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## SUN PHARMACEUTICALS MOROCCO LLC SARLAU

### GENERAL REPORT OF THE INDEPENDENT AUDITOR ON PROVISIONAL ACCOUNTS

YEAR ENDED MARCH 31<sup>ST</sup>, 2023

**ADVISORY · ASSURANCE · TAX · LEGAL**

Baker Tilly Majer Audit SARL trading as Baker Tilly Majer is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.



*(This is a free translation into English of our audit report signed and issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed solely in accordance with, Moroccan law and Moroccan professional standards).*

GENERAL REPORT OF THE  
INDEPENDENT AUDITOR ON PROVISIONAL  
ACCOUNTS

YEAR FROM APRIL 1<sup>st</sup>, 2022 TO MARCH 31<sup>st</sup>, 2023

To the Shareholder of SUN PHARMACEUTICALS MOROCCO LLC SARLAU  
CASABLANCA

**AUDIT OF THE FINANCIAL STATEMENTS**

***Opinion***

In accordance with the terms of our appointment as auditors, we have audited the accompanying financial statements of the company SUN PHARMACEUTICALS MOROCCO LLC SARLAU, including the balance sheet and the profit and loss account relating to the financial year ended March 31<sup>st</sup>, 2023. These financial statements show a negative amount of net equity of KMAD 43 962 including a net loss of KMAD 63 383.

In our opinion, the financial statements referred to in the first paragraph above are regular, sincere and give a true and fair view of SUN PHARMACEUTICALS MOROCCO LLC SARLAU's assets, liabilities and financial position at March 31<sup>st</sup>, 2023, and of its operations for the year then ended, in accordance with the accounting principles generally accepted in Morocco.

***Basis of opinion***

We conducted our audit in accordance with the Moroccan auditing standards. 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 the ethical requirements that are relevant to our audit of the financial statements in Morocco, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Observations***

The net equity of the company is negative, because of the losses realized during the year. The company's management believes that the sole shareholder continues to provide financial support to the company. Consequently, the accounts have been closed on the basis of going concern principle, and do not take into account any adjustments that would prove necessary in the event that the company is forced to cease its activity.

### ***Responsibilities of Management and Those Charged With Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Moroccan accounting standards, and 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***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 Moroccan auditing standards 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 Moroccan auditing standards, 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 in response 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 Entity'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 Entity'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 Entity 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 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.

The independent auditor

**Baker Tilly Majer Audit**

**M. Mohamed Hamdache**

Partner

Casablanca, May 23, 2023

Balance Sheet (Assests)

	ASSETS	CURRENT YEAR			PRIOR YEAR
		Gross Amount	Amortisation or depreciation	Net amount	Net amount
	<b>CAPITALIZED EXPENSES (A)</b>	163 353,00	163 353,00	0,00	
	Preliminary expenses	163 353,00	163 353,00		
	Deferred expenses on several years				
A	Premium of debentures refund				
C	<b>INTANGIBLE FIXED ASSETS (B)</b>	66 741,00	66 741,00	0,00	0,00
T	Research and development				
I	Patents, Trademarks, and similar rights	66 741,00	66 741,00		
F	Goodwill				
	Other intangible Assets				
	<b>TANGIBLE FIXED ASSETS(C)</b>	16 906 621,01	5 687 774,97	11 218 846,04	10 783 815,69
	Land				
	Buildings				
I	Industrial fixtures and equipment	11 156 875,66	3 439 600,00	7 717 275,66	7 888 168,07
M	Transportation equipment				
M	Office equipment and furniture	5 749 745,35	2 248 174,97	3 501 570,38	2 895 647,62
O	Other tangible fixed assets				
B	Tangible fixed assets in progress				
I	<b>LONG TERM INVESTMENTS (D)</b>	1 778 136,16	0,00	1 778 136,16	1 907 358,16
L	Long term loans				
I	Other financial assets	1 778 136,16		1 778 136,16	1 907 358,16
S	Investments				
E	Other investments				
	<b>UNREALISED EXCHANGE RATE LOSSES (E)</b>				
	Unrealised exchange rate losses (from long term asse				
	Unrealised exchange rate losses (from long term liab				
	<b>TOTAL I (A+B+C+D+E)</b>	18 914 851,17	5 917 868,97	12 996 982,20	12 691 173,85
	<b>INVENTORIES (F)</b>	183 826 810,53	71 114 736,11	112 712 074,42	94 265 850,84
A	Merchandises	152 701 305,42	47 718 617,33	104 982 688,09	82 208 759,08
C	Raw materials and furnitures	26 533 463,36	20 543 261,37	5 990 201,99	10 317 907,42
T	Work in progress				
I	Intermediate and residual products				
F	Finished products	4 592 041,75	2 852 857,41	1 739 184,34	1 739 184,34
	<b>CURRENT ASSETS(G)</b>	116 783 185,11	0,00	116 783 185,11	168 633 166,31
C	Advances payments to suppliers and other debtors	2 591 976,50		2 591 976,50	2 629 976,50
I	Trade accounts receivable	90 171 592,04		90 171 592,04	147 626 891,86
R	Personnel	750 339,60		750 339,60	556 297,07
C	Taxes	22 555 939,10		22 555 939,10	17 202 863,06
U	Shareholders Current accounts				
L	Others debtors	210 504,92		210 504,92	210 504,92
A	Deferral accounts	502 832,95		502 832,95	406 632,90
N	<b>MARKETABLE SECURITIES (H)</b>				
T	<b>UNREALISED EXCHANGE RATE LOSSES (I)</b>	22 816 307,84		22 816 307,84	11 350 296,41
	(Current)				
	<b>TOTAL II ( F+G+H+I )</b>	323 426 303,48	71 114 736,11	252 311 567,37	274 249 313,56
T	<b>CASH AND CASH EQUIVALENTS (Assets)</b>	12 997 507,43	0,00	12 997 507,43	8 909 220,82
R	Checks and other instruments to be cashed				
E	Cash on Bank	12 996 367,43		12 996 367,43	8 908 701,82
S	Cash on hand	1 140,00		1 140,00	519,00
O	<b>TOTAL III</b>	12 997 507,43	0,00	12 997 507,43	8 909 220,82
	<b>TOTAL ASSETS I+II+III</b>	355 338 662,08	77 032 605,08	278 306 057,00	295 849 708,23

