



**Sun Farmacêutica do Brasil Ltda.**  
A Sun Pharma Company

Financial statements as of  
31 March 2022 and 2021

# **Content**

Independent Auditors' Report

Balance Sheet

Profit and Loss Statements

Statements of changes in Shareholders' equity

Statements of Cash Flow

Notes to Accounts

## **INDEPENDENT AUDITORS' REPORT**

**To**  
**The Quotaholders and Executive Board of**  
**SUN Farmacêutica do Brasil Ltda.**  
**Goiânia - GO**

### **Opinion**

1. We have examined the financial statements of **SUN Farmacêutica do Brasil Ltda.**, which comprise the balance sheet as of March 31, 2022 and the respective statements of operations, changes in quotaholders' equity and cash flows for the year then ended, and other accompanying notes to the financial statements and a summary of significant accounting practices.

2. In our opinion, financial statements referred in paragraph above *represent fairly*, in all material respects, the financial position of **SUN Farmacêutica do Brasil Ltda.** as of March 31, 2022, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

### **Base for Opinion**

3. Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in accordance with these standards, are described in the following section, "Auditor's responsibility for the audit of the financial statements". We are independent in relation to the Company, according to the relevant ethical principles established in the Accountants' Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis**

4. During the year ended March 31, 2022, the Company had an unsecured liability scenario over assets of BRL 156,176 (BRL 196,790 in 2021). These financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company's management has no intention of discontinuing its operations and, therefore, the financial statements do not include any adjustments to Asset or Liability accounts that might be required in the event of discontinuation of operations. As a mitigating circumstance, therefore, out of the total current and non-current liabilities, BRL 233,667, are borrowings and supplies taken from controlling shareholders or related parties, and the rest of the liabilities with third parties is perfectly supported by current factor liquidity index at 5,44.

### **Management's responsibility and governance for the financial statements**

5. The Company's management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and the internal controls it deemed necessary to enable the preparation of these financial statements free of material misstatements, regardless of whether caused by fraud or error.



6. In the preparation of the financial statements, management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, when applicable issues related to the continuity of its operations and the use of this accounting base in the preparation of the financial statements, unless management has decided to settle the Company or to discontinue its operations, or does not have any realistic alternative to prevent the discontinuance of operations.

7. The ones responsible for the Company's governance are those with responsibility for overseeing the process of preparation of the financial statements.

#### **Auditor's responsibilities for the audit of the financial statements**

8. Our purposes are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error and to issue audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted according to the Brazilian and international auditing standards will always detect any material misstatements. The misstatements may result from fraud or error and are considered relevant when, individually or in conjunction, they may affect, from a reasonable standpoint, economic decisions of the users based on such financial statements.

9. As part of an audit conducted according to the Brazilian and international auditing standards, we exercise professional judgment, and maintain professional skepticism during the audit. In addition:

- We identify and evaluate the risks of material misstatements in the financial statements, whether due to fraud or error, plan and perform audit procedures in response to such risks, as well as obtain appropriate and sufficient audit evidence to base our opinion. The risk of not detecting material misstatement caused by fraud is higher than that caused by error, since fraud may involve the act of deceiving the internal controls, collusion, forgery, omission or intentional misrepresentations.
- We obtained understanding of the internal controls relevant to audit in order to plan audit procedures appropriate to the circumstances, but not with the aim to express opinion on the effectiveness of the internal controls of the Company.
- We evaluated the fairness of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We take conclusion on the adequacy of adoption by management of the accounting basis of the ability to continue as going concern, and, based on the obtained audit evidences, whether there is a significant uncertainty in relation to Company's ability to continue as going concern. If we conclude that there is a significant uncertainty, we shall call attention in our audit report to the respective disclosures in the financial statements or include a modification in our opinion, if the disclosures are inadequate. Our conclusions are based on audit evidences obtained to the date of our report. However, future events or conditions may cause the Company not to continue as going concern.
- We evaluate the general presentation, structure and content of the financial statements, including disclosures and if the financial statements represent the corresponding transactions and events in compliance with the purpose of fair presentation.

10. We communicate with those responsible for governance with respect to, among other aspects, the planned scope, time of the audit and significant audit findings, including possible material weaknesses in internal controls identified by us during our work.

São Paulo, May 13 2022.



