

**Translation  
Independent Auditor's Report**

May 8th, 2023

The Board of Directors  
Sun Pharma Japan Ltd.

Kuno Yasunari CPA Firm  
Certified Public Accountant

**Auditor's opinion**

I have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to the financial statements of Sun Pharma Japan Ltd.(the "Company") for the fiscal year from April 1, 2022 to March 31, 2023.

In my opinion, the accompanying financial statements has been prepared in all material respects, for the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

**Basis of Opinion**

I conducted my audit in accordance with auditing standards generally accepted in Japan. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Japan, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Responsibilities of Management and the Corporate Auditor for the Financial Statements**

Management is responsible for the preparation of these financial statements in accordance with accounting principles generally accepted in Japan, and for design and operation of 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 and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor is responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives is 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 my opinion. 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 auditing standards generally accepted in Japan, I exercise professional judgement and maintain professional skepticism throughout the audit.

I 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 my opinion.
- Obtain an understanding of internal control relevant to the audit as part of our risk assessment 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 exist or related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events of condition may cause the Company to cease to continue as a going concern.
- Evaluate whether the financial statements are presented and the disclosures contained therein prepared in accordance with accounting principles generally accepted in Japan.

I communicate with the Corporate Auditor regarding, among matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### **Conflicts of Interest**

I have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

#### **Notes to the Readers of Independent Auditor's Report**

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Balance Sheet  
Sun Pharma Japan Ltd.  
As of March 31, 2023

(JPY)

Assets		Liabilities	
<b>Current Assets</b>	<b>11,752,681,474</b>	<b>Current Liabilities</b>	<b>7,401,232,950</b>
Cash and Deposits	210,991,070	Trade Payable	1,187,744,600
Trade Receivable	6,681,698,458	Accounts Payable Other	1,024,863,669
Inter-Company Receivable	241,024,240	Inter-Company Payable	4,277,285,635
Inventories	4,418,035,276	Accrued Expenses	555,418,940
Prepaid Expenses	180,989,584	Deposits received	21,451,113
Consumption tax receivable	18,779,776	Provision for Bonus	280,709,673
Other current assets	1,163,070	Short term Lease Liability	53,598,400
		Other Current Liabilities	160,920
<b>Non-Current Assets</b>	<b>1,667,802,792</b>	<b>Non-Current Liabilities</b>	<b>3,145,888,301</b>
<b>Property and Equipment</b>	<b>278,114,439</b>	Asset Retirement Obligation	34,800,000
Buildings	4,682,255	Provision For Pension	31,752,986
Leasehold Improvement	106,094,425	Provision for MPO	2,294,813,720
Machinery & Equipment	355,243,532	Long term Lease liability	85,634,091
Office Equipment	2,819,335	Other Liabilities	698,887,504
Leased Assets	339,918,724		
Accumulated Depreciation	(530,643,832)		
<b>Intangible Assets</b>	<b>152,258,923</b>		
Software	123,379,443		
Trademark	28,879,480		
<b>Investments and Other Assets</b>	<b>1,237,429,430</b>		
Security Deposits	65,300,328		
Investments in Subsidiaries	472,129,102		
Loans to Subsidiaries	700,000,000		
<b>Total Assets</b>	<b>13,420,484,266</b>	<b>Total Liability</b>	<b>10,547,121,251</b>
		<b>Equity</b>	
		Shareholders Equity	2,873,363,015
		Share Capital	158,000,000
		Capital Surplus	6,532,019,108
		Retained Earnings	(3,816,656,093)
		<b>Total Equity</b>	<b>2,873,363,015</b>
		<b>Total Liabilities and Equity</b>	<b>13,420,484,266</b>

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Income Statements  
Sun Pharma Japan Ltd.  
From April 1, 2022  
To March 31, 2023

		(JPY)
Product Sales		15,990,240,249
Cost of Sales		10,481,652,051
<b>Gross Profit</b>		<b>5,508,588,198</b>
Selling, General and Administrative Expenses		6,726,091,868
<b>Operating Profit</b>		<b>(1,217,503,670)</b>
Non-Operating Income		
Interest Income	3,502,087	
Miscellaneous Income	2,728,548	6,230,635
Non-Operating Expenses		
Interest Expense	9,328,124	
Forex Gain/Loss	24,250,458	33,578,582
<b>Ordinary Profit</b>		<b>(1,244,851,617)</b>
Special Gain/Loss		
Special Gain	812,683,253	<b>812,683,253</b>
<b>Profit before Income Tax</b>		<b>(432,168,364)</b>
Corporate tax		(9,139,858)
<b>Net Income</b>		<b>(423,028,506)</b>

## Statements of Shareholders' Equity

Sun Pharma Japan Ltd.

From April 1, 2022

To March 31, 2023

(Million, JPY)

	Share Capital	Capital Reserve			Retained Earnings			Total Shareholders' Equity	Total Equity
		Capital Surplus	Other Capital Reserve	Total Capital Reserve	Legal Reserve	Retained Earnings brought forward	Total Retained Earnings		
Balance at March 31, 2022	158	-	-	-	-	△ 3,393	△ 3,393	3,296	3,296
Changes of items during the period									
Net Income (Loss)						△ 423	△ 423	△ 423	△ 423
Total changes of items during the period	-	-	0	0	-	△ 423	△ 423	△ 423	△ 423
Balance at March 31st, 2023	158	-	6,532	6,532	-	△ 3,816	△ 3,816	2,873	2,873

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## Notes to Financial Statements

### (Summary of Significant Accounting Policies)

#### (1) Investments

Investments in subsidiaries are stated at cost based on the moving average method.

#### (2) Inventories

Inventories for Sales and raw materials are stated at cost, costs being determined by the moving average method. When net realizable value is less than the cost, the cost is reduced to the net realizable value.

Samples are stated at cost based on the moving average method.

When net realizable value is less than the cost, the cost is reduced to the net realizable value.

Other consumables are stated based on the final purchase cost method.

#### (3) Property, Plant and Equipment

##### ① Tangible Assets

The company computes depreciation of Property, Plant and Equipment based on the straight-line method.

The estimated useful lives are as follows:

Building	17 to 22 years
Leasehold Improvements	5 to 15 years
Machinery and equipment	2 to 7 years
Office Equipment	3 to 15 years

##### ② Intangible Assets

The company computes depreciation of Property, Plant and Equipment based on the straight-line method. Software for internal use is amortized by the straight-line method over estimated useful lives (5 years).

##### ③ Leases

Finance leases are capitalized and depreciation is computed by the straight-line basis over the period with the residual value of zero.

#### (4) Provisions

##### ① Allowance for Doubtful accounts

Specific reserve is provided for accounts receivables and loans, when necessary, based on the assessment of individual receivables.

##### ② Provision for Bonuses

Provision for Bonuses is made to the estimated amount the company plans to pay to employees.

##### ③ Provision for Directors' retirement allowance

Provision for Directors' retirement allowance is recorded based on estimated amount per employment contracts.

##### ④ Provision for Minimum Purchase Obligation

Provision for Minimum Purchase Obligation is recorded for estimated remedy costs to the supplier when the actual purchased quantities are less than the agreed minimum purchase quantities.

(5)Consumption Tax

Taxable transactions are recorded at amounts exclusive of consumption tax.

**(Notes to Statements of Shareholders' Equity)**

(1) Types and number of shares issued.

	Number of Shares at the beginning of year	Increase of shares issued	Decrease of shares issued	Number of Shares issued at the end of year
Common Stock	1,200			1,200
A Share	1,960	—	—	1,960