

SUN PHARMA ITALIA SRL

Statutory Statements

31 March 2023



Crowe Bompani SpA
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**INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF JANUARY 27, 2010**

To the Sole Shareholder of Sun Pharma Italia Srl

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Pharma Italia Srl (the Company, formerly Ranbaxy Italia SpA), which comprise the statement of financial position as at March 31, 2023 and the income statements and statement of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2023, of its financial performance and its cash flows for the year then ended in accordance with Italian Accounting Standards issued by the Italian Accounting Standards Setter (OIC).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with ethical and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Company, as required by law, has included in the explanatory notes the most recent financial statements of the company holding the management and coordination function. Our opinion on the financial statements of the Sun Pharma Italia Srl is not extended to such data.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Italian Accounting Standards Setter (OIC) and, in the terms established by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

MILANO ROMA TORINO PADOVA GENOVA BRESCIA PISA BOLOGNA

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as requested by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree 39/10



Crowe Bompani SpA
Member Crowe Global

Management of Sun Pharma Italia Srl is responsible for preparing a report on operations of the Sun Pharma Italia Srl as of March 31, 2023, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B to express an opinion, as required by law, on the consistency of the report on operations with the financial statements of Sun Pharma Italia Srl, as of March 31, 2023.

In our opinion, the report on operations is consistent with the financial statements of Sun Pharma Italia Srl, as of 31 March 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree 39/10 issued on the basis of our knowledge and understanding of the Company obtained in the course of the audit, we have nothing to report.

Milan, May 18, 2023

Crowe Bompani SpA

Alessandro Ruina

(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

SUN PHARMA ITALIA SRL

Registered office: Viale Giulio Richard, 3 Milano (MI)
Registered with the Register of Trading Companies in Milan
Tax payer Code and registration no. 04974910962
Registered in the R.E.A. of Milan no.1787791
Share capital subscribed € 50.000 fully paid-in
VAT number: 04974910962
Sole shareholder

Company exercising the management and coordination activity: Sun Pharmaceuticals Industries Limited

Management Report*Financial Statements at 31/03/2023*

Dear Shareholder,

We would like to bring to your attention the Financial Statements for the Fiscal year ended on 31st March 2023, showing a profit before tax of € 696.968, and a net profit of € 1.019.843.

First of all, we would like to highlight that this Directors' Report has been drawn up in compliance with the provisions set forth by art. 2428 of the Civil Code, so as amended by the Legislative Decree of 2 February 2007, n. 32 and by the subsequent art. 2, paragraphs 1, Legislative Decree of 6 November 2007, n. 195 and by the recent D.Lgs. 139/2015.

In the Supplementary Notes you have been given details concerning the financial statements at 31st March 2023; in this document, pursuant to the provisions set forth by art. 2428 of the Civil Code, we would like to provide you with the information concerning the situation of your Company and on the management trend.

This report, drawn up with figures in Euros (thousands separated by “.” and decimals separated by “,”), is presented together with the financial statements for the Fiscal Year for the purpose of providing income, assets, financial information of the Company together with – whenever possible – historical elements and prospective evaluations.

Company Information

The Company operates in the sector of pharmaceutical products distribution, and specifically in the market segment related to generic drugs.

In this segment, Sun Pharma Italia supplies its products both in the so-called "Retail" channel - through direct distribution to pharmacies, and indirectly through wholesalers and concessionaires - and in the "Hospital" channel, both public and private. During the fiscal year, we saw the consolidation of the business share for the division "Brand", thanks to the turnover growth realized by the product Odomzo®, launched in 2019.

In addition, a less significant share of the Company's turnover is attributable to the "business to business" (B2B) activity that sees Sun Pharma Italia supplying drugs to some companies operating in the sector.

The financial year ended March 31, 2023 recorded a negative increase in the value of production from € 41,7 million to € 39,5 million (-5%) mainly attributable to the change in inventories (€ -2,25 million of difference from the previous data). The revenues from sales of pharmaceutical products are approximately the same of the last year (€ +0,13 Million) but from different dynamics: Odomzo® sales increased by € 4,2 Million (+52%), offsetting the decrease of about € 3,5 Million in the retail market as a result of the change in the business model; hospital sales decreased by 4% (€ -0,9 million) while the B2B turnover increased by 23% (€ 0,3 Million), although less significant in absolute terms.

The percentage composition of revenues by type is shown below:

Channel	31/03/2023	31/03/2022
Retail	16%	25%
Hospital	50%	52%
B2B	3%	3%
Brand	31%	20%
Total	100%	100%

The variation in the value of production is also explained by:

- a lower variation in finished products inventory (€ -2,25 million);
- a decrease in the item "Other revenues" (€ 0,1 million) represented by the recharging of costs to Group companies.

The cost of production sold recorded an increase of 7%, in consideration of the increase in sales volumes described above; however, it is worth noting the increase in the absolute incidence, which represents 61% of revenues compared to 57% of last year.

General expenses decreased by 23% compared to the previous year and consequently their incidence on total revenues decreased (17% compared to 23%).

The Added Value decreased by 14%, representing approximately 20% of the value of production (compared to 23% in the year ended March 31, 2022).

Personnel costs decreased by 56% compared to the previous year. This decrease is due to: fewer employees and “restructuring costs” of business retail accounted for the previous year.

€ Millions	31/03/2023	31/03/2022	%
Personnel costs	2,56	5,78	56%
Restructuring Expenses	0	1,53	
Personnel costs net of restructuring expenses	2,56	4,25	40%

Net of restructuring costs, personnel costs decreased by approximately € 1,7M (40%).

The Gross Operating Margin grew by 51%, representing 14% of the value of production, compared to 9% in the previous year.

The Company, as in the previous year, confirms the constant effort in credit management and credit collection activities, although the DSO (Days of Sales Outstanding, value representing the account receivable exposure in terms of number of days of sales to be collected) moved in fact from 99 to 123 days, in consideration of:

- Increased exposure to hospital entities, especially private ones;
- Longer payments terms for customers in the retail channel (concessionaries);
- Difficulties about credit recovery from pharmacies (difficoltà di recupero del credito nei confronti delle farmacie nei cui confronti la Società non effettua più vendita diretta.)

The provision for bad debts was adjusted in consideration of the assessment of the risk of loss on trade receivables, in particular associated with specific situations of non-performing or long-term credit.

The above, and also considering a lower value of depreciation for the year, explains the change in the value of the item "Amortization and depreciation", which increased by about € 345.000 compared to the previous year.

It is necessary to provide more detailed information regarding the item "Other operating expenses" which go from € 4,9 million in the year ended March 31, 2022 to € 4,1 million in the year ended March 31, 2023. So in the current year, the

“other operating expenses” decreased about by € 755.000. The difference is mainly due to an extraordinary cost accounted for in the previous year (approximately € 617.000) about legal process of your company.

The increase is mainly due to the so-called "hospital clawback", a mechanism that provides, in the event that the hospital pharmaceutical expenditure ceiling at national level is exceeded, the recovery of half of the surplus by the pharmaceutical companies through payments to the Regions of the amounts allocated to the companies themselves by the Italian Medicines Agency (AIFA).

In the years from 2013 (year of establishment of the mechanism) to 2018, the amount paid by the companies was the result of settlement agreements resulting from legal recourse actions and was less than the required; on the basis of this, the provision was made for the following years.

Since 2019, the methodology for allocating the quotes of clawback changed and during the year covered by this Report the appeals raised by all pharma companies were rejected. As a result, the amounts requested for 2019 (€ 1,2 million) and for the year 2020 (€ 1,3 million) were paid to the Regions; also the best estimate for the year 2021 and for the first quarter of the year 2022 was provided (€ 1,1 million).

In the year ended March 31, 2022, the company paid the hospital clawback for the year 2021, accounting for the difference respect the allocated amount. In the same time, company has allocated the best estimate for clawback risk in the year 2022.

During the year, the Company, as already stated:

- confirmed its presence in the generic products market, focusing in particular on the "hospital" sector and rationalizing the distribution model and product portfolio in the "retail" sector;
- has further increased penetration in the "brand" sector relating to the therapeutic area of the Odomzo® drug, thanks to a dedicated structure;
- implemented organizational changes consistent with the decisions made regarding the new business model in the retail sector;

In addition, your Company has continuously monitored costs, focused on achieving savings, and has constantly evaluated the margins indicators in order to implement initiatives aimed at improving the Gross Operating Margin.

The Company will continue to focus on the following strategies:

- Differentiation of its market positioning, through the development of the market for so-called “complex generic products” and "differentiated products”;
- Maintaining the presence in the retail market, thanks to the consolidation of the new business model implemented
- Affirmation of Odomzo® and preparation of the "brand" sector for future products that will be marketed;
- Decrease in the incidence of fixed costs, through an increase in turnover volumes and control of overheads;
- Improvement of profitability in the various business units and in the various channels;

- Efficiency in inventory rotation, with minimization of obsolescence phenomena, as well as product stock out issues;
- Credit management in order to reduce the risk of insolvency and improve payment times.