CRC-SP nº 2SP021055/O-1

**Paulo Cesar R. Peppe**  
Accountant CRC-SP nº 1SP095009/O-5

**Hélio Márcio Rodrigues Gomes**  
Accountant CRC-SP nº 1SP195873/O-2



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

## Sun Farmaceutica do Brasil Ltda.

### Balance sheet ended as of 31 March 2022 and 31 March 2021

(In Thousands of Brazilian Reais)

Asset	Note	31/Mar-2022	31/Mar-2021	Liability	Note	31/Mar-2022	31/Mar-2021
<b>Current</b>				<b>Current</b>			
Cash and cash equivalents	4	451	280	Suppliers	9	60.471	81.481
Other investments	4	15.884	34.694	Taxes and contributions payable	10	1.811	664
Accounts receivables from customers	5	17.606	13.776	Salaries and holiday payable	11	2.721	2.555
Inventories	6	50.339	43.439	Other provision	12	8.288	5.255
Current tax assets	7	914	3.353	Other accounts payable	13	639	1.333
Other accounts receivable		594	285	Income Tax Payable		2.314	
<b>Total of current assets</b>		<b>85.788</b>	<b>95.827</b>	<b>Total of current liabilities</b>		<b>76.244</b>	<b>91.287</b>
<b>Non-current</b>				<b>Non-current</b>		<b>173.249</b>	<b>208.407</b>
Fixed assets	8	7.439	6.950	Provision for contingencies	14	(29)	0
Intangible Assets		90	128	Lease rental Agreement - Office and Vehicles		83	134
<b>Total of non-current assets</b>		<b>7.529</b>	<b>7.078</b>	Loans	15	173.196	208.272
				<b>Total of non-current liabilities</b>		<b>173.249</b>	<b>208.407</b>
				<b>Net Equity</b>			
				Share Capital	16	5.573	5.573
				Accumulated losses		(161.749)	(202.364)
				<b>Total of net equity</b>		<b>(156.176)</b>	<b>(196.790)</b>
<b>Total of assets</b>		<b>93.317</b>	<b>102.904</b>	<b>Total of liabilities and net equity</b>		<b>93.317</b>	<b>102.904</b>

The accompanying notes are an integral part of these financial statements.

## Sun Farmaceutica do Brasil Ltda.

### Statements of Income

Fiscal Years ended as of 31 March 2022 and 31 March 2021

(In thousands of Brazilian Reais)

	<u>Note</u>	<u>31/Mar-2021</u>	<u>31/Mar-2020</u>
Operating Revenue	17	179.858	127.743
Cost of goods sold and services rendered		<u>(127.152)</u>	<u>(86.070)</u>
<b>Gross Profit</b>		<b>52.706</b>	<b>41.673</b>
<b>Operating expenses</b>			
Sales	18	(3.814)	(2.365)
Administrative and General expenses	19	(41.551)	(36.667)
Other operating (expenses) income		<u>1.753</u>	<u>1.982</u>
<b>Earnings before net financial (expenses) revenue and taxes</b>		<b>9.094</b>	<b>4.622</b>
Financial expenses	20	36.525	(17.467)
Financial revenues	20	<u>3.962</u>	<u>538</u>
<b>Net financial (expenses) revenue</b>		<b>40.487</b>	<b>(16.928)</b>
<b>Results before taxes</b>		49.581	(12.306)
<b>Income tax and social contribution</b>		<b>(8.970)</b>	<b>(415)</b>
Current IRPJ		(6.590)	(282)
Current CSSL		(2.380)	(133)
Deferred			
<b>Income for the fiscal year</b>		<b>40.611</b>	<b>(12.721)</b>

The accompanying notes are an integral part of these financial statements.



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

## **Sun Farmaceutica do Brasil Ltda.**

### **Statements of changes in stockholders' equity**

**Fiscal years ended as of 31 March 2022 and 31 March 2021**

*(In thousands of Brazilian Reais)*

	<u>Note</u>	<u>Share Capital</u>	<u>Accumulated losses</u>	<u>Total</u>
<b>Balance as of 31 of March de 2020</b>		5.573	(189.642)	(184.069)
Results for the period		-	(12.721)	(12.721)
<b>Balance as of 31 of March de 2021</b>		5.573	(202.364)	(196.791)
Results for the period			40.611	40.611
Correction of past period results	16 (a)		3	3
<b>Balance as of 31 of March de 2021</b>		5.573	(161.749)	(156.176)

The accompanying notes are an integral part of these financial statements.



