cut off” and “In transit” stocks have been included now within its scope.

d) Stock write-off provision includes - expired inventories, short expiry in the next 6 months, non-moving inventory for more than 1 year and certain warehouse location stocks which have no commercial salability or value. Management has made the provision and awaits the approval of Regulatory bodies as applicable, for them to be incinerated.

## 7 Current tax asset

	<u>2023</u>	<u>2022</u>
ICMS tax	44.672	25.932
IRPJ recoverable	4.866	1.803
CSLL recoverable	716	659
TDS recoverable	605	942
Other Taxes	6	9
<b>Total</b>	<b><u>50.866</u></b>	<b><u>29.345</u></b>

The increase in the ICMS tax is in line with the growth in revenues for the period 2022-23

The amounts recorded as Income Tax (IRPJ) and CSLL recoverable in 2022-23 were paid in advance to the Federal Revenue Services of Brazil, which would be set-off or utilized during 2023-24.



## 8 Fixed assets

The company has conducted tests of impairment for all its assets and did not have any devaluation losses. With the adoption of CPC 06. W.e.f. April 2019, the company began to present its Assets - Right of Use (Net Present Value of the Lease Contract) and its Lease Liabilities (Net Present Value of the Lease Payable, restated by interest). The Right of Use is amortized over the term of the contract and its effects are reflected in the result.

	<b>Machines and equipment</b>	<b>Furniture And utensils</b>	<b>Vehicles</b>	<b>Lease rental expenses</b>	<b>Total</b>
<b>Cost</b>					
Balance as of March 31, 2022	<u>3.874</u>	<u>1.956</u>	<u>1.587</u>	<u>6.127</u>	<u>13.545</u>
Additions	3	136	582	106	827
Disposals and retirements	(194)	(8)	(161)		(363)
Transference					
Balance as of March 31, 2023	<u>3.682</u>	<u>2.085</u>	<u>2.009</u>	<u>6.233</u>	<u>14.008</u>
<b>Depreciation</b>					
Balance as of March 31, 2022	(3.628)	(1.754)	(834)	(6.077)	(5.938)
Additions	100	97	270		386
Disposals and retirements	(197)	(15)	(170)	(104)	(479)
Balance as of March 31, 2023	(3.530)	(1.836)	(933)	(6.180)	(12.480)
<b>Loss on assets devaluation</b>					
Balance as of March 31, 2022	<u>(10)</u>	<u>(1)</u>			<u>(10)</u>
Additions	(7)	(0)	(0,21)	-	(8)
Disposals and retirements					
Balance as of March 31, 2023	<u>(17)</u>	<u>(1)</u>	<u>(0)</u>	<u>-</u>	<u>(18)</u>
<b>Net fixed asset as at March 31, 2022</b>	<b>246</b>	<b>202</b>	<b>753</b>	<b>51</b>	<b>1.242</b>
<b>Net fixed asset as at March 31, 2023</b>	<b>152</b>	<b>248</b>	<b>1.076</b>	<b>53</b>	<b>1.511</b>

(a) In the FY ended 31<sup>st</sup> March, 2023, impairment testing of fixed assets was carried out and realizable value evaluated, whereby it was identified that devaluation of assets as considered, existed as per the accounting norms. Hence the impact of impairment was accounted for.



## 9 Suppliers

	<u>2023</u>	<u>2022</u>
Intercompany – Principal	188.378	58.160
Intercompany – Unrealized exchange impact	1.304	931
Intercompany – In Transit	138.249	25.735
Intercompany – TP Adjustments	36.252	65.639
Intercompany – Insurance cross-charge	222	222
Intercompany – Expense Allocation	<u>34.731</u>	<u>0</u>
<b>Total</b>	<b><u>399.135</u></b>	<b><u>150.687</u></b>