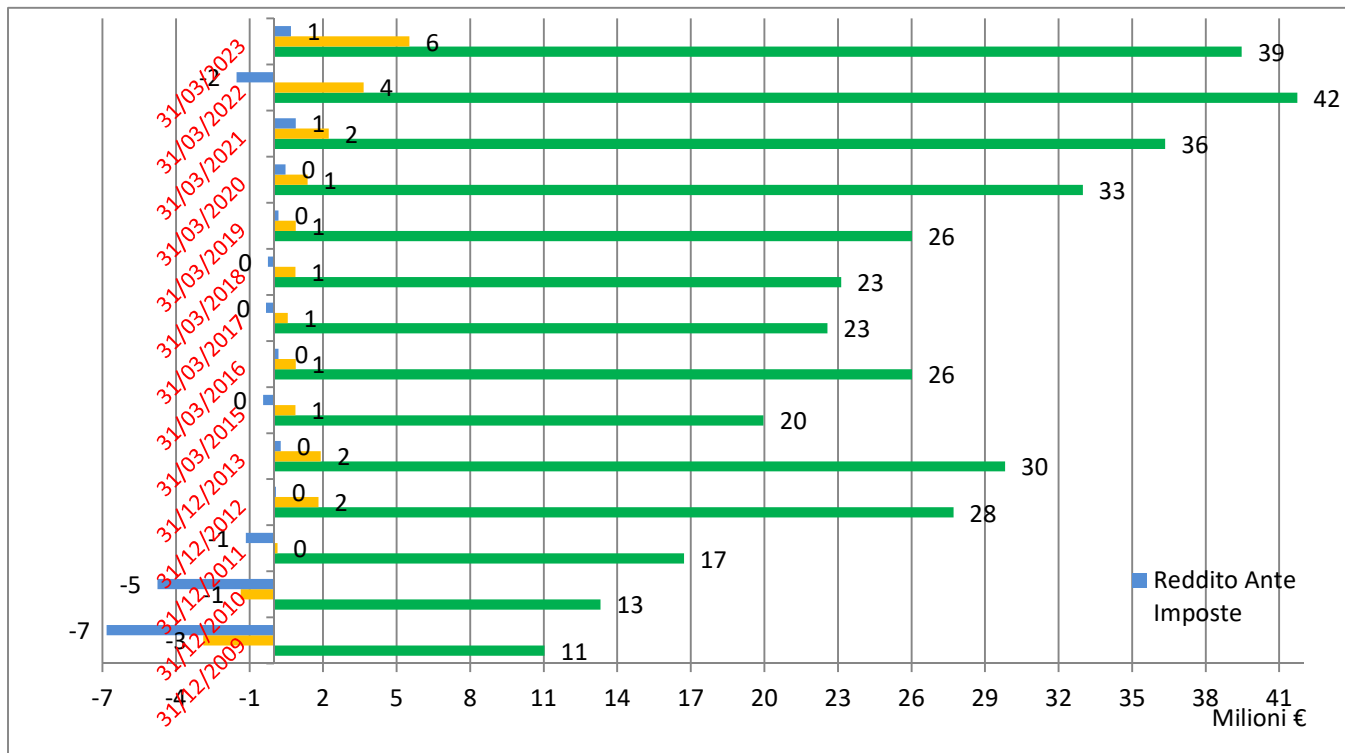
Profit & Loss

To better understand the results of the Company management, the chart below shows the Income statement reclassification.

	FY 2021		FY 2021		FY 2020		FY 2019		
	01.04.2022	%	01.04.2021	%	01.04.2020	%	01.04.2019	%	
	31.03.2023		31.03.2022		31.03.2021		31.03.2020		
PRODUCTION VALUE	39.471.475	100,0%	41.734.912	100,0%	36.351.638	100,0%	32.985.697	100,0%	
- Cost of goods sold	24.328.239	61,6%	22.736.625	54,5%	20.674.602	56,9%	17.343.609	52,6%	
- General expenses	7.057.052	17,9%	9.564.339	22,9%	9.560.919	26,3%	10.782.850	32,7%	
VALUE ADDED	8.086.184	20,5%	9.433.948	22,6%	6.116.117	16,8%	4.859.238	14,7%	
- Personnel cost	2.562.220	6,5%	5.775.381	13,8%	3.888.467	10,7%	3.490.944	10,6%	
EBITDA	5.523.964	14,0%	3.658.567	8,8%	2.227.650	6,1%	1.368.294	4,1%	
- Amortization & Depreciation	590.330	1,5%	244.839	0,6%	230.468	0,6%	220.236	0,7%	
GROSS OPERATING MARGIN	4.933.634	12,5%	3.413.728	8,2%	1.997.182	5,5%	1.148.058	3,5%	
- Miscellaneous expenses	4.132.578	10,5%	4.887.300	11,7%	1.012.411	2,8%	544.170	1,6%	
MARGIN BEFORE INTERESTS	801.056	2,0%	1.473.572	-3,5%	984.771	2,7%	603.888	1,8%	
- Financial income	1.052	0,0%	83	0,0%	148	0,0%	225	0,0%	
+/- Forex adjustments	-	1.522	0,0%	-	4.464	0,0%	-	8.815	0,0%
NET OPERATING MARGIN	800.587	2,0%	1.477.952	-3,5%	987.411	2,7%	595.298	1,8%	
- Financial charges	-	103.619	-0,3%	-	46.366	-0,1%	-	123.760	-0,4%
PROFIT/(LOSS) BEFORE TAX	696.968	1,8%	1.524.318	-3,7%	886.906	2,4%	471.538	1,4%	
- Income Taxes	-	322.875	-0,8%	-	289.779	-0,7%	-	267.435	0,8%
NET PROFIT/(LOSS)	1.019.843	2,6%	1.234.539	-3,0%	886.798	2,4%	204.102	0,6%	

Here below you can see the summary trend of sales and margins over the period 2009-2023:

	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/03/2014	31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023
PRODUCTION VALUE	11.033.418	13.320.958	16.718.568	27.715.912	29.817.816	19.965.461	26.018.381	22.567.257	23.130.764	26.018.381	32.985.697	35.767.141	42.888.699	39.471.475
EBITDA	-2.889.533	-1.362.596	137.554	1.813.510	1.907.664	873.994	887.686	554.903	868.110	887.686	1.368.294	1.643.153	3.658.567	5.523.964
EBT	-6.835.892	-4.748.837	-1.145.862	83.122	276.921	-441.719	186.663	-321.431	-252.678	186.664	471.538	886.907	-1.524.318	696.968



The expectation for the next fiscal year is to consolidate the positive trend, in particular the “Hospital” sector that also includes the “Brand” products. In detail, it is expected:

- A greater penetration in the "Hospital" market, through greater price competitiveness in participation in tenders for the supply of drugs to public hospitals, an increase of private “Hospital” customers, an improved product acquisition process, both from companies of the group and from third parties, the launch of new drugs characterized in particular by high complexity and low competitiveness;
- The recovery of profitability in the "retail" market, thanks also to the reorganization of the sales process just defined;
- The maintenance of the Odomzo® growth curve in the “brand” market sector;
- The increase in "B2B" turnover, thanks to the development of new commercial agreements.

The above, together with the continuous control and rationalization of costs, and the ever lower incidence of fixed costs, will allow a further improvement in the Gross Operating Margin.

Balance Sheet

To better understand the Company assets and the financial situation, the chart below shows the Balance Sheet reclassification.

Assets

Item	01.04.2022 31.03.2023	%	01.04.2021 31.03.2022	%	Absolute variation	%	01.04.2020 31.03.2021
WORKING CAPITAL	25.326.670	100%	23.935.375	100%	1.391.294	97%	22.782.171
Cash & Bank Balances	780.333	3%	566.237	2%	214.097	15%	94.703
Cash & Bank Balances	780.333	3%	566.237	2%	214.097	15%	94.703
Current Assets	17.452.942	69%	14.855.471	62%	2.597.470	182%	15.003.909
Sundry Debtors	15.597.306	61%	13.441.213	56%	2.156.093	151%	14.032.797
Deferred Tax Assets	1.701.224	7%	1.259.997	5%	441.227	31%	918.556
Accrued Income and Prepaid Expenses	154.412	1%	154.261	1%	150	0%	52.556
Inventory	7.093.395	28%	8.513.668	36%	-1.420.273	-100%	7.683.559
FIXED ASSETS	60.665	0%	24.685	0%	35.980	3%	46.886
Intangible Fixed Assets	5.804	0%	3.193	0%	2.611	0%	19.088
Tangible Fixed Assets	54.861	0%	21.492	0%	33.369	2%	27.799
TOTALE ASSETS	25.387.335	100%	23.960.061	100%	1.427.275	100%	22.829.057

Liabilities

Item	01.04.2022 31.03.2023	%	01.04.2021 31.03.2022	%	Absolute variation	%	01.04.2020 31.03.2021
THIRD PARTIES CAPITAL	24.332.587	96%	23.925.156	100%	407.431	29%	21.559.612
Current Liabilities	21.154.022	83%	21.637.751	90%	-483.729	-34%	16.626.244
Short-term payables (Debts)	21.154.022	83%	21.637.376	90%	-483.354	-34%	16.619.739
Accrued Expenses and Deferred Income	0	0%	375	0%	-375	0%	6.505
Loans Funds & Provisions	3.178.565	13%	2.287.405	10%	891.160	62%	4.933.369
Medium Term I/C Loan	0	0%	0	0%	0	0%	4.200.920
Provisions	3.058.842	12%	1.892.406	8%	1.166.436	82%	366.227
Provision for Retirement Benefit	119.723	0%	394.999	2%	-275.275	-19%	366.221
NET EQUITY	1.054.748	4%	34.905	0%	1.019.842	71%	1.269.445
Share Capital	50.000	0%	50.000	0%	0	0%	50.000
Reserves	18.237	0%	18.237	0%	0	0%	18.237
Retained Earnings	33.332	0%	1.201.208	5%	1.234.540	-86%	314.409
Profit (loss) for the period	1.019.843	4%	-1.234.540	-5%	2.254.382	158%	886.799
TOTAL SOURCES	25.387.335	100%	23.960.061	100%	1.427.274	100%	22.829.057

Information ex art 2428 C.C.

Here below the information required by the provisions of art. 2428 of the Civil Code are analysed in detail.

Main risks and uncertainties for the company

According to the first paragraph of art. 2428 of the Civil Code, it was not considered necessary to provide further information on this subject as, given the size of the Company, the memo accounts and the information specified in the supplementary

notes, are already properly expressed on any risk and uncertainty related with the corporate business.

Non-financial main ratios

According to the second paragraph of art. 2428 of the Civil Code, for a better understanding of the Company current position, of the business trend and result, indicating the non-financial ratios was considered irrelevant.