Balance Sheet (Liabilities)

	LIABILITIES	CURRENT YEAR	PRIOR YEAR
	<b>Shareholder's equity (A)</b>		
	Common stock (1)	12 235 300,00	12 235 300,00
	(Minus) Common stock subscribed but not called-up		
F	Issuance, merger and contribution premium		
I	Revaluation reserve		
N	Legal reserve		
A	Others reserves		
N	Profit/ loss account brought forward (2)	7 186 053,03	2 322 937,24
C	Not yet allocated income (2)		
E	of the year	-63 383 391,31	4 863 115,79
M	<b>Total Shareholders Net Equity (A)</b>	<b>-43 962 038,28</b>	<b>19 421 353,03</b>
E	<b>RELATED EQUITY (B)</b>	<b>0,00</b>	<b>0,00</b>
N	Investment Subsidy		
T	Regulatory provisions		
P	<b>FINANCIAL LIABILITIES (C)</b>	<b>0,00</b>	<b>0,00</b>
E	Debenture Loans		
R	Other financial liabilities		
M			
A			
N	<b>PROVISION FOR CONTINGENCIES AND LOSSES(D)</b>	<b>0,00</b>	<b>0,00</b>
E	Provision for contingencies		
N	Provision for losses		
T	<b>UNREALISED EXCHANGE RATE GAINS (Non current) (E)</b>	<b>0,00</b>	<b>0,00</b>
	Unrealised exchange rate gains from long term assets		
	Unrealised exchange rate gains from long term liabilities		
	<b>Total I(A+B+C+D+E)</b>	<b>-43 962 038,28</b>	<b>19 421 353,03</b>
P	<b>CURRENT LIABILITIES (F)</b>	<b>270 641 902,79</b>	<b>230 276 694,55</b>
	Trade accounts payable	192 601 788,51	155 067 372,04
C	Clients in credit, Advance payments received		
I	Personnel	5 168 817,13	4 236 346,28
R	Social security liabilities	2 390 813,94	2 257 180,37
C	Taxes	12 528 587,28	13 519 230,35
U	Shareholders current accounts	57 951 895,93	55 196 565,51
L	Others debts		
A	Deferral accounts		
N	<b>OTHER PROVISION FOR CONTINGENCIES AND LOSSES (G)</b>	<b>25 392 142,29</b>	<b>14 860 398,69</b>
T	<b>UNREALISED EXCHANGE RATE GAINS (Current ) (H)</b>	<b>7 690 213,13</b>	<b>2 308 670,90</b>
	<b>Total II (F+G+H)</b>	<b>303 724 258,21</b>	<b>247 445 764,14</b>
T	<b>CASH LIABILITIES</b>	<b>18 543 837,07</b>	<b>28 982 591,06</b>
R	Discounts credit		
E	Short term credit facility		
S	Bank Overdrafts	18 543 837,07	28 982 591,06
	<b>Total III</b>	<b>18 543 837,07</b>	<b>28 982 591,06</b>
	<b>TOTAL LIABILITIES I+II+III</b>	<b>278 306 057,00</b>	<b>295 849 708,23</b>

Debtor share capital (-)

Income (+) Loss (-)