The outstanding in USD payable to Sun Pharmaceutical is USD 0.99 Mn. This amount consists of amount payable for finished goods imported, TP adjustment debit note (to comply with TP guidelines in India by foreign subsidiaries in terms of EBIT margins), and Insurance cross charge debit note. The company's exposure to the risk of currency and credit related to suppliers and other accounts payable are disclosed in Note 20 section (v).

a) In 2022-23 we started the practice of cross-charge by issuance of a Debit Note to reallocate expenses between Sun Farmacêutica and Ranbaxy Farmaceutica (same economic group), aiming at a better representation of the entities' operating results. This amount is composed of Ranbaxy drug analysis expenses by Sun's laboratory, in addition to direct and indirect marketing and administrative expenses. Direct allocation was based on batches released by Sun's lab, and expenses incurred for the the Retail segment selling Ranbaxy products. Indirect allocation was by the proportion of sales of the two companies. The amount allocated between the entities is accounted for at Sun in the asset and income account and at Ranbaxy in the liability and administrative & general expense account, both amounting to BRL 34,731 thousand. Considering the comparability of the period, the effects were not passed on in previous years, but if they were, the estimated value would be BRL 25,236 thousand.

## 10 Loans and Financing

<u>Loans and Financing</u>	<u>Maturity</u>	<u>Charges</u>	<u>2023</u>		<u>2022</u>	
			<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>
Related Parties - Sun Pharma	31 <sup>st</sup> Jan '24	3.83% p.a	26.226	26.226	48.191	18.977
Netherlands B.V	31 <sup>st</sup> Mar '25	3.83% p.a.	-	-	-	-
			<u>26.226</u>	<u>26.226</u>	<u>48.191</u>	<u>18.977</u>

The balance refers to two contracts with a principal amount of USD 5 million each, whose maturity dates are January 2024 and March 2025.

Half-yearly interest payments are made on the loan contracts, calculated with a 1.25% annual spread + SOFR 6 months, without contractual guarantees. In the year ended 31<sup>st</sup> March, 2023 the total interest paid was BRL 1,062, and the balance payable was BRL 1,647.

## 11 Taxes and contributions payable

	<b>2023</b>	<b>2022</b>
<i>Social contributions payable</i>		
INSS payable on payroll	80	82
INSS withheld at source	6	6
FGTS payable on payroll	20	20
PIS on Sales	7	0
Cofins on Sales	39	0
Pis/Cofins/CSSL withheld at source	1	12
(-) Cut Off adjustment - Pis/Cofins (a)	0	(31)
<b>Subtotal</b>	<b><u>154</u></b>	<b><u>88</u></b>
<i>Taxes payable</i>		
Income tax withheld at source	82	87
Income tax	1830	457
CSSL	661	167
Services tax withheld at source	3	3
ICMS on Sales	1	39
ICMS on tax substitution	1.082	334
ICMS on rate differential	0	3
ICMS provision on good destruction	1.572	686
(-) Cut Off adjustment – ICMS-ICMS St (a)	(866)	(868)
<b>Subtotal</b>	<b><u>4.365</u></b>	<b><u>909</u></b>
<b>Total</b>	<b><u>4.518</u></b>	<b><u>997</u></b>

- (a) The sales tax adjustment is related to invoices billed during 2022-23 but not received by the customers till 31<sup>st</sup> Mar 2023.

The final balance as on 31<sup>st</sup> Mar 2023 was a credit balance, as we offset the ICMS debit and credit at the end of the FY. According to tax returns, which we file monthly in the state of Rio de Janeiro, we had to offset the expense that occurred within the current month against the existing credit balance.