Environment information

The Company has not proceeded with any particular environmental policy, as unnecessary to its business.

Personnel information

The staff at March 31, 2023 was composed of 25 units. The decrease compared to the previous year is due to the resolution of employment relationship (last day was March 31, 2022) because of the restructuring of the “retail” business line.

1. R&D activity

According to and setting forth on point 1) of the third paragraph of art. 2428 from Civil Code, no R&D activity was performed during this financial year.

2. Relationships with subsidiaries, associated and parent companies

According to the provisions on point 2) of the third paragraph of art. 2428 from Civil Code the Company holds no shares. Sun Pharma Italia has a sole shareholder of 100%, Sun Pharma (Netherlands) B.V., which is itself a subsidiary of Sun Pharmaceutical Industries Ltd .

During the year, commercial relationships and financial transactions were entertained with certain companies of the Group.

The following table summarizes the debtor credit positions and the revenues and costs deriving from all the transactions with related parties:

Entity	Description	Amount €
<i>Payables</i>		
Sun Pharmaceutical Industries Limited	Purchase of products	10.048.214
Terapia S.A.	Purchase of products	54.796
Sun Pharmaceutical Industries (Europe) B.V.	Administrative expenses, testing fees for product quality control and regulatory expenses	322.835
Alkaloida Chemical Company Zrt.	Purchase of products and correlated expenses	60.908
Sun Pharma France	Purchase of products	17.137
Sun Pharma Holding USA Inc	Purchase of products	155.870
Sun Pharmaceuticals Germany GmbH	Purchase of products	69.300
Basics GmbH	Loan and interest loan	4.629.145
<i>Total</i>		<i>15.358.205</i>

Entity	Description	Amount €
<i>Receivables</i>		
Sun Pharmaceutical Industries Limited	Recharge of penalties and expenses	650.296
Sun Pharmaceutical Industries (Europe) B.V.	Sales of products	6.048
<i>Total</i>		<i>656.344</i>

Entity	Description	Amount €
<i>Expenses</i>		
Sun Pharmaceutical Industries Limited	Purchase of products	15.256.173
Sun Pharmaceutical Industries Limited	Recharge of Administrative expenses	106.539
Sun Pharmaceutical Industries Limited	Insurance Expenses	2.465
Sun Pharma France	Purchase of products	28.576
Sun Pharma Laboratorios S.L.U (Formerly Laborat Ranbaxy SLU)	Purchase of products	11.736
Terapia S.A.	Purchase of products	237.880
Sun Pharmaceuticals Germany GmbH	Purchase of products	159.381
Alkaloida Chemical Co. ZRT	Purchase of products	293.497
Sun Pharmaceutical Industries (Europe) B.V.	Administrative expenses	1.115.408
Sun Pharmaceutical Industries (Europe) B.V.	Product testing fees recharge	339.425
Sun Pharmaceutical Industries (Europe) B.V.	Expenses recharge (hotel costs...)	4.007
Sun Pharmaceutical Industries (Europe) B.V.	Regulatory Expenses	54.676
Sun Pharma (Netherlands) BV (Formerly Ranbaxy Neth. BV RNBV)	Insurance Expenses	28.403
Basics GmbH	Purchase of products	5.098
Basics GmbH	Loan Interest	102.604
<i>Total</i>		<i>17.745.867</i>

Entity	Description	Amount €
<i>Income</i>		
Sun Pharmaceutical Industries Europ	Sales of products	10.248
SUN PHARMACEUTICALS GERMANY GmbH	Sales of products	80.201
Sun Pharmaceutical Industries Limited-DMCC	Recharge of brand expenses	356.574
Sun Pharmaceutical Industries Limited	Recharge of penalties	460.896
<i>Total</i>		<i>907.919</i>

3. Own shares

According to art. 2428, paragraphs 3, points 3 and 4 from the Civil Code, the Company has no own shares.

4. Shares/interests of parent company

According to art. 2428, paragraphs 3, points 3 and 4 from the Civil Code, the Company holds no interests of parent Company.

5. Business forecast

Pursuant to and for the purposes of what indicated in point 6) of the third paragraph of art. 2428 of the Civil Code, it should be noted that the Company will continue its commitment to improve the operating result. To this end, an economic budget was prepared which foresees also for the financial year ending 31 March 2023 the achievement of a positive result, thanks to the organic growth in the volume of business, the launch of new products, in particular in the hospital channel, and to operational efficiency initiatives which will allow to maintain a constant level of operating expenses.

5bis. Use of relevant financial tools for assessment of financial position and results

The Company makes no use of financial tools to manage its exposure to market price risks, credit risks, cash risks and other risks arising from swing of cash flows, except for an "overdraft" credit line € 5 million at Deutsche Bank partially used.

Company locations

The Company does not have secondary offices.

For the Board of Directors
Hellen de Kloet

Company Data

Denomination: SUN PHARMA ITALIA SRL
Registered Office: VIALE GIULIO RICHARD, 1 – 20143 MILANO
Share Capital: 50.000,00
Share Capital Fully paid: yes
CCIAA code: MI
VAT Code: 04974910962
Fiscal Code: 04974910962
REA Number: 1787791
Legal Form: SOCIETA' A RESPONSABILITA' LIMITATA
Sector of main activity (ATECO): 464610
Company in liquidation: no
Sole Shareholders Company: yes
Company subject to management and coordination of others: yes
Name of the Company or Entity exercising the management and coordination activity: SUN PHARMACEUTICALS INDUSTRIES LIMITED
Group membership: yes
Name of Parent Company: SUN PHARMACEUTICALS INDUSTRIES LIMITED
Country of the Parent Company: INDIA

Financial statements at 31/03/2023

Balance Sheet

	31/03/2023	31/03/2022
ASSETS		
B) FIXED ASSETS		
I - INTANGIBLE ASSETS		
3) Industrial patent rights and others	2.960	15
4) Concessions, licenses, trademarks and similar rights	2.844	3.178
5) Goodwill		
7) Other intangible assets	-	-
TOTAL INTANGIBLE ASSETS	5.804	3.193
II - TANGIBLE ASSETS		
2) Equipment and machinery	-	-
4) Other tangible assets	54.861	21.492
TOTAL TANGIBLE ASSETS	54.861	21.492
TOTAL FIXED ASSETS (B)	60.665	24.685
C) CURRENT ASSETS		
I - INVENTORY		
1) Raw materials and consumables	-	-
4) Finished goods and goods for resale	7.093.395	8.513.668
TOTAL INVENTORY	7.093.395	8.513.668
II - RECEIVABLES		
1) Trade receivables	13.897.289	11.567.401
Trade receivables within 12 months	13.897.289	11.567.401
Trade receivables beyond 12 months	-	-
4) Receivable from Parent Companies	650.295	699.453
Receivable from Parent Companies within 12 months	650.295	699.453
Receivable from Parent Companies beyond 12 months	-	-
5) Receivable from Companies controlled by Parent Companies	6.048	-
Receivable from Companies controlled by Parent Companies within 12 months	6.048	-
Receivable from Companies controlled by Parent Companies beyond 12 months	-	-

	31/03/2023	31/03/2022
5-bis) Tax credit	103.004	134.490
Tax credits within 12 months	103.004	134.490
Tax credits beyond 12 months	-	-
5-ter) Advanced taxes	1.701.224	1.259.997
Advanced taxes w ithin 12 months	1.701.224	1.259.997
Advanced taxes beyond 12 months	-	-
5-quater) Other receivables from third parties	940.669	1.039.869
Other receivables from third parties w ithin 12 months	940.669	1.039.869
Other receivables from third parties beyond 12 months	-	-
TOTAL RECEIVABLES	17.298.530	14.701.210
IV - CASH AND BANKS		
1) Bank and postal deposits	779.448	565.351
2) Checks	-	-
3) Cash	885	885
TOTAL CASH AND BANKS	780.333	566.237
TOTAL CURRENT ASSETS (C)	25.172.258	23.781.114
D) DEFERRALS AND ACCRUALS - ASSETS		
Prepayments and deferred expenditures	154.412	154.261
TOTAL DEFERRALS AND ACCRUALS - ASSETS (D)	154.412	154.261
TOTAL ASSETS	25.387.335	23.960.061
LIABILITIES		
A) SHAREHOLDERS' EQUITY		
I – Share capital	50.000	50.000
IV - Legal reserve	16.548	16.548
VII - Other reserves	1.689	1.689
Total Other Reserves	1.689	1.689
VIII - Profits and Losses brought forward	33.332	1.201.208
IX - Profit (loss) for the period		
Profit (loss) for the period	1.019.843	(1.234.540)
Profit (loss) residual	(1.234.540)	886.799
TOTAL SHAREHOLDERS' EQUITY (A)	1.054.747	34.905
B) CONTINGENCY RESERVES		
1) Reserve for pensions and similar obligations	75.113	511.490
2) Deferred taxes		

	31/03/2023	31/03/2022
3) Others	2.983.729	1.380.917
TOTAL CONTINGENCY RESERVES (B)	3.058.842	1.892.406
C) STAFF LEAVE INDEMNITY	119.723	394.999
D) PAYABLES		
3) Debts towards shareholders for financing	-	-
Debts towards shareholders for financing within 12 months		
Debts towards shareholders for financing beyond 12 months	-	-
4) Debts to Bank	-	2.767.093
Payables within 12 months	-	2.767.093
Payables beyond 12 months	-	-
7) Trade payables	5.057.532	4.401.024
Trade payables within 12 months	5.057.532	4.401.024
Trade payables beyond 12 months	-	-
11) Payables to parent companies	10.048.214	5.956.390
Payables to parent companies within 12 months	10.048.214	5.956.390
Payables to parent companies beyond 12 months	-	-
11 bis) Payables to companies subject to control of parent company	5.309.992	6.024.643
Payables to companies subject to control of parent company within 12 months	5.309.992	6.024.643
Payables to companies subject to control of parent company beyond 12 months		
12) Taxes payables	20.542	71.151
Taxes payables within 12 months	20.542	71.151
Taxes payables beyond 12 months	-	-
13) Social security payables	202.744	216.079
Social security payables within 12 months	202.744	216.079
Social security payables beyond 12 months	-	-
14) Other payables	514.999	2.200.996
Other payables within 12 months	514.999	2.200.996
Other payables beyond 12 months	-	-
TOTAL PAYABLES (D)	21.154.022	21.637.376
E) DEFERRALS AND ACCRUALS - LIABILITIES		
Accruals and deferred income	-	375
TOTAL DEFERRALS AND ACCRUALS - LIABILITIES (E)	-	375
TOTAL LIABILITIES	25.387.335	23.960.060