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

**Sun Farmaceutica do Brasil Ltda.**  
**Statement of Cash Flows - Indirect method**  
**Fiscal years ended as of 31 March 2022 and 31 March 2021**  
*(In thousands of Brazilian Reais)*

	<u>Note</u>	<u>31/Mar-2022</u>	<u>31/Mar-2021</u>
<b>Cash flows from operating activities</b>			
<b>Profit and (losses) before taxes</b>		49.581	(12.306)
Adjustments for:			
Depreciation		1.165	1.130
Amortization		38	38
Impairment Test Adjustment		(2.312)	-
Rental lease agreement - Vehicles and Office		(52)	14
Provision for contingencies		(29)	(119)
Provision for doubtful receivables		(458)	251
Provision for inventory devaluation		2.946	(1.783)
Other provision		8.030	3.715
Unrealized exchange rate variation		(37.104)	18.227
Result on fixed assets retirement		1.736	322
Ajuste de exercicios anteriores		3	-
Tax benetit - refund		(6)	(3.108)
		<u>23.538</u>	<u>6.382</u>
<b>(Increase) decrease in assets and and liabilities</b>			
Other Investment		(3.149)	(1.501)
Accounts receivables from customers		(9.846)	(23.738)
Investories		2.445	30
Current tax assets		(308)	(78)
Taxes and contributions payable		3.462	(903)
Salaries and charges payable		166	37
Suppliers		(19.207)	33.184
Other Provisions to payable		(4.997)	(3.765)
Other accounts payable		(694)	75
		<u>(32.128)</u>	<u>3.340</u>
		<b>(8.590)</b>	<b>9.721</b>
<b>Cash from operations</b>		<u>(8.590)</u>	<u>9.721</u>
Income tax and social contribution paid on the fiscal year		(8.970)	(415)
		<b>(17.560)</b>	<b>9.306</b>
<b>Cash flows from investments and financing activities</b>			
Acquisition of fixed assets	8	(1.078)	(600)
<b>Net cash used in investments and financing activities</b>		<u>(1.078)</u>	<u>(600)</u>
<b>Increase in cash and cash equivalentes</b>		<b>(18.638)</b>	<b>8.706</b>
<b>Statement of cash and cash equivalentes reduction</b>			
At the beginning of the fiscal year		34.973	26.267
At the end of the fiscal year	4	<u>16.335</u>	<u>34.973</u>
		<u>(18.638)</u>	<u>8.706</u>

The accompanying notes are na integral part of these financial statements.





SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

## **Explanatory notes to financial statements** *(In thousands of Brazilian Reais)*

### **1 - Operating context**

SUN Farmacêutica do Brasil Ltda., founded on April 10, 2002, has its head office in the city of Goiânia - State of Goiás. Its corporate purpose is import, export and trade of pharmaceutical products in general, as well as the import, export and distribution of pharmaceutical supplies, medical devices and similar goods.

The company has a branch in the city of São Paulo - State of São Paulo, with the corporate purpose of Administrative office.

In November 2014, the shareholders decided by mutual agreement to change the corporate name of the company from TKS Farmacêutica do Brasil Ltda to SUN Farmacêutica do Brasil Ltda, and it henceforth bears the assumed name: SUN Farmacêutica do Brasil Ltda.

#### **1.1 - Management plan for 2022 and 2021**

The balance sheet ended as of 31 March 2022 has a negative net worth of BRL 156.176 Mn.

Management believes that the amounts will be reversed in the coming years; and the main change will be the reduction of exchange exposure in the importation of goods, and reduction of expenses related to group companies.

In addition, 17 new drugs are being processed by the Health Regulatory Agency, whose studies reveal that with the approvals, we will create a new marketing channel and the company will reverse the accumulated loss in the coming years. Another important point is related to the authorization of drug products, as they are in on-going process of approval with the health regulatory agency, 17 new drugs, whose studies reveal that with the approvals, we will create a new marketing channel and the company that will revert the loss accumulated in the coming years.

### **2 - Presentation of the Financial Statements**

The financial statements were prepared in accordance with accounting practices adopted in Brazil and comprise the period from April to March, having their issue authorized by the Board on 20 April 2022.

The Company adopts the Law no. 6.404/76 and its amendments introduced by Law no. 11.638/07, which modified, revoked and introduced new provisions to the Brazilian Companies Law.

The aforementioned law aimed, mainly, to update the Brazilian corporate law to allow the process of convergence of accounting practices adopted in Brazil with those comprised in the International Financial Accounting Standards (IFRS).

#### **2.1 Functional currency and presentation currency**

The financial statements are presented in Brazilian Real, which is the functional currency of the Company. All financial information presented in Real have been rounded up to the nearest thousands, except where indicated otherwise.



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

## **2.2 Use of estimates and judgments**

The preparation of financial statements in accordance with the accounting practices adopted in Brazil requires that the Management of the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Estimates and assumptions are reviewed in a continuous way. Revisions with respect to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The information on assumptions and estimates that have a significant risk of result in material adjusting within the next few years are included in the following explanatory notes:

- Note 5 - Provision for doubtful receivables
- Note 6 - Provision for inventory obsolescence
- Note 8 - Review of the of the fixed asset useful life
- Note 13 - Provision for contingencies

## **3 Summary of Significant Accounting Policies**

### **a. Determination of Net Income**

Net income of operations of the company are established in accordance with the accounting of competence of exercises, which covers the period from April to March of each year.

