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SUN PHARMACEUTICALS MOROCCO LLC SARLAU

GENERAL REPORT OF THE INDEPENDENT AUDITOR ON PROVISIONAL ACCOUNTS

YEAR ENDED MARCH 31ST, 2021

ADVISORY • ASSURANCE • TAX • LEGAL

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(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, 2020 TO MARCH 31st, 2021

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, 2021. These financial statements show an amount of net equity of MAD 14,558,237.24 including a net profit of MAD 14,153,460.08.

These financial statements have been prepared by the management in the context of the evolving health crisis of the Covid-19 epidemic, on the basis of the elements available at the time.

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, 2021, 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.

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

Majer Audit

M. Mohamed Hamdache

Partner

Casablanca, May 21, 2021

Balance Sheet (Assets)

SUN PHARMA

as of 31/3/2021

	ITEM	CURRENT YEAR			PRIOR YEAR
		Gross Amount	Amortisation or depreciation	Net amount	
FIXED ASSETS	CAPITALIZED EXPENSES (A)	163 353,00	163 353,00	0,00	0,00
	Preliminary expenses	163 353,00	163 353,00	0,00	0,00
	Deferred expenses on several years	0,00	0,00	0,00	0,00
	Premium of debentures refund	0,00	0,00	0,00	0,00
	INTANGIBLE FIXED ASSETS (B)	66 741,00	66 081,45	659,55	9 123,52
	Research and development	0,00	0,00	0,00	0,00
	Patents, Trademarks, and similar rights	66 741,00	66 081,45	659,55	9 123,52
	Goodwill	0,00	0,00	0,00	0,00
	Other Intangible Assets	0,00	0,00	0,00	0,00
	TANGIBLE FIXED ASSETS(C)	13 436 866,74	2 938 521,02	10 498 345,72	8 685 695,74
	Land	0,00	0,00	0,00	0,00
	Buildings	0,00	0,00	0,00	0,00
	Industrial fixtures and equipment	9 842 246,01	1 460 560,23	8 381 685,78	7 164 895,09
	Transportation equipment	0,00	0,00	0,00	0,00
	Office equipment and furniture	3 594 620,73	1 477 960,79	2 116 659,94	1 520 800,65
	Other tangible fixed assets	0,00	0,00	0,00	0,00
	Tangible fixed assets in progress	0,00	0,00	0,00	0,00
	LONG TERM INVESTMENTS (D)	1 011 425,16	0,00	1 011 425,16	2 030 371,84
	Long term loans	0,00	0,00	0,00	0,00
	Other financial assets	1 011 425,16	0,00	1 011 425,16	2 030 371,84
	Investments	0,00	0,00	0,00	0,00
Other investments	0,00	0,00	0,00	0,00	
UNREALISED EXCHANGE RATE LOSSES (E)	0,00	0,00	0,00	0,00	
Unrealised exchange rate losses (from long term	0,00	0,00	0,00	0,00	
Unrealised exchange rate losses (from long term	0,00	0,00	0,00	0,00	
TOTAL I (a + b + c + d + e)	14 678 385,90	3 167 955,47	11 510 430,43	10 725 191,10	
CURRENT ASSETS	INVENTORIES (F)	93 800 481,00	36 270 812,56	57 529 668,44	59 142 968,35
	Merchandises	75 241 362,45	26 724 355,59	48 517 006,86	59 304 325,11
	Raw materials and furnitures	15 745 807,62	7 620 066,95	8 125 740,67	5 686 223,83
	Work in progress	0,00	0,00	0,00	0,00
	Intermediate and residual products	0,00	0,00	0,00	0,00
	Finished products	2 813 310,93	1 926 390,02	886 920,91	-5 847 580,59
	CURRENT ASSETS(G)	168 189 449,71	0,00	168 189 449,71	124 283 333,56
	Advances payments to suppliers and other debito	4 977 864,03	0,00	4 977 864,03	3 570 161,50
	Trade accounts receivable	144 674 658,35	0,00	144 674 658,35	111 460 944,16
	Personnel	501 559,03	0,00	501 559,03	654 913,01
	Taxes	17 486 959,41	0,00	17 486 959,41	8 069 025,55
	Shareholders Current accounts	0,00	0,00	0,00	0,00
	Others debtors	210 504,92	0,00	210 504,92	210 504,92
	Deferral accounts	337 903,97	0,00	337 903,97	317 784,42
	MARKETABLE SECURITIES (H)	0,00	0,00	0,00	0,00
UNREALISED EXCHANGE RATE LOSSES (I)	3 907 585,78	0,00	3 907 585,78	15 620 269,55	
TOTAL II (f + g + h + i)	265 897 516,49	36 270 812,56	229 626 703,93	199 046 571,46	
CASH	CASH AND CASH EQUIVALENTS (Assets)	39 088 995,80	0,00	39 088 995,80	71 700 762,14
	Checks and other instruments to be cashed	0,00	0,00	0,00	0,00
	Cash on Bank	38 914 730,74	0,00	38 914 730,74	71 525 134,99
	Cash on hand	174 265,06	0,00	174 265,06	175 627,15
	TOTAL III	39 088 995,80	0,00	39 088 995,80	71 700 762,14
	TOTAL ASSETS I+II+III	319 664 898,19	39 438 768,03	280 226 130,16	281 472 524,70