## 12 Other Provisions

	<b>2023</b>	<b>2022</b>
Provision for Sales Commission	5.492	4.258
Provision for performance bonus	1.147	1.503
Provision for Administrative Service Provider	1.643	1.319
Provision for freight and warehouse cost	270	338
Provision for Margin of distributors	0	3.516
Provision for Selling expenses (a)	16.348	1.382
Provision for sales return (b)	4.026	6.209
Provision for discounts and rebates	0	345
<b>Total</b>	<b><u>28.926</u></b>	<b><u>18.869</u></b>

- a) The increase in Provision for Selling Expenses is due to the change in the methodology applied to calculate OL (Distributor guaranteed margin) w.e.f. Jan '23. The change consists of calculating the value of OL on the primary sale (+) stock held by distributors on 31<sup>st</sup> Dec '22. Previously, the calculation for provisions was made based on secondary sales.

- b) The Provision for sales return methodology has been changed, now being based on the percentage of sales returns in the previous year versus the sales realized in the year before. Until the previous year, the calculation was based on both returns and sales in the previous period.

### 13 Contingencies

The company is defendant in lawsuits and in administrative proceedings before various courts and governmental bodies, arising from the normal course of operations, involving tax, labor, civil aspects and other matters.

Management, based on information from their legal advisors, analysis of lawsuits pending and, considering labor actions, based on previous experience relating to the amounts claimed, made provision for an amount considered sufficient to cover the probable estimated losses with the lawsuits in course, as follows:

	2023			2022
	Provision	Judicial Deposit	Net	Net
Labor	667	(279)	388	(122)
Civil	1.863	(831)	1.032	945
Tax	645	(645)	0	(645)
	<b>3.175</b>	<b>(1.756)</b>	<b>1.420</b>	<b>178</b>

#### Lawsuit movement during the period

	2023				
	Gross Opening Balance	Provision addition	Write-off	Judicial Deposit	Net Closing Balance
Labor	(122)	849	(182)	(157)	388
Civil	945	587	(462)	(38)	1.032
Tax	(645)	645	0	0	0
	<b>178</b>	<b>2.081</b>	<b>(644)</b>	<b>(195)</b>	<b>1.420</b>

There are other lawsuits evaluated by the legal advisors as being of possible or remote risk, which based on the requests of the claimants, our lawyers evaluated for future settlements. The amounts for the same are R\$ 18,617 for possible loss (R\$ 1,577 in 2022) for which no provision was constituted, considering that the accounting standards adopted in Brazil do not require its inclusion.

#### a. Summary of labor processes

As at 31<sup>st</sup> March, 2023, the Company had 18 cases of labor claims, which according to the legal advisors, are classified as possible and remote risk of loss.

On 31<sup>st</sup> March, 2023, the Company had 6 cases classified as probable risk of loss.

***b. Summary of civil processes***

On 31<sup>st</sup> March, 2023, the Company had a total of 25 cases of claims and complaints involving notices of infractions or questioning from the Anvisa. According to legal advisors, 17 cases are classified as possible and remote losses, which do not form part of the provision. The loss estimate is made, in accordance with the opinion of the legal advisors, and are duly updated with their respective incidence of interests and taxes.

***14 Net Equity***

Share capital is composed of 14.971.089 shares, being 12.482.664 shares of “Class A” on the nominal value of BRL 1,00 each and 488.425 shares of “Class B” in the nominal value of BRL 10,00 each, according to the 46th amendment to the Articles of Association, dated of 25 September 2020, which are distributed as follows:

<b>Quota Holder</b>	<b>Quotas</b>	<b>BRL</b>
Sun Pharma Netherlands B.V. - Class A	12.482.663	12.483
Sun Pharma Netherlands B.V. - Class B	488.425	4.884
Ranbaxy Holdings UK Limited	1	-
	<b>14.971.089</b>	<b>17.367</b>

On 31<sup>st</sup> March, 2023, the foreign capital registered at the Central Bank of Brazil, the basis for remittance of dividends and repatriation of capital, totalized BRL 17.367 (equivalent to USD 12.467)

***15 Operating Revenue (Net)***

	<b>2023</b>	<b>2022</b>
Resale of goods	327.492	245.410
Resale of samples for bioequivalence	0	107
Gross revenue from sales	327.492	245.517
Taxes on sales and resales	(19.720)	(15.186)
Finance Discounts	(1.363)	(639)
Returns	(5.174)	(9.944)
(-) Sales Deductions	2.566	(25.769)
<b>Operating Revenue (Net)</b>	<b>303.801</b>	<b>219.748</b>

The company's sales in the domestic market are currently done to distributors, pharmacy chains, independent pharmacies, and distributors to hospitals.