Profit and Loss

	31/03/2023	31/03/2022
A) PRODUCTION VALUE		
1) Net sales from products and services	40.026.691	39.895.966
2) Variation of inventory products	(1.420.273)	830.109
5) Other operating income		
Others	865.056	1.008.837
<i>Total other operating income</i>	865.056	1.008.837
TOTAL PRODUCTION VALUE	39.471.475	41.734.912
B) PRODUCTION COSTS		
6) Costs of raw materials, auxiliary materials, merchandise and other goods	24.328.239	22.736.625
7) Costs of services	6.782.538	9.174.693
8) Costs for use of third parties assets	274.514	389.646
9) Labour costs		
a) Salaries and wages	1.776.831	2.997.184
b) Costs of social security	612.800	980.110
c) Staff leave indemnity	132.094	208.168
d) Pensions and similar commitments	44.279	51.176
e) Other labour costs	(3.784)	1.538.742
<i>Total Labour Costs</i>	<i>2.562.220</i>	<i>5.775.381</i>
10) Depreciation and write downs		
a) Depreciation of intangible fixed assets	889	15.894
b) Depreciation of tangible fixed assets	14.456	8.700
c) Other Depreciation of fixed assets	-	-
d) Current assets written off	574.986	220.245
<i>Total depreciation and write downs</i>	<i>590.330</i>	<i>244.839</i>
12) Provision for risks	2.721.712	1.130.000
13) Other provisions	-	-
14) Other operating expenses	1.410.866	3.757.300
TOTAL PRODUCTIONS COSTS	38.670.419	43.208.484
Net income from operating activities (A - B)	801.056	(1.473.572)
C) FINANCIAL INCOME AND EXPENSES		
16) Other financial income		
d) Other financial income		

	31/03/2023	31/03/2022
Others	1.052	83
<i>Total other financial income different from the previous</i>	<i>1.052</i>	<i>83</i>
<i>Total Other financial income</i>	<i>1.052</i>	<i>83</i>
17) Interests payable and other financial expenses		
Interests payable to Parent Companies	-	(18.923)
Interests payable to Companies controlled by Parent Companies	(102.604)	(26.542)
Others	(1.015)	(901)
<i>Total Interests payable and other financial expenses</i>	<i>(103.619)</i>	<i>(46.366)</i>
17-bis) Profit and loss on exchange	(1.522)	(4.464)
<i>Total financial income (loss) (15+16-17-17bis)</i>	<i>(104.089)</i>	<i>(50.747)</i>
Result before taxes (A-B+-C+-D)	696.968	(1.524.319)
20) Current, deferred and advanced income taxes for the period		
Income taxes for the period	118.352	51.663
Income taxes for the prior years		
Deferred and advanced taxation	(441.227)	(341.442)
<i>Total current, deferred and advanced income taxes for the period</i>	<i>(322.875)</i>	<i>(289.779)</i>
21) Net income (loss) for the year	1.019.843	(1.234.540)

Supplementary Notes to Financials Statements closed at 31/03/2021

Supplementary Notes Initial session

Dear Shareholders, these supplementary Notes are an integral part of the financial statements at 31/03/2023.

The criteria used in the preparation of the financial statements for the period ended March 31, 2023 comply with the provisions of article 2426 of the civil code as amended by Legislative decree 139/15 through which the 2013/34 / EU directive was implemented, and have not been modified compared to the previous year.

The financial statements comply with the provisions of articles 2423 and following of the civil code interpreted and supplemented by the national accounting principles as published by the Italian Accounting Organization ("OIC Accounting Standards") and consist of the following documents: Balance Sheet, Income Statement, Cash Flow and Supplementary Notes. They therefore clearly, truthfully and correctly describe the company's balance sheet and financial position and the financial result for the year.

The contents of the balance sheet and income statement are those provided in Articles 2424 and 2425 of the Italian Civil Code, while the Cash flow statements have been prepared in accordance with art. 2425-ter.

The Cash Flow Statement presents the positive or negative variations in the cash flows that occurred during the year and was prepared applying the indirect method using the template provided by the OIC 10 Accounting Standard.

The Supplementary Notes, prepared pursuant to art. 2427 of the Italian Civil Code also contain all the information necessary to provide a correct interpretation of the statements.

Significant events occurred after the end of the financial year and the proposal to allocate the result for the year are shown in the related paragraphs in these Notes.

Drafting Information

Financial Statements Drafting

The information contained herein are presented in the order in which the related items are reported in the balance sheet and income statement.

With reference to what is stated in the introduction to these Notes, we certify that, pursuant to art. 2423, paragraph 3 of the Civil Code, the information required by specific provisions of the law are not sufficient to give a true and fair view of the company, additional information deemed necessary for the purpose are provided.

There were no exceptional circumstances that required the use of derogations under Article. 2423, paragraph 4 and article. 2423 paragraph 2 Civil Code.

The Financial Statements, as well as these notes, have been prepared in Euros in accordance with the Civil Code.

Financial Statements Drafting principles

The evaluation of balance sheet items was made in accordance with the principle of prudence and with a view to the scope of the company. In accordance with national accounting standards and the Community arrangements, in the representation of the assets and liabilities items, it has been given prelevance at the substantive aspects over the formal ones.

In preparing the financial statements income and expense were recorded on an accrual basis, regardless of their actual cash flow.

Main management events

The year ended 31/03/2023 recorded a turnover almost unchanged compared to the previous year.

During the year, the Company decided to reorganize its strategic approach and its presence in the "retail" sector; on February 7, 2022, the Board of Directors approved the cessation of retail sales at pharmacies. In view of this, sales in the retail channel decreased by 35% (- €3,5 Million), offset by the increase in Odomzo® sales of 52% (+ €4,5 Million).

Finally, sales of hospital generic products decreased slightly ((-4%; -€ 0,9 Million) instead B2B business has increased (+23%; € 0,3 Million).

Structure and contents of the Financial Statements

The Balance Sheet, the Income Statement and the accounting information contained in these notes are in accordance with the accounting records, from which they have been directly derived.

In drafting the balance sheet and income statement, no items preceded by Arabic numbers or by lower-case letters have been grouped together, as optionally provided by art. 2423 ter of the Civil Code.

Under Article. 2424 of the Civil Code it is confirmed that there are no assets or liabilities that fall under several items of the draft Financial Statements.

Evaluation Criteria

The criteria applied to evaluate the items posted and the value adjustments complies with the provisions of the Civil Code and the guidance provided in the accounting standards issued by OIC. The same also has not varied compared to the previous year.

The most significant valuation criteria adopted in compliance with the provisions of article 2426 of the Civil Code are illustrated below, and with particular reference to those items of the financial statements for which the legislator allows different evaluation and adjustment criteria or for which no specific criterias are set.

Other Information

Translation criteria for values expressed in foreign currency

The accounting amounts expressed in foreign currencies have been posted, after conversion into euros at the rate of exchange ruling at the time of recognition, or the exchange rate at the close of the financial year as shown in the accounting standard OIC 26.

The assets and liabilities that are not fixed assets are stated at the spot exchange rate at the date of the closing of balance sheet. Gains and losses which are derived from the conversion have been credited and debited to the income statement under item 17 bis foreign exchange gains and losses.

There are no intangible assets in foreign currency to the balance sheet date.

Between the end of the year and the date of preparation of financial statements there were no significant effects of changes in exchange rates.

Operations with compulsory relegation to end

The company during the year has not placed any operation under an obligation to relegation to the end.

Supplementary Notes - Assets

The amounts recorded in the balance sheet were evaluated in accordance with Article 2426 of the Civil Code and in accordance with national accounting standards; in the sections related to the individual items the specific criteria applied are shown.

Fixed Assets

Fixed assets are recorded at their purchase cost.

Pursuant to and for the purposes of article 10 of the law March 19, 1983, and No. 72, and as also recalled by the subsequent laws ruling monetary valuation, it should be noted that for the tangible and intangible assets that still exist no monetary revaluation has ever been carried out.

Intangible fixed assets

Intangible assets are recorded in the balance sheet, upon the prior consent of the Statutory Board of Auditors where required, at their cost of acquisition and they are depreciated on a straight-line basis according to their useful life.

The value of fixed assets is represented net of accumulated amortization and depreciation funds.

Depreciation was operated in accordance with the following pre-established scheme, which is thought to properly allocate the cost incurred over the useful life of such assets:

Intangible fixed assets items	Period
Start-up and expansion costs	{20,00}%
Concessions, licenses and trademarks (software)	{33,33}%
Concessions, licenses and trademarks (marketing authorisations, "AIC")	{20,00}%
Concessions, licenses and trademarks (trademarks)	{5,56}%
Other fixed assets (improvement of third parties' assets)	{16,67}% Based on duration of rental agreement

The criteria for the amortization of intangible assets remained unchanged compared to the previous year.

Movements of intangible fixed assets

Intangible assets amount of € 5.804: they refer to licenses (marketing authorizations) purchased from third parties outside the group and fully depreciated, software and maintenance costs on third-party assets related to the restructuring of the new offices carried out in 2016.

The total impact on the income statement at 31/03/2023 of depreciation of intangible assets summed up to € 889.

For a complete evaluation and analysis on movements of such assets, please refer to the information detailed in the annexes to these notes.