Balance Sheet (Liabilities)			
SUN PHARMA		As of 31/3/2021	
	ITEM	CURRENT YEAR	PRIOR YEAR
CAPITAL AND RESERVES	Shareholder's equity (A)	14 558 237,24	404 777,18
	Common stock (1)	12 235 300,00	12 235 300,00
	(Minus) Common stock subscribed but not called-up	0,00	0,00
	Issuance, merger and contribution premium	0,00	0,00
	Revaluation reserve	0,00	0,00
	Legal reserve	0,00	0,00
	Others reserves	0,00	0,00
	Profit/ loss account brought forward (2)	-11 830 522,84	-17 829 531,96
	Not yet allocated income (2)	0,00	0,00
	of the year	14 153 460,08	5 999 009,14
	Total Shareholders Net Equity (A)	14 558 237,24	404 777,18
	RELATED EQUITY (B)	0,00	0,00
	Investment Subsidy	0,00	0,00
	Regulatory provisions	0,00	0,00
	FINANCIAL LIABILITIES (C)	0,00	0,00
	Debenture Loans	0,00	0,00
	Other financial liabilities	0,00	0,00
	PROVISION FOR CONTINGENCIES AND LOSSES(D)	0,00	0,00
Provision for contingencies	0,00	0,00	
Provision for losses	0,00	0,00	
UNREALISED EXCHANGE RATE GAINS (Non current) (E)	0,00	0,00	
Unrealised exchange rate gains from long term assets	0,00	0,00	
Unrealised exchange rate gains from long term liabilities	0,00	0,00	
	TOTAL I (a + b + c + d + e)	14 558 237,24	404 777,18
LIABILITIES	CURRENT LIABILITIES (F)	253 712 693,21	261 616 590,77
	Trade accounts payable	160 357 696,32	167 476 501,87
	Clients in credit, Advance payments received	18 981 469,66	24 486 081,20
	Personnel	4 855 939,56	2 153 837,20
	Social security liabilities	1 953 898,21	1 455 624,09
	Taxes	16 780 350,24	12 028 724,76
	Shareholders current accounts	50 783 339,22	54 015 821,65
	Others debts	0,00	0,00
	Deferral accounts	0,00	0,00
	OTHER PROVISION FOR CONTINGENCIES AND LOSSES (G)	6 844 712,98	17 838 730,76
	UNREALISED EXCHANGE RATE GAINS (Current) (H)	5 110 486,73	1 612 425,99
	TOTAL II (f + g + h)	265 667 892,92	281 067 747,52
CASH	CASH LIABILITIES	0,00	0,00
	Discounts credit	0,00	0,00
	Short term credit facility	0,00	0,00
	Bank Overdrafts	0,00	0,00
	TOTAL III	0,00	0,00
	TOTAL I+II+III	280 226 130,16	281 472 524,70

(1) Debtor share capital (-)

(2) Income (+) Loss (-)