INCOME STATEMENT

	ITEM	CURRENT YEAR			PRIOR YEAR Net amount 4
		Related to the period 1	Related to the prior periods 2	Net amount 3=2+1	
EXPLOITATION	<b>I OPERATING REVENUE</b>				
	Sales of merchandise	224 955 788,83		224 955 788,83	267 163 421,71
	Sales of goods and services	-2 553 898,63		-2 553 898,63	36 822 896,64
	Turnover	222 401 890,20		222 401 890,20	303 986 318,35
	Finished Goods inventory change (+/-) (1)				1 573 842,43
	Self constructed capital asset				
	Operating Subsidy				
	Others operating income	19 567 931,81		19 567 931,81	19 034 109,26
	Reversal of operating provisions-charges transfer				36 270 812,56
	<b>Total I</b>	<b>241 969 822,01</b>		<b>241 969 822,01</b>	<b>360 865 082,60</b>
	<b>II OPERATING EXPENSES</b>				
	Purchase of goods for resale (2)	74 578 957,07		74 578 957,07	145 319 082,70
	Purchase of materials and supplies (2)	12 826 078,71		12 826 078,71	10 466 777,77
	Other external expenses	111 422 095,09	1 883 881,23	113 305 976,32	101 484 182,44
Taxes	1 342 742,64		1 342 742,64	2 177 880,41	
Personnel expenses	39 987 719,58		39 987 719,58	36 282 087,71	
Other operating expenses					
Operating allowances (for depreciation and risks)	26 035 616,60		26 035 616,60	49 429 033,00	
<b>Total II</b>	<b>266 193 209,69</b>	<b>1 883 881,23</b>	<b>268 077 090,92</b>	<b>345 159 044,03</b>	
<b>III OPERATING INCOME / LOSS (I - II)</b>			<b>-26 107 268,91</b>	<b>15 706 038,57</b>	
FINANCIER	<b>IV FINANCIAL REVENUE</b>				
	Revenue from investment and others				
	Exchange gains	514 748,85		514 748,85	4 398 362,72
	Interests and other financial revenue	-615 482,43		-615 482,43	202 975,08
	Reversal of financial provisions - charges transfer	126 095,97		126 095,97	6 898 272,46
	<b>Total IV</b>	<b>25 362,39</b>		<b>25 362,39</b>	<b>11 499 610,26</b>
	<b>V FINANCIAL EXPENSES</b>				
	Interests expenses	3 440 155,93		3 440 155,93	1 340 720,36
	Exchange losses	11 615 176,71		11 615 176,71	2 982 057,37
	Other financial expenses				
	Financial allowances	10 536 509,75		10 536 509,75	14 863 605,42
	<b>Total V</b>	<b>25 591 842,39</b>		<b>25 591 842,39</b>	<b>19 186 383,15</b>
	<b>VI FINANCIAL INCOME (IV-V)</b>			<b>-25 566 480,00</b>	<b>-7 686 772,89</b>
<b>VII ORDINARY INCOME (III+VI)</b>			<b>-51 673 748,91</b>	<b>8 019 265,68</b>	

INCOME STATEMENT

	ITEM	CURRENT YEAR			PRIOR YEAR Net amount 4	
		Related to the period 1	Related to the prior periods 2	Net amount 3=2+1		
NON COURANT	VII	ORDINARY INCOME (report)			-51 673 748,91	8 019 265,68
	VIII	EXCEPTIONAL REVENUE				
		Revenue from assets disposal	0,00		0,00	0,00
		Balancing Subsidy	0,00		0,00	0,00
		Reversal of Investment Subsidy	0,00		0,00	0,00
		Other extraordinary revenue	-10,08		-10,08	6,94
		Reversal of extraordinary provisions- charges transfer	0,00		0,00	0,00
		<b>Total VIII</b>	<b>-10,08</b>	<b>0,00</b>	<b>-10,08</b>	<b>6,94</b>
	IX	EXCEPTIONAL EXPENSES				
		Net value of sold assets	0,00		0,00	0,00
		Granted Subsidies	0,00		0,00	0,00
		Others extraordinary expenses	2 568 436,32		2 568 436,32	-1 067 565,17
		Extraordinary allowances	0,00		0,00	0,00
	<b>Total IX</b>	<b>2 568 436,32</b>	<b>0,00</b>	<b>2 568 436,32</b>	<b>-1 067 565,17</b>	
X	EXCEPTIONAL INCOME / LOSS (VIII - IX)			-2 568 446,40	1 067 572,11	
XI	INCOME / LOSS BEFORE TAXES(VII + X)			-54 242 195,31	9 086 837,79	
XII	INCOME TAX			9 141 196,00	4 223 722,00	
XIII	NET INCOME / LOSS (XI - XII)			-63 383 391,31	4 863 115,79	

XIV	TOTAL OF REVENUES (I+IV+VIII)			241 995 174,32	372 364 699,80
XV	TOTAL OF EXPENSES (II+V+IX+XII)			305 378 565,63	367 501 584,01
XVI	NET INCOME			-63 383 391,31	4 863 115,79