Movements of Intangible Assets

Description	Detail	Historical cost	Beginning balance	Movements	Description	Detail	Historical cost	Beginning balance
<i>Start-up costs</i>								
	Corporate Expenses	8.467						8.467
	Provision for Depreciation of corporate Expenses		8.467-					8.467-
<i>R&D and advertising Costs</i>								
	Advertising Costs	40.109						40.109
	Provision for depreciation of advertising costs		40.109-					40.109-
<i>Patents and copyrights</i>								

Description	Detail	Historical cost	Beginning balance	Movements	Description	Detail	Historical cost	Beginning balance
	Capitalized own software	113.555		3.500				117.055
	Provision for capitalized own software		113.540-				554,72-	113.540-
Concessions, licences, trademarks and similar rights and assets								
	Marketing Authorisation acquired	3.663.676						3.663.676
	Concessions and licences	6.006						6.006
	Provision for Marketing Authorisation acquired		3.663.676-					3.663.676-
	Provision for Concessions and licences		2.828-				334-	3.162-
Other intangible Assets								
	Depreciated maintenance expenses	92.743						92.743
	Provision for Depreciated maintenance expenses		92.743-					92.743-

Acquisition of € 3.500 refer to attendance management software.

Tangible fixed assets

The assets belonging to the category of tangible assets are recorded at acquisition cost, increased by accessories costs incurred to bring the asset to use.

The criteria for the depreciation of fixed assets have not changed with respect to those applied the previous year.

It should be noted that it was not necessary to operate any depreciation under art. 2426, paragraph 1 no. 3 of the Civil Code.

Movements of tangible fixed assets

Tangible assets before accumulated depreciation summed up to € 267.688; the accumulated depreciation is equal to € 212.827.

The impact to the income statement as at 31/03/2023 for the amortization of tangible fixed assets was € 14.456.

The table below shows the movements of such assets.

Movements of Tangible Assets

Description	Detail	Historical cost	Beginning balance	Movements	Description	Detail	Historical cost	Beginning balance
<i>Other tangible assets</i>								
	Furniture and fitting	71.045					35.703	106.748
	Electronic office machinery	133.439					12.122	145.561
	Mobile telephones	15.379						15.379
	Provision for depreciation of furniture and fitting		68.852-				4.803-	73.655-
	Provision for depreciation of electronic Office machinery		117.952-				7.900-	125.853-
	Provision for depreciation of mobile telephone		11.567-				1.752-	13.319-

Other tangible assets

The acquisitions and dismissals above reported are detailed here below:

	Acquisitions	Dismissals	Total Acquisitions/Dismissals
Furniture and fitting	35.703		35.703
Electronic office machinery	12.122		12.122

Electronic office machinery

The acquisition of € 12.122 refers to the purchase of personal computers.

Furniture and fitting

The acquisition of € 35.703 refers to the purchase of operating and mobile workstations due to the transfer of company from Viale Giulio Richard 1 to Viale Giulio Richard 3.

Operations of finance lease

Information on operations of finance lease

The company, at the date of year end closure, has no on-going finance lease contract.

Current Assets

Current assets are evaluated in accordance with the numbers 8 to 11 of Article 2426 of the Civil Code. The criteria used are listed in the paragraphs of the respective items.

Stock

Stocks refer to finished goods. These have been posted at the lowest value between the purchase cost and the fair value as it can be inferred from market trends.

The purchase cost includes the possible additional direct charges.

The cost of inventories of finished products, of a fungible nature, was calculated by taking the weighted average cost method, in order to reflect the trend in market prices, considering the most recent stock costs.

The value so calculated has been duly compared with the fair value that can be inferred from the market trend, as explicitly required by art. 2426 of the Civil Code.

The depreciation of obsolete and slow moving items is carried out, in accordance with accounting standard OIC 13 creating depreciation funds. The depreciation provision is deducted from assets.

Analysis of stock movements

	Initial Value	Change in figures	Final value
Finished products	8.513.668	(1.420.273)	7.093.395
<i>Total</i>	8.513.668	(1.420.273)	7.093.395

The finished products are stated net of provision for depreciation, which had moved during the year as follows:

Description	Total
Balance at 31/03/2022	1.675.827
Use during the year	
Provision for the year	844.430
Balance at 31/03/2023	2.520.257

Finished products

The cost of inventories of finished products and fungible goods was calculated using the weighted average cost method.

The value thus determined was appropriately compared with the realizable value inferable from the market trend, as explicitly required by art. 2426 of the Civil Code.

The stock rotation indexes remained almost unchanged compared to the previous year.

Current asset: Receivables

Receivables are stated at estimated realizable value, in accordance with Art. 2426, n. 8 of Civil Code; the adjustment to this value was made by allocation of a provision for bad debts whose amount and whose movements are detailed following in these notes.

Movements of receivables posted in current assets

The following table shows the information related to movements of receivables posted in current assets and, if material, the due date of the same.

Analysis of movements and due date of receivables posted in current assets

	Initial Value	Change in figures	Final value
Trade Receivables	11.567.401	2.329.888	13.897.289
Receivables from Parent Companies	699.453	(49.158)	650.295
Receivables from Companies controlled by Parent Companies	-	6.048	6.048
Tax credit	134.490	(31.485)	103.004
Advance income taxes	1.259.997	441.227	1.701.224
Accounts receivable from other undertakings	1.039.869	(99.200)	940.669
	14.701.210	2.597.320	17.298.530

Comments

Accounts receivables increased by roughly € 3 Million, mainly due to:

- Hospital receivables increased by € 2 M, mainly because of the increased sales volumes especially of “branded” business and increased outstanding from private hospitals; the DSO (days of sales outstanding) has increased as a result, going from 88 to 113 days.
- Retail receivables remained almost unchanged, but their composition has drastically changed in consideration of new strategic structure for the “retail” business. Infact, receivables from pharmacies and wholesalers decreased by € 2,4 million, while receivables from concessionaries, the main commercial partner of company, increased by € 2,6 million. Overall, DSO is expressed in 193 days.
- B2B channel receivables remained almost unchanged. .

Total DSO upped from 99 days to 123, due to longer payment terms for the concessionaries and also for the greater exposure to the private hospitals.

Credits are shown net of credit depretiation fund, which fluctuation is shown below and it has been adjusted in order to represent the most conservative scenario regrading insolvency risk.

Description	Total
Balance at 31/03/2022	1.218.534
Use during the year	
Provision for the year	574.986
Balance at 31/03/2023	1.793.520

The balance of credits towards parent companies is represented by invoices issued towards Sun Pharmaceutical Industries Limited, related to the recharge of penalties received from customers because of the missing delivery of the drugs supply of public tenders, and the recharge of expenses of the bunisess unit “brand”.

The “credits towards subsidiaries companies controlled by the parent companies” is rapresented by a goods invoice made to Sun Pharmaceutical Industries (Europe) B.V.

Tax credits at 31 March 2023 are composed by VAT credit (€ 35.160) together with the withholding taxes on interest income and on the collection of cost chargeback invoices to the branch Sun Pharmaceutical Limited located in the United Arab Emirates (€ 67.844).

The decrease compared to the value at 31 March 2021 is due to the VAT credit utilization, once obtained the complaince certificate, which compensated the other tax debts.

Other receivables mainly include pledge accounts of tenders € 768 thousand, suppliers and employees prepayments of € 114 thousand, a credit towards Inail of € 22 thousand and a deposit of € 37 thousand.

The variation of € 100 thousand is due to the reduction of the suppliers and employees prepayments.

To the aforementioned pledge accounts there are linked the bank guarantees issued by the banks towards the company, which are summarized in the supplementay note part related to the obligations that do not appear in the Balance Sheet.

There are no credits with a residual life longer than 5 years.

Deferred tax assets

The receivables include deferred tax assets of € 1.701.224 whose recovery is expected with reasonable certainty against taxable income expected in the coming years in the business plan.

For the details of the movements, please refer to the paragraph on deferred taxation in these Explanatory Notes.

Breakdown by geographical area of receivables included in current assets

The breakdown of receivables by geographical area is as follows:

	Italia	India	Olanda	Emirati Arabi	Total
Trade Receivables	13.897.289	-	-	-	13.897.289
Receivable from Parent Companies	-	207.934	-	442.361	650.295
Receivable from Companies controlled by Parent Companies	-	-	6.048	-	6.048
Tax Credits	103.004	-	-	-	103.004
Advanced taxes	1.701.224	-	-	-	1.701.224
Other Receivable	940.669	-	-	-	940.669
Total	16.642.186	207.934	6.048	442.361	17.298.530

Current assets: cash and banks

Cash and banks are posted at their nominal value.

Analysis of movements of cash and banks

	Initial value	Change in figures	Final value
Current bank accounts and post-office deposits	565.351	214.097	779.448
Cheques	-	-	-
Cash and cash equivalents	885	-	885
Total	566.237	(205.261)	780.333

Effects of changes in money and values in cash

Description	Initial value	Value at the date of preparation of financial statements	Change in figures
Checks	0	0	0
Euro	357	357	0
Stamps	528	528	0
Total	885	885	0

Comment

Evolution of cash and banks is described in the cash flow statement.

Prepayments and accrued income

Prepayments and accrued income have been posted in the Financial statements on an accrual basis, through repartition of costs and revenues across two fiscal years.

Analysis of movements of prepayments and accrued income

	Beginning balance	Change in figures	Closing Balance
Prepaid expenses	154.261	150	154.411
Total prepayments and accrued income	154.261	150	154.411

Prepayments consist mainly in long-term costs related to bank guarantees issued to participate in hospital tenders, membership fees paid but related to future periods and rents paid but of future competence.

Capitalised financial charges

All interest and financial charges were entirely posted in the Income Statement during the Fiscal Year. Therefore, no capitalised financial charges are posted pursuant to art. 2427, par. 1, n. 8 of the Italian Civil Code.