The financial discount is related to hospital products that were not delivered timely, and customers received penalty for which, since we were co-responsible, had to reimburse them.



### **16 Sales Expenses**

	<u>2023</u>	<u>2022</u>
Sales Campaign (a)	4.065	2.935
Promotional material	404	876
Congress and events	1.186	593
Market research services	1.025	570
Travelling Expenses	835	1.085
Other promotion expenses	<u>30</u>	<u>724</u>
	<b><u>7.545</u></b>	<b><u>6.784</u></b>

- (a) Ranbaxy is seeking to increase sales in pharmacies and pharmacy chains, and has developed commercial actions, called “basket for focus molecules”, which aim to reward in cash and gifts for sales achieved.

### **17 General and Administrative Expenses**

	<u>2023</u>	<u>2022</u>
Personnel	6.644	6.551
Equipment Maintenance	115	219
Expenses with rents	417	435
Expenses with electricity	73	104
Services Provided	6.538	1.871
Regulatory	664	675
Quality Control	754	737
Taxes and Fees	1.614	1.776
Expenses with Sales Commission	14.654	11.113
Expenses with freight and warehouse	4.229	9.089
Other administrative expenses (a)	38.584	440
Depreciation and Amortization	<u>566</u>	<u>649</u>
	<b><u>74.852</u></b>	<b><u>34.564</u></b>

- a) In 2022-23 we started the practice of cross-charge by issuance of a Debit Note to reallocate expenses between Sun Farmacêutica and Ranbaxy Farmaceutica (same economic group), aiming at a better representation of the entities' operating results. This amount is composed of Ranbaxy drug analysis expenses by Sun's laboratory, in addition to direct and indirect marketing and administrative expenses. Direct allocation was based on batches released by Sun's lab, and expenses incurred for the the Retail segment selling Ranbaxy products. Indirect allocation was by the proportion of sales of the two companies. The amount allocated between the entities is accounted for at Sun in the asset and income account and at Ranbaxy in the liability and administrative & general expense account, as pointed out in explanatory note n° 09.

### 18 Other Operating revenue (expenses)

	<u>2023</u>	<u>2022</u>
Provision for Contingencies	1.420	(184)
Tax credit benefit	1	38
Other Operating revenues (expenses)	<u>(1.125)</u>	<u>844</u>
	<u><u>296</u></u>	<u><u>990</u></u>

### 19 Net financial (expenses) revenue

	<u>2023</u>	<u>2022</u>
<b>Financial expenses</b>		
Interest - Intercompany	(1.978)	(795)
Interest on Operational Lease	(7)	(7)
Realized exchange gain/loss	(44)	(4.589)
Unrealized Exchange gain/loss	(3.840)	0
Penalties on Taxes and contributions	(9)	(12)
Others	<u>(605)</u>	<u>(1.393)</u>
	<u><u>(6.482)</u></u>	<u><u>(6.796)</u></u>
<b>Financial revenues</b>		
Interests	45	36
Interest on financial investments	5.552	2.037
Unrealized exchange gain/loss		23.457
Others	<u>153</u>	<u>11</u>
	<u><u>25.541</u></u>	<u><u>25.541</u></u>
	<u><u>(732)</u></u>	<u><u>18.746</u></u>

### 20 Insurance coverage

The company has contracted with Allianz Seguros no. 5177202253180028968, property insurance, which aims to guarantee coverage for possible claims, at all of the company's addresses in Brazilian territory. The contracted amounts are considered sufficient to cover possible claims, considering the nature of its activity.

