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SUN PHARMACEUTICALS MOROCCO LLC SARLAU

GENERAL REPORT OF THE INDEPENDENT AUDITOR ON PROVISIONAL ACCOUNTS

YEAR ENDED MARCH 31ST, 2024

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 1st, 2023 TO MARCH 31st, 2024

**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 31st, 2024. These financial statements show a negative amount of net equity of KMAD 37 439 including a net profit of KMAD 6 523.

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 31st, 2024, 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 accumulated losses. 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 10, 2024

Balance Sheet (Assets)

	ASSETS	CURRENT YEAR			PRIOR YEAR
		Gross Amount	Amortisation or depreciation	Net amount	Net amount
	CAPITALIZED EXPENSES (A)	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	INTANGIBLE FIXED ASSETS (B)	66 741,00	66 741,00	0,00	
T	Research and development				
I	Patents, Trademarks, and similar rights	66 741,00	66 741,00		
F	Goodwill				
	Other Intangible Assets				
	TANGIBLE FIXED ASSETS(C)	18 153 872,23	7 257 723,65	10 896 148,58	11 218 846,04
	Land				
	Buildings				
I	Industrial fixtures and equipment	11 338 235,88	4 470 577,44	6 867 658,44	7 717 275,66
M	Transportation equipment				
M	Office equipment and furniture	6 815 636,35	2 787 146,21	4 028 490,14	3 501 570,38
O	Other tangible fixed assets				
B	Tangible fixed assets in progress				
I	LONG TERM INVESTMENTS (D)	1 851 330,16	0,00	1 851 330,16	1 778 136,16
L	Long term loans				
I	Other financial assets	1 851 330,16		1 851 330,16	1 778 136,16
S	Investments				
E	Other investments				
	UNREALISED EXCHANGE RATE LOSSES (E)				
	Unrealised exchange rate losses (from long term asse				
	Unrealised exchange rate losses (from long term liab				
	TOTAL I (A+B+C+D+E)	20 235 296,39	7 487 817,65	12 747 478,74	12 996 982,20
	INVENTORIES (F)	138 196 215,77	61 398 463,97	76 797 751,80	112 712 074,43
A	Merchandises	105 629 874,20	43 382 629,22	62 247 244,98	104 672 955,17
C	Raw materials and furnitures	30 133 152,74	18 015 834,75	12 117 317,99	5 990 201,99
T	Work in progress				
I	Intermediate and residual products				
F	Finished products	2 433 188,83		2 433 188,83	2 048 917,27
	CURRENT ASSETS(G)	111 609 513,07	2 041 725,60	109 567 787,47	116 783 185,11
C	Advances payments to suppliers and other debtors	2 591 976,50		2 591 976,50	2 591 976,50
I	Trade accounts receivable	80 710 655,33	2 041 725,60	78 668 929,73	90 171 592,04
R	Personnel	629 573,86		629 573,86	750 339,60
C	Taxes	25 371 949,46		25 371 949,46	22 555 939,10
U	Shareholders Current accounts				
L	Others debtors	2 305 357,92		2 305 357,92	210 504,92
A	Deferral accounts				502 832,95
N	MARKETABLE SECURITIES (H)				
T	UNREALISED EXCHANGE RATE LOSSES (I)	16 058 213,72		16 058 213,72	22 816 307,84
	(Current)				
	TOTAL II (F+G+H+I)	265 863 942,56	63 440 189,57	202 423 752,99	252 311 567,38
T	CASH AND CASH EQUIVALENTS (Assets)	16 753 355,83	0,00	16 753 355,83	12 997 507,43
R	Checks and other instruments to be cashed				
E	Cash on Bank	16 742 726,63		16 742 726,63	12 996 367,43
S	Cash on hand	10 629,20		10 629,20	1 140,00
O	TOTAL III	16 753 355,83	0,00	16 753 355,83	12 997 507,43
	TOTAL ASSETS I+II+III	302 852 594,78	70 928 007,22	231 924 587,56	278 306 057,01

Balance Sheet (Liabilities)