Supplementary Notes – Liabilities and Net Equity

The liability items in the balance sheet have been recorded in accordance with the provisions of Article 2426 of the Civil Code and in compliance with national accounting principles, the specific application criteria are indicated in the sections relating to the individual items.

Net Equity

Items are recorded at their accounting balance in accordance with the instructions contained in the accounting standard OIC 28.

Movements of components of net equity

With reference to the closure changes in the individual components of shareholders' equity are shown in the table below, as well as the breakdown of other reserves, if any in the Statements.

Analysis of changes of components of net equity

	Beginning balance	Allocation	Others change in figures - increases	Others change in figures - decreases	results for the year	Beginning balance
Share capital	50.000					50.000
Legal Reserve	16.548					16.548
Other Reserves	1.689					1.689
Total Other Reserves	1.689					1.689
Income (losses) carried forward	1.201.208	(1.234.540)				(33.332)
Profit of the FY	(1.234.540)	1.234.540			1.019.843	1.019.843

During the year, there were no particular changes in shareholders' equity, with the exception of the carry forward of the loss operating of the previous year resolved with the minutes of the Shareholders' Meeting of May 9, 2022. We remained that such loss reduced share equity below minimum required by art. 2327 of c.c. and that your Company according to civil laws resolved to postpone the coverage of the loss within fifth fiscal year closure.

Movements of Net Equity

Description	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Description
Value at 31/03/20	50.000	6.343	120.512	1.689	204.102	382.646
Allocation result 31/03/20		10.205	193.897		(204.102)	
Dividend payments						
Other destinations						
Change in figures						
Result for the year					886.799	886.799
Value at 31/03/21	50.000	16.548	314.409	1.689	886.799	1.269.445

Description	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Description
Value at 31/03/21	50.000	16.548	314.409	1.689	886.799	1.269.445
Allocation result 31/03/21			886.799		(886.799)	
Dividend payments						
Other destinations						
Change in figures						
Result for the year					(1.234.540)	(1.234.540)
Value at 31/03/22	50.000	16.548	1.201.208	1.689	(1.234.540)	34.905

Description	Share capital	Legal Reserve	Income (losses)	Other Reserves	Result for the year	Description
-------------	---------------	---------------	-----------------	----------------	---------------------	-------------

			carried forward			
Value at 31/03/22	50.000	16.548	1.201.208	1.689	(1.234.540)	34.905
Allocation result at 31/03/22			(1.234.540)		1.234.540	
Dividend payments						
Other destinations						
Change in figures						
Result for the year					1.019.843	1.019.843
Value at 31/03/23	50.000	16.548	(33.332)	1.689	1.019.843	1.054.747

To be noted that all the subscribed shares have been fully paid.

Availability and use of net equity

In the following table net equity elements are analytically shown, indicating their origin, possibility of use and distribution, as well as their use in previous years.

Description	Amount	Origin/type	Possibility of using
Share capital	50.000	Capitale	
Legal Reserve	16.548	Capitale	B
Other Reserves	1.689	Capitale	B
Total Other Reserves	1.689	Capitale	B
Income (losses) carried forward	-33.332		B
Total	34.905		
Quote not distributable	34.905		
Residual distributable	0		

In the table above for each item the possibilities of use are provided as indicated below:

- A: for capital increase
- B: to cover losses
- C: for distribution to shareholders.

Provisions for liabilities and charges

Information on provisions for liabilities and charges

Analysis of changes in provisions for risks and charges

	Beginning balance	Increase	Decrease	Net Variations	Closing Balance
Provision for pensions and	511.490	-	(436.376)	(436.376)	75.114
Similar obligations	1.380.917	2.518.708	(915.896)	1.602.812	2.983.729
Others	1.892.407	2.518.708	(1.352.272)	1.166.436	3.058.841

The fund for retirement benefits and similar obligations, which includes the FIRR and FISC funds, has been adjusted in consideration of the composition of the agents for which these funds are set up.

The "other" item, includes:

- The risk provision for hospital clawback for the year 2022 is equal to € 2.721.712. During the year, the hospital clawback procedure for the years 2021 was closed, for which a total payment of € 1.810.308 was made, out of which € 904.000 provisioned during previous year.

- The provision for returns for a total of € 262.017 is consistent with the historical trend of credit notes issued for returns.

Employees leaving indemnity

Information on employee leaving indemnity

Employees leaving indemnity has been calculated in accordance with art. 2120 of the Italian Civil Code, taking into account the provisions of the law and the specifics of the contracts and the professional categories and it includes all the annual accruals and the revaluations calculated on the basis of the ISTAT (Central Statistics Institute) rates.

The amount of the provision is calculated net of advance payments and accruals paid for the termination of employment contracts during the Financial Year and it represents the true amount owed to subordinate employees at the balance sheet date.

	Beginning balance	Increase	Decrease	Quotes to Funds	Net movements	Closing Balance
Provision for subordinates employees leaving indemnity	394.999	129.769	(322.454)	(82.592)	(275.276)	119.723

The uses refer to the total liquidations of the fund following the termination of the relationship with the employees.

Payable

Payables are shown in the financial statements at their nominal value, eventually adjusted in case of subsequent variations.

Payable movements and due date

The following table shows the information related to changes in the payables and any information related to the due date of the same.

There are included the debts towards the shareholder Basics GmbH for a loan of € 4.629.146 (including interest of € 129.146). Linked to an interest-bearing loan falling due within the following year.

All other payables are considered due within the next financial year.

Analysis of variations and debt expiring

	Beginning balance	Increase/Decrease	Closing balance
Amounts due to shareholders for loans	-	-	-
Amounts due to banks	2.767.093	(2.767.093)	-
Trade creditors	4.401.024	656.508	5.057.532
Amounts due to parent companies	5.956.390	4.091.825	10.048.214
Amounts due to companies under control of parent companies	6.024.643	(714.652)	5.309.992
Taxation	71.151	(50.610)	20.542
Social security	216.079	(13.335)	202.744
Other debts	2.200.996	(1.685.998)	514.999
Total	21.637.376	(483.354)	21.154.022

Debts towards the parent companies refer to trade payables to the indirect parent company Sun Pharma Ltd for the purchase of finished products as better illustrated in the Management Report.

Debts towards companies subject to the control of the parent companies mainly include the loan of € 4,500,000 (and interest of € 129.146) disbursed by the company of the Basics GmbH Group in execution of the contract signed on March 15, 2021, the payable for the mark-up of the costs of activity carried out by the Headquarters - Sun Pharmaceutical Industries (Europe) BV.

The item “other debts” at March 31, 2023 includes:

- Debts towards employees for approximately € 328 thousand, bonuses and rewards for about € 136 thousand, additional holidays and monthly payments for about € 192 thousand and the indemnities paid to employees subject to the collective dismissal procedure following the disposal of the Retail sector, equal to € 1.534.322.
- Payables for the payment of the 2.6% payback on retail products reimbursed by the National Health System for € 164 thousand.
- Debts for membership fees of € 16 thousand.

Breakdown of payables by geographic area

Below the breakdown of the debts by geographical area:

	I	NL	RO	DK	ES	HU	DE	SE	UK	US	FR	IN	Emirati Arabi	Total
Trade Amounts	3.600.975	251.146		607.800	498.988			564	18.862	79.197				5.057.532
Amounts due to parent companies												3.232.884	6.815.330	10.048.214
Amounts due to companies under control of parent companies		322.835	54.796			60.908	4.698.446			155.870	17.137			5.309.992
Tax amount	20.542													20.542
Social security	202.744													202.744
Other debts	514.999													514.999
Total	4.339.260	573.981	54.796	607.800	498.988	60.908	4.698.446	564	18.862	235.067	17.137	3.232.824	6.815.330	21.154.022

Debts secured by mortgages on company assets

Pursuant to and by effect of art. 2427, c. 1 n. 6 of the Civil Code, it is stated that there are no social debts secured by any collateral.

Loans made by company shareholders

As of March 31, 2023, the company has no shareholder loans. There are no payables with a residual duration of more than five years.

Deferred income and accrued liabilities

Accruals and deferred income were calculated on an accrual basis, through repartition of costs and/or income common to two fiscal years

	Opening balance	Increase/Decrease	Closing balance
Accrued liabilities	375	(375)	-
Total accrued expenses and deferred income	375	(375)	-

Commitments not disclosed in the balance sheet and memorandum accounts

Under Article 2427, paragraph I, paragraph 22-ter) of the Civil Code it is specified that the amount of guarantees issued by banking institutions and insurance companies towards the Company amounts to € 8.286.626.

It is specified that the guarantees have been given in order to allow the participation of the Company in hospital tenders.

Supplementary Notes – Profit & Loss

Revenues, income, costs and charges are recognized in accordance with Article 2425-bis of the Civil Code.

Production Value

Introduction

Revenues from product sales and income from services were recognized at the time of transfer of title which corresponded, respectively, with the criterion of delivery or shipment of the goods and their return. Revenues of a financial nature have instead been recognized on an accrual basis.

Revenues and income, costs and charges relating to currency transactions are calculated at the exchange rate on the date on which the relevant transaction is placed.

The value of production totalizing € 38.668.084, below it is shown a breakdown of revenues between sales, changes in inventories, other operating income and changes in absolute terms compared to the previous year.

Description	31/03/2022	Change in figures	31/03/2023
Sales	39.895.966	130.725	40.026.691
Changes in inventories of finished goods	830.109	(2.250.382)	(1.420.273)
Other operating income	1.008.837	(143.781)	865.056
Total	41.734.912	(2.263.438)	39.471.475

Revenues on sales of goods remained approximately unchanged (€+0,13 Million), as the net effect among the increase of Odomzo® sales for about € 4,2 million, the decrease of retail sales for about € -3,5 million, the decrease of hospital sales for generic drugs for about € -0,9 million and the increase of B2B turnover for about € 0,3 million.