INCOME STATEMENT

SUN PHARMA

From 1/4/2020 to 31/3/2021

ITEM	CURRENT YEAR		Net amount	PRIOR YEAR
	Related to the period	Related to the prior periods		
	1	2	3 = 1 + 2	4
I OPERATING REVENUE				
Sales of merchandise	233 159 542,72	0,00	233 159 542,72	155 118 168,44
Sales of goods and services	36 452 013,08	0,00	36 452 013,08	27 227 051,41
<i>Sales Revenue</i>	269 611 555,80	0,00	269 611 555,80	182 345 219,85
Finished Goods inventory change (+/-) (1)	-164 907,37	0,00	-164 907,37	-1 715 504,23
Self constructed capital asset	0,00	0,00	0,00	0,00
Operating Subsidy	0,00	0,00	0,00	0,00
Others operating income	13 579 233,29	0,00	13 579 233,29	9 012 853,17
Reversal of operating provisions-charges transferred	22 919 507,48	0,00	22 919 507,48	18 255 191,84
TOTAL I	305 945 389,20	0,00	305 945 389,20	207 897 760,63
II OPERATING EXPENSES				
Purchase of goods for resale (2)	131 763 710,42	0,00	131 763 710,42	69 087 992,61
Purchase of materials and supplies (2)	9 442 603,67	0,00	9 442 603,67	8 794 262,34
Other external expenses	82 966 829,61	0,00	82 966 829,61	57 809 521,99
Taxes	772 643,81	0,00	772 643,81	1 017 377,22
Personnel expenses	33 402 792,47	0,00	33 402 792,47	24 214 244,41
Other operating expenses	0,00	0,00	0,00	0,00
Operating allowances (for depreciation and amortization)	37 421 245,85	0,00	37 421 245,85	23 641 501,65
TOTAL II	295 769 825,83	0,00	295 769 825,83	184 564 900,22
III OPERATING INCOME / LOSS (I - II)	0,00	0,00	10 175 563,37	23 332 860,41
IV FINANCIAL REVENUE				
Revenue from investment and others	0,00	0,00	0,00	0,00
Exchange gains	4 155 455,90	0,00	4 155 455,90	107 312,11
Interests and other financial revenue	718 577,83	0,00	718 577,83	1 802 511,52
Reversal of financial provisions - charges transferred	17 865 169,73	0,00	17 865 169,73	6 701 838,65
TOTAL IV	22 739 203,46	0,00	22 739 203,46	8 611 662,28
V FINANCIAL EXPENSES				
Interests expenses	1 246 864,43	0,00	1 246 864,43	2 096 064,26
Exchange losses	2 013 394,77	0,00	2 013 394,77	217 378,41
Other financial expenses	0,00	0,00	0,00	0,00
Financial allowances	7 019 992,06	0,00	7 019 992,06	17 941 233,53
TOTAL V	10 280 251,26	0,00	10 280 251,26	20 254 676,20
VI FINANCIAL INCOME (IV-V)	0,00	0,00	12 458 952,20	-11 643 013,92
VII ORDINARY INCOME (III+VI)	0,00	0,00	22 634 515,57	11 689 846,49

1) Change in inventories: final inventories - initial inventories, increase (+) decrease (-)

2) Cost: purchases - inventories change

INCOME STATEMENT

SUN PHARMA

From 1/4/2020 to 31/3/2021

	ITEM	CURRENT YEAR		Net amount 3 = 1 + 2	PRIOR YEAR 4		
		Related to the period 1	Related to the prior periods 2				
	VII	ORDINARY INCOME (report)	0,00	0,00	22 634 515,57	11 689 846,49	
NON CURRENT	VIII	EXCEPTIONAL REVENUE					
		Revenue from assets disposal	0,00	0,00	0,00	0,00	
		Balancing Subsidy	0,00	0,00	0,00	0,00	
		Reversal of Investment Subsidy	0,00	0,00	0,00	0,00	
		Other extraordinary revenue	6,68	0,00	6,68	139,03	
		Reversal of extraordinary provisions- charges	0,00	0,00	0,00	0,00	
		TOTAL VIII	6,68	0,00	6,68	139,03	
		IX	EXCEPTIONAL EXPENSES				
			Net value of sold assets	0,00	0,00	0,00	0,00
			Granted Subsidies	0,00	0,00	0,00	0,00
			Others extraordinary expenses	950 922,17	0,00	950 922,17	420 642,38
			Extraordinary allowances	0,00	0,00	0,00	0,00
			TOTAL IX	950 922,17	0,00	950 922,17	420 642,38
	X	EXCEPTIONAL INCOME / LOSS (VIII - IX)	0,00	0,00	-950 915,49	-420 503,35	
	XI	INCOME / LOSS BEFORE TAXES(VII + X)	0,00	0,00	21 683 600,08	11 269 343,14	
	XII	INCOME TAX	0,00	0,00	7 530 140,00	5 270 334,00	
	XIII	NET INCOME / LOSS (XI - XII)	0,00	0,00	14 153 460,08	5 999 009,14	
	XIV	.(I+IV+VIII)	0,00	0,00	328 684 599,34	216 509 561,94	
	XV	TOTAL OF EXPENSES .(II+V+IX+XII)	0,00	0,00	314 531 139,26	210 510 552,80	
	XVI	NET INCOME	0,00	0,00	14 153 460,08	5 999 009,14	