	LIABILITIES	CURRENT YEAR	PRIOR YEAR
	Shareholder's equity (A)		
	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)	-56 197 348,28	7 186 053,03
C	Not yet allocated income (2)		
E	of the year	6 522 881,41	-63 383 391,30
M	Total Shareholders Net Equity (A)	-37 439 166,87	-43 962 038,27
E	RELATED EQUITY (B)	0,00	0,00
N	Investment Subsidy		
T	Regulatory provisions		
P	FINANCIAL LIABILITIES (C)	0,00	0,00
E	Debenture Loans		
R	Other financial liabilities		
M			
A			
N	PROVISION FOR CONTINGENCIES AND LOSSES(D)	0,00	0,00
E	Provision for contingencies		
N	Provision for losses		
T	UNREALISED EXCHANGE RATE GAINS (Non current) (E)	0,00	0,00
	Unrealised exchange rate gains from long term assets		
	Unrealised exchange rate gains from long term liabilities		
	Total I(A+B+C+D+E)	-37 439 166,87	-43 962 038,27
P	CURRENT LIABILITIES (F)	242 284 859,31	269 041 902,79
.	Trade accounts payable	168 236 833,83	192 601 788,51
C	Clients in credit, Advance payments received		
I	Personnel	3 788 820,09	3 568 817,13
R	Social security liabilities	2 968 343,87	2 390 813,94
C	Taxes	6 850 535,93	12 528 587,28
U	Shareholders current accounts	60 440 325,59	57 951 895,93
L	Others debts		
A	Deferral accounts		
N	OTHER PROVISION FOR CONTINGENCIES AND LOSSES (G)	16 058 213,72	26 992 142,29
T	UNREALISED EXCHANGE RATE GAINS (Current) (H)	8 331 952,09	7 690 213,13
	Total II (F+G+H)	266 675 025,12	303 724 258,21
T	CASH LIABILITIES	2 688 729,31	18 543 837,07
R	Discounts credit		
E	Short term credit facility		
S	Bank Overdrafts	2 688 729,31	18 543 837,07
	Total III	2 688 729,31	18 543 837,07
	TOTAL LIABILITIES I+II+III	231 924 587,56	278 306 057,01

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	I OPERATING REVENUE				
	Sales of merchandise	222 128 190,87		222 128 190,87	224 955 788,83
	Sales of goods and services	29 183 234,15		29 183 234,15	-2 553 898,63
	Turnover	251 311 425,02		251 311 425,02	222 401 890,20
	Finished Goods inventory change (+/-) (1)	-1 027 137,12		-1 027 137,12	-815 280,30
	Self constructed capital asset				
	Operating Subsidy				
	Others operating income	12 927 602,53		12 927 602,53	19 567 931,81
	Reversal of operating provisions-charges transfer	41 836 556,40		41 836 556,40	
	Total I	305 048 446,83		305 048 446,83	241 154 541,71
	II OPERATING EXPENSES				
	Purchase of goods for resale (2)	139 511 321,07		139 511 321,07	73 769 093,07
	Purchase of materials and supplies (2)	8 473 635,64		8 473 635,64	12 820 662,42
	Other external expenses	77 733 734,42	955 707,57	78 689 441,99	113 305 976,32
Taxes	792 495,38		792 495,38	1 342 742,64	
Personnel expenses	38 679 196,84		38 679 196,84	39 987 719,58	
Other operating expenses					
Operating allowances (for depreciation and risks)	35 731 948,54		35 731 948,54	26 035 616,60	
Total II	300 922 331,89	955 707,57	301 878 039,46	267 261 810,63	
III OPERATING INCOME / LOSS (I - II)	4 126 114,94	-955 707,57	3 170 407,37	-26 107 268,92	
FINANCIER	IV FINANCIAL REVENUE				
	Revenue from investment and others				
	Exchange gains	2 320 575,49		2 320 575,49	640 844,82
	Interests and other financial revenue				-615 482,43
	Reversal of financial provisions - charges transfer	25 392 142,29		25 392 142,29	14 860 398,69
	Total IV	27 712 717,78		27 712 717,78	14 885 761,08
	V FINANCIAL EXPENSES				
	Interests expenses	4 416 219,91		4 416 219,91	3 440 155,93
	Exchange losses	991 602,66		991 602,66	11 619 942,86
	Other financial expenses				
Financial allowances	16 058 213,72		16 058 213,72	25 392 142,29	
Total V	21 466 036,29		21 466 036,29	40 452 241,08	
VI FINANCIAL INCOME (IV-V)			6 246 681,49	-25 566 480,00	
VII ORDINARY INCOME (III+VI)			9 417 088,86	-51 673 748,92	

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)			9 417 088,86	-51 673 748,92
	VIII	EXCEPTIONAL REVENUE				
		Revenue from assets disposal			0,00	
		Balancing Subsidy			0,00	
		Reversal of Investment Subsidy			0,00	
		Other extraordinary revenue	239 542,27		239 542,27	-10,06
		Reversal of extraordinary provisions- charges transfer			0,00	
		Total VIII	239 542,27	0,00	239 542,27	-10,06
	IX	EXCEPTIONAL EXPENSES				
		Net value of sold assets			0,00	
		Granted Subsidies			0,00	
		Others extraordinary expenses	2 750 829,72		2 750 829,72	2 568 436,32
		Extraordinary allowances			0,00	
		Total IX	2 750 829,72	0,00	2 750 829,72	2 568 436,32
	X	EXCEPTIONAL INCOME / LOSS (VIII - IX)			-2 511 287,45	-2 568 446,38
XI	INCOME / LOSS BEFORE TAXES(VII + X)			6 905 801,41	-54 242 195,30	
XII	INCOME TAX			382 920,00	9 141 196,00	
XIII	NET INCOME / LOSS (XI - XII)			6 522 881,41	-63 383 391,30	

XIV	TOTAL OF REVENUES (I+IV+VIII)			333 000 706,88	256 040 292,73
XV	TOTAL OF EXPENSES (II+V+IX+XII)			326 477 825,47	319 423 684,03
XVI	NET INCOME			6 522 881,41	-63 383 391,30