The item "other revenues and income" mainly includes the chargeback to the company of the group Sun Pharmaceutical Industries Limited of the expenses incurred for the new "brand" Business Unit, equal to approximately € 357 thousand, and the chargeback of approximately € 461 thousand, which are result to penalties charged by hospitals for failure of supplying drugs awarded by public tenders.

The residual amount refers to the re-invoicing of distribution fees for approximately € 29 thousand and other revenues, related to interests and legal costs (€ 18 thousand).

Breakdown of sales and service revenues by business segment

Breakdown of sales and service revenues by business segment is not provided as the information is not significant.

Production Costs

Comment

Costs and charges are allocated on an accrual basis, in compliance with the principle of correlation with revenues, and recorded in the respective items in accordance with the provisions of accounting standard OIC 12.

The costs for the acquisition of goods and services are recognized in the income statement net of adjustments for returns, discounts, allowances, and bonuses.

The costs of production amounted to a total of € 37.867.027. Below it is shown the composition and changes in absolute value compared to the previous year.

Description	31/03/2022	Change in figures	31/03/2023
Raw materials, subsidiary materials, consumables and goods for resale	22.736.625	1.591.614	24.328.239
Services	9.174.693	(2.392.155)	6.782.538
Rents and leases	389.646	(115.133)	274.514
Personnel costs	5.775.381	(3.213.161)	2.562.220
Depreciation and other amounts written off tangible and intangible fixed assets;	244.839	345.491	590.330
Risk provisions	1.130.000	1.365.712	2.495.712
Other provisions			
Other operating costs	3.757.300	(2.120.434)	1.636.866
Totale	43.208.484	(4.538.065)	38.670.419

The increase in the cost of goods sold is driven by the increase in sales recorded during the year; however, it is worth highlighting the decrease in the absolute incidence, which represents 61% of revenues compared to 57% last year.

The costs for services are substantially unchanged compared to the previous year and consequently, their incidence on total revenues has decreased.

As regards personnel costs, net of restructuring costs, the nature of which is illustrated in the Report on Operations, they are described in the following table:

€ Millions	31/03/2023	31/03/2022	%
Personnel Expenses	2,56	5,78	56%
Restructuring Costs		1,53	
Personnel Expenses net of Restructuring Costs	2,56	4,25	40%

The variation in the item "Amortization and depreciation" is mainly composed by the increase in the provision for bad debts.

The provision for risks of € 2.495.712 represents the best estimate of the hospital clawback for the year 2022.

The change in the item "other management charges" is mainly represented by the difference between the payment of hospital clawback for the year 2021 for about € 1.8 million and the allocated amount in the previous year of about € 904.000. In this item, there is also the retail payback of € 220.000 and the penalty costs from hospital entities for € 461.000. In addition, the prior year balance included higher cost for hospital clawback (€ 1,8 million) and a one time event of € 0,6 million related to a legal case loss against a vendor.

Financial income and expenses

Financial income and expenses are posted on an accrual basis in relation to the amount accrued in the year.

Composition of income from investments

There are no income from investments as per art. 2425, n. 15 of the Civil Code.

Allocation of interests and other financial costs by type of debt

The following table gives evidence of the interests and other financial expenses as per art. 2425, n. 17 of the Civil Code, with specific split between those concerned bonds, bank debt and other cases.

	To Parent Companies	To Companies controlled by Parent Companies	Others	Total
Interests and other financial charges	-	102.604	1.015	103.619

Interest expense mainly refers to interest accrued on the loan granted by Basic GmbH.

Gains/losses on foreign exchange

Below the information regarding the gains or losses on exchange differences by distinguishing the component realized from valuations of assets and liabilities recorded in the balance sheet at year-end.

Description	Amount in statement	Evaluation component	Realized component
<i>Profit and loss on exchange</i>			
Profit on exchange	-	-	-
Loss on exchange	(1.522)	-	(1.522)
Total	(1.522)	-	(1.522)

Income taxes for the year, current and deferred

Income taxes for the year, current and deferred

The company posted the provision for income taxes based on the application of the tax laws in force. The taxes for the year are represented by current taxes, as well as resulting from the tax return, deferred taxes and deferred tax assets relating to positive or negative income components, respectively subject to taxation or deduction in other years than those of recording in compliance to the Civil code.

Below, in detail, the information required by 2427, paragraph 1, point 14, letter a) and b), namely:

- a) a description of the temporary differences that led to the recognition of deferred tax assets and liabilities, with specific indication of the rate applied, the changes compared to the previous year and the amounts credited or debited to the income statement or in equity; please note that there are no items excluded from the calculation;
- b) the amount of deferred tax assets recognized in the balance sheet relating to losses occurring during this FY and the past Fys and the reasons for recording.

Below is the breakdown of the temporary differences that generated the deferred taxes.

DEFERRED TAX ASSETS		FY 31/03/2023	
		Timing difference	Tax effect
IRES	Bad debts	989.840	237.562
	Inventory write-down	2.520.256	604.861
	Returns to be received	244.920	58.781
	Bonus	136.231	32.695
	Acc. Payback	2.721.712	653.211
	Foreign exchange losses	1.521	365
	Total	6.614.480	1.587.475
IRAP	Acc.to payback	2.671.712	104.197
	Returns to be received	244.920	9.552
	Total	2.916.632	113.749
		TOTAL	1.701.224

The accounting treatment of deferred taxes was made as set forth by Accounting Standard OIC 25 of the Board of Certified Chartered Accountants and Registered Auditors as it is reasonably certain to achieve taxable income over the future FYs and that said losses can be indefinitely carried forward.

Reconciliation between tax liability from the balance sheet and theoretical tax charge

In compliance with the provisions of Accounting Standard n. 25 laid down by the National Association of Certified Chartered Accountants, we report here below the detail of the reconciliation between the statutory tax liability resulting from the Financial Statements and the theoretical tax burden.

IRES

Description	Amounts
Profit before tax	696.968
Tax (theoretical)	167.272
Permanent increase variances	105.509
Temporary increase variances	4.883.346
Total increase variances	4.988.855
Permanent decrease variances	131.763
Temporary decrease variances	2.626.972
Total decrease variances	2.758.735
Total variances	2.230.120
Tax loss use	(2.341.670)
Donations	0
ACE	(148.062)
Taxable Income	437.356
Current Tax IRES	104.965

IRAP

Description	Amounts
Difference between production value and production costs	801.056
Non deductible costs IRAP	2.855.630
Taxable Income IRAP	3.656.686
Theoretical Tax (rate 3,9%)	142.611
Permanent increase variances	-
Temporary increase variances	3.407.918
Total increase variances	3.407.918
Permanent decrease variances	94.944
Temporary decrease variances	6.626.410
Total decrease variances	6.721.354
Total adjustments	(3.313.436)
Taxable Income	343.250
IRAP current Tax	13.387

Also to be pointed out that:

- Deferred tax assets and liabilities were calculated on the basis of the average rates expected for the FY when temporary differences will be reversed;
- Deferred tax assets are recorded because it is reasonably certain that during the FY when the aforesaid temporary differences are reversed, the taxable income will not be lower than said losses;

Supplementary Notes – Other Information

Here following other information required by articles 2427 and 2427 bis of Civil Code are reported.

Employment Data

The chart below shows the average number of employees, grouped by category and calculated considering the daily average:

Category	Number
Managers	3
Executives	14
Office workers	12
Total	29

Remuneration to Directors and Statutory Board of Auditors

No remunerations is provided to the Board of Directors.

Following the change of the company name, which took place on 6 October 2020, the company decided to renounce, starting from that date, the function of the board of statutory auditors.

Remuneration to legal auditor of audit firm

The remuneration due to the Audit Firm (Crowe Bompany S.p.A.) is € 16.082.

Categories of shares issued by the company

The number of company's shares is 50.000 and their nominal value is € 1 each.

There are no classes of shares other than ordinary. All shares are owned by the sole shareholder of the Company since its incorporation.

All subscribed shares have been fully paid.

Securities issued by the company

The company has not issued any securities or similar value falling within the provisions of art. 2427. 18 Civil Code.

Information on financial instruments issued by the company

The company has not issued other financial instruments referred to in n. 19 of the 1st paragraph of art. 2427 of the Civil Code.

Summary financial statements of the company exercising the management and coordination activity

Sun Pharmaceuticals Industries Limited is the company that now carries out the management and coordination activities with headquarters in Mumbai; as of the date of this Note, the latest available financial statements relate to the year ended March 31, 2021, which are reported below:

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2022

Particulars	Notes	₹ in Million	
		As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3 (a) & 3 (b)	49,695.7	48,918.1
(b) Capital work-in-progress		3,589.4	4,592.0
(c) Goodwill	4	1,208.0	1,208.0
(d) Other intangible assets	4	46,224.1	46,561.8
(e) Intangible assets under development		4,697.0	6,311.8
(f) Investments in the nature of equity in subsidiaries	5	153,404.1	150,903.3
(g) Financial assets			
(i) Investments	6	154.2	4,158.7
(ii) Loans	7	36,566.3	8,527.7
(iii) Other financial assets	8	651.3	751.0
(h) Deferred tax assets (Net)	9	3,240.4	13,374.5
(i) Income tax assets (Net)	10	8,836.7	20,826.3
(j) Other non-current assets	11	2,350.1	3,913.9
Total non-current assets		310,617.3	310,047.1
(2) Current assets			
(a) Inventories	12	34,037.4	34,234.2
(b) Financial assets			
(i) Investments	13	1,930.4	310.0
(ii) Trade receivables	14	42,451.6	65,852.4
(iii) Cash and cash equivalents	15	4,195.3	3,510.6
(iv) Bank balances other than (iii) above	16	1,154.3	99.2
(v) Loans	17	91.0	7,471.1
(vi) Other financial assets	18	4,021.8	5,266.0
(c) Other current assets	19	9,155.7	10,557.3
Total current assets		97,037.5	127,300.8
TOTAL ASSETS		407,654.8	437,347.9