As of 31<sup>st</sup> March 2023, insurance coverage against operational risks comprises R\$121.39 Mn. (LMGA)

### 21 Financial Instruments

#### (i) Identification and valuation of financial instruments

The accounting balances of financial instruments such as cash, accounts receivable, taxes, loans and financing, when compared with the values that could be obtained on their negotiation in an active market or, in its absence, with its net present value is adjusted based on the prevailing rate of interest in the market approach, and is substantially approximate to their corresponding market values.

#### (ii) Credit risk

It arises from the possibility of the company suffering losses arising from defaults of their counterparts or depository financial institutions of resources or financial investments. To mitigate these risks, the company adopts as a practice analysis of financial and equity status of its operations, as well as the definition of credit limits and permanent monitoring of open positions. Regarding

financial institutions, the Management only carries out transactions with reputable financial institutions and of low risk, assessed by rating agencies.

**(iii) Risk of price of the goods sold**

It arises from the possibility of oscillation of market prices of products marketed by the company. These price fluctuations can cause substantial changes in their income and their costs. To mitigate these risks, Management permanently monitors the local and international markets, seeking to anticipate the price movements.

**(iv) Interest rate risk**

It arises from the possibility of the company suffering gains or losses arising from fluctuations in interest rates levied on its financial assets and liabilities. Aiming to mitigate this type of risk, Management seeks to diversify the acquisition of resources in terms of rates fixed or floating.

**(v) Exchange rate risk**

The associated risk arises from the possibility of the company coming to incur losses due regarding fluctuations in exchange rates, which increase the values obtained on the market. On 31<sup>st</sup> March, 2023 the company had liabilities, denominated in foreign currency, for which there are no financial instruments to protect this exposure on that date.

	2023	2022
	USD	USD
Suppliers	991	1.004
Loans	<u>10.324</u>	<u>10.172</u>
	<u><b>24.774</b></u>	<u><b>11.176</b></u>

The following exchange rates were applied during the year:

<u>Average Rate</u>		<u>Closure Rate on the date of the Financial Statements</u>	
2023	2022	2023	2022
5,1573	5,2850	5,0804	4,7378

**Exchange Rate Sensitivity Analysis**

The Company has liabilities linked to foreign currency in the balance sheet as of 31<sup>st</sup> March, 2022, and for the purposes of analysis of sensitivity, adopted as a likely scenario the rate of BRL 5,20. Therefore, the table below shows the simulation of the effect of the exchange rate variation in the future outcome in scenarios of increases and reductions:

<b>Exchange Rate Risk</b>	<u>Scenarios (increase)</u>		
	Likely	Possible	Remote
Scenarios and price levels	<u>5,20</u>	<u>5,40</u>	<u>5,60</u>
Passive Position	58.838	61.101	63.364
Total net effect	67	65	(62)



<b>Exchange Rate Risk</b>	<b>Scenarios (reduction)</b>		
	<b>Likely</b>	<b>Possible</b>	<b>Remote</b>
Scenarios and price levels	4,80	4,60	4,50
Passive Position	54.312	52.049	50.918
Total net effect	(72)	(74)	(75)

*(vi) Derivative financial instruments*

The company has not used financial instruments in exchange operations of indices (SWAP) or involving operations in the modality of derivatives.

## **22 Subsequent Events**

With regard to subsequent events, we analyzed possible impacts resulting from situations that occurred after 31<sup>st</sup> March, 2023 and, except for the adjustments to revenues already recognized in the accounting for the p.e. 31<sup>st</sup> March, 2023 arising from non-delivery of orders by 31st March, there were no relevant subsequent events in the context of these Financial Statements.

## **23 Approval of the set of Financial Statements and Explanatory Notes**

These financial statements were approved by the Management of Ranbaxy Farmacêutica Ltda., and authorized for issue on 28<sup>th</sup> April, 2023.

Walter Wiesmueller Coelho Filho  
RFC - BRAZIL

Babita Roy  
F&A Manager

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