STANDALONE BALANCE SHEET

AS AT MARCH 31, 2022

Particulars	Notes	₹ in Million	
		As at March 31, 2022	As at March 31, 2021
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	20	2,399.3	2,399.3
(b) Other equity	21	243,480.2	266,985.4
Total equity		245,879.5	269,384.7
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	48,656.4	53,000.2
(ii) Lease liabilities	47	1,896.8	2,028.4
(b) Other non-current liabilities	23	6,187.5	7,185.5
(c) Provisions	24	3,976.3	6,235.8
Total non-current liabilities		60,717.0	68,449.9
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	30.7	18,364.5
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises	44	1,052.8	852.0
(b) total outstanding dues of creditors other than micro and small enterprises	44	26,051.6	39,433.4
(iii) Lease liabilities	47	156.5	188.1
(iv) Other financial liabilities	26	40,678.1	22,294.8
(b) Other current liabilities	27	7,463.1	6,333.9
(c) Provisions	28	25,625.5	12,046.6
Total current liabilities		101,058.3	99,513.3
Total liabilities		161,775.3	167,963.2
TOTAL EQUITY AND LIABILITIES		407,654.8	437,347.9

The accompanying notes are an integral part of the standalone financial statements
As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. : 324982E/E300003

per **PAUL ALVARES**

Partner

Membership No. : 105754

Mumbai, May 30, 2022

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

DILIP S. SHANGHVI

Managing Director

(DIN : 00005588)

SAILESH T. DESAI

Wholesale Director

(DIN : 00005443)

ANOOP DESHPANDE

Company Secretary

C. S. MURALIDHARAN

Chief Financial Officer

Mumbai, May 30, 2022



STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

Particulars	Notes	₹ in Million	
		Year ended March 31, 2022	Year ended March 31, 2021
B) Items that may be reclassified to the statement of profit or loss			
a. Effective portion of gain / (loss) on designated portion of hedging instruments in a cash flow hedge		(492.4)	1,112.4
Income tax on above		172.1	(375.8)
b. Gain / (loss) on debt instrument measured at fair value through other comprehensive income		(104.4)	359.0
Income tax on above		-	(0.2)
c. Foreign currency translation reserve [gain / (loss)]		199.9	(1,722.2)
Income tax on above		(759.2)	-
Total - (B)		(984.0)	(626.8)
(X) Total other comprehensive income (A+B)		(916.2)	(5.2)
(XII) TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)		(1,916.1)	8,418.8
Earnings per equity share (face value per equity share - ₹ 1)	45		
Basic (in ₹)		(0.4)	3.5
Diluted (in ₹)		(0.4)	3.5

The accompanying notes are an integral part of the standalone financial statements
As per our report of even date.

For **SR B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. : 324982E/E300003

per **PAUL ALVARES**

Partner

Membership No. : 105754

Mumbai, May 30, 2022

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

DILIP S. SHANGHVI

Managing Director

(DIN : 00005588)

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(DIN : 00005443)

ANOOP DESHPANDE

Company Secretary

C. S. MURALIDHARAN

Chief Financial Officer

Mumbai, May 30, 2022

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

Particulars	Notes	€ in Million	
		Year ended March 31, 2022	Year ended March 31, 2021
(I) Revenue from operations	29	155,859.8	141,160.5
(II) Other income	30	9,579.2	1,920.7
(III) Total income (I + II)		165,439.0	143,081.2
(IV) EXPENSES			
Cost of materials consumed	31	45,849.7	40,829.1
Purchases of stock-in-trade		12,486.0	12,042.1
Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	(1,831.8)	(1,796.4)
Employee benefits expense	33	20,007.8	18,059.8
Finance costs	34	3,881.0	2,675.2
Depreciation and amortisation expense	3 (a), 3 (b) & 4	13,499.5	12,364.3
Other expenses	35	52,662.5	49,318.2
Net (gain) / loss on foreign currency transactions		(2,389.6)	137.6
Total expenses (IV)		144,165.1	133,629.9
(V) PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (III - IV)		21,273.9	9,451.3
(VI) Exceptional item	54 (2)	18,205.3	895.6
(VII) PROFIT BEFORE TAX (V - VI)		3,068.6	8,555.7
(VIII) TAX EXPENSE / (CREDIT)			
Current tax	37	(5,535.8)	2,449.1
Deferred tax	9 & 37	5,198.3	(2,317.4)
Deferred tax - exceptional	54 (2)	4,406.0	-
Total tax expense / (credit) (VIII)		4,068.5	131.7
(IX) PROFIT / (LOSS) FOR THE YEAR (VII - VIII)		(999.9)	8,424.0
(X) OTHER COMPREHENSIVE INCOME			
A) Items that will not be reclassified to the statement of profit or loss			
a. Gain / (loss) on remeasurement of the defined benefit plans		(223.4)	(111.6)
Income tax on above		78.1	39.0
b. Gain / (loss) on equity instrument measured at fair value through other comprehensive income		233.9	697.2
Income tax on above		(20.8)	(3.0)
Total - (A)		67.8	621.6

Cash Flow Statement

In accordance with the recommendation made by the OIC here below it is reported the cash flow statement in the “indirect scheme” format as per provisions of accounting OIC 10.

	Amount at 31.03.23	Amount at 31.03.22
A. CASH FLOWS FROM OPERATING INCOME		
Result for the year	1.019.843	-1.234.540
Income tax	-322.875	- 289.779
Interest expense (interest income)	103.619	46.366
(Dividends)	-	-
(Gains) losses on disposal of assets	-	-
<i>1. Result for the year before income tax, interests, dividends and gain/losses on the sale</i>	800.587	- 1.477.953
Adjustments for non-cash items without impact in net working capital	-	-
Founds provisions	4.067.894	5.265.259
Depreciation of fixed assets	15.345	24.594
Devaluation of impairment losses	-	-
Other adjustments for non-cash items	-	-
<i>2. Cash flow before changes in net working capital</i>	4.883.825	3.811.901
Change in net working capital	-	-
Decrease (Increase) in inventories	575.843	- 491.394
Decrease (Increase) in trade receivables	-2.904.874	- 228.856
Increase (decrease) in trade payables	656.508	- 530.690
Decrease (Increase) in accrued income and prepaid expenses	-150	- 101.706
Increase (decrease) in accrued expenses and deferred income	-375	- 6.130
Other changes in net working capital	-148.585	1.896.145
<i>3. Cash flow after changes in net working capital</i>	3.062.192	4.349.270
Other adjustments	-	-
Interest received (paid)	-	- 440.564
(Income taxes paid)	-50.828	-105.818

	Amount at 31.03.23	Amount at 31.03.22
Dividends received	-	-
(Use of funds)	-1.745.943	- 4.176.348
CASH FLOWS OPERATING INCOME(A)	-1.265.422	- 373.460
B. CASH FLOWS GENERATED BY INVESTMENT ACTIVITY	-	-
Tangible assets	-	-
(Investments)	-51.325	- 2.393
Sale price of divestments	-	-
intangible assets	-	-
(Investments)	-	-
Sale price of divestments	-	-
Financial fixed assets	-	-
(Investments)	-	-
Sale price of divestments	-	-
Financial assets other than fixed assets	-	-
(Investments)	-	-
Sale price of divestments	-	-
Acquisition or disposal of subsidiaries or branches of businesses, net of cash	-	-
FLOW OF FINANCIAL ASSETS INVESTMENT(B)	- 51.325	- 2.393
C. CASH FLOWS GENERATED BY FINANCING ACTIVITY	-	-
Third-party funding	-	-
Increase (decrease) in accounts payable to banks	-	2.607.742
Turning funding	-	4.000.000
Repayment of loans	-1.000.000	- 5.760.356
Equity	-	-
Capital increase in payment	-	-
Sale (purchase) of treasury shares	-	-
Dividends (and interim dividends) paid	-	-

	Amount at 31.03.23	Amount at 31.03.22
<i>CASH FLOWS OF ACTIVITY OF FINANCING(C)</i>	-1.000.000	847.386
Net increase (decrease) in cash	214.097	471.534
Cash on 01/04/2022	566.237	94.703
Cash on 31/03/2023	780.333	566.237
Change in net financial position	214.097	471.534
Unlike quadrature	- 0 -	0

Assets allocated to a specific business

This is to certify that at the date of closure of financial statements there are no assets allocated to a specific transaction, as per n. 20 of the 1st paragraph of art. 2427 of the Civil Code.

Funding for a specific business

This is to certify that at the date of closure of financial statements there is no funding for a specific business, as per n. 21 of the 1st paragraph of art. 2427 of the Civil Code.

Information about the fair value of financial instruments

This is to certify that no derivatives financial contract was signed.

Related party transactions

All related party transactions were carried out at market conditions and the corresponding revenues and costs were in line with those that could have been realized with third parties.

Relations with subsidiaries, related, parent companies and controlled companies do not include atypical and / or unusual transactions and are governed by normal market conditions.

Please refer to the Management Report for details of credit and debit positions as well as revenues and costs arising from all related party transactions.

Events occurred after the closure of Fiscal Year.

According to the art. 2428 paragraph 3, point 5 of the Civil Code, there are no significant events to report.

To date, there are no particular critical issues in the ability to supply customers and honor deadlines, and there have been no worsening in the management of cash flow worthy of reporting.

Proposed allocation of profits or loss coverage

Dear Shareholder,

in light of the above, and after notifying that the indications of the art. 2446 of the Civil Code are not applicable for the Company, the Board of Directors proposes to allocate the profit for the year of € 1.019.843 to reserve useful new.

Notes – Final part

Dear Shareholder,

We confirm that these Financial Statements, consisting of Balance Sheet, Income Statement and Notes to the Financial Statements, represent a true and fair view of the company's balance sheet and financial position and correspond to the accounting entries, and we invite you to approve the draft Financial Statements at 31/03/2023 as prepared by the Board of Directors

For the Board of Directors
Hellen de Kloet