Operating revenues from the sale of products, as well as costs and expenses are recognized in the outcome as a function of its implementation, i.e., when there is convincing evidence that the risks and benefits more significant and inherent to ownership have been transferred to the purchaser.

### **b. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balances in current bank accounts and financial investments of high liquidity. The financial investments are recorded at cost, plus income earned during the financial year, duly regulated by the central bank of Brazil.

### **c. Accounts receivable from customers**

Accounts receivable from customers are initially recorded by the invoiced value, including their direct taxes, tax liability of the Company, minus the taxes withheld at source, of which are considered as tax credits.

The provision for credit losses was made at an amount considered sufficient by the Management to compensate for any losses on the realization of the credits earned more than 12 months and or when identified the inability of recovery.

As provided in the CPC12, adjustment to the present value was not registered by virtue of not having material effect on the financial statements.

### **d. Inventories**

Inventories are stated on the basis of historic cost of acquisition and production, plus expenses relating to transport, storage and non-recoverable taxes. In the case of industrialized products, under elaboration and finished, the inventory includes the manufacturing overheads based on the normal capacity of production. The cost is determined by the weighted average cost. The values of inventories recorded does not exceed the net value of realization. The net realization value, which



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

corresponds to the estimated selling price in the ordinary course of business, less the actual costs of completion and those necessary to make the sale.

Physical verification of stock was carried out at the end of March, and as per past trends, no significant variations were found.

**e. Fixed asset**

• **Fixed assets**

Items of fixed asset (property, plant and equipment) are measured at historic cost of acquisition or construction, less accumulated depreciation and loss of reduction to the recoverable amount (impairment), if applicable.

The cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of assets constructed by the company itself includes the cost of materials and labor, other direct costs to place the asset in the location and condition necessary for these to be capable of operating in the manner sought by the management, the costs of dismantling and restoration of the site where these assets are located.

The improvement in third parties' properties are amortized in accordance with the duration of the lease contract.

Gains and losses on disposal of an item of property, plant and equipment are calculated by comparison between the resources deriving from disposal with the carrying amount of property and are recognized net inside of other revenues in the result.

Other costs are capitalized only when there is an increase in the economic benefits of the item of fixed asset. Any other type of expense is recognized in the result as an expense when incurred.

• **Depreciation**

Depreciation is calculated on the depreciable value, which is the cost of an asset, or other substitute value of the cost minus the residual value.

Depreciation is recognized in the results based on the straight-line method over the estimated useful lives of each part of an item of the fixed asset, since this method is that one that more closely reflects the pattern of consumption of future economic benefits embodied in the asset. Lands are not depreciated.

The estimated useful lives are as follows:

	<b>Years</b>
Machines and equipment	14
Furniture and utensils	12
IT equipment	10
Vehicles	12
Improvement in third parties' property	5

The depreciation methods were reviewed, and new rates will be adopted, each closing of the financial year and any adjustments are recognized as changes in accounting estimates.

• **Intangible Assets**

It is valued at cost of acquisition, less accumulated depreciation and losses by reducing the recoverable amount, when applicable.

The intangible asset of the company has defined life, composed by software. The record of



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

depreciation is done in the demonstration of the income statement of the fiscal year, under the heading "Depreciation and amortization".

The estimated useful life for the current fiscal and year is:	Years
Software	10

- **Reduction in the recoverable value of assets**

According to NBC TG 01 (R4) – Impairment of Assets – Related to IAS 36.

Aims to ensure that the assets are not recorded accounted for a higher value than the one that can be recovered in time for use of the company's operations or its eventual sale.

**f. Leasing Operation**

In line with the pronouncement of the new Accounting Standard on Leasing, through CPC 06 (R2) and in India (Where Sun's headquarters are located) from April 1, 2019 through Ind AS 116. It establishes principles for the recognition and measurement of leases, the purpose of which is to ensure relevant information that faithfully represents these transactions.

As part of a Big group, as of April 1, 2019, Sun Farmacêutica do Brasil Ltda. adhered to the referred norm, and began to treat the property rental according to its requirements. The company started to present its Assets - Right of Use (Net Present Value of the Lease Agreement) and its Lease Liabilities (Net Present Value of the Lease Payable, updated by interest). The Right of Use is amortized over the term of the contract and its effects are reflected in the result.

**g. Current and non-current liabilities**

The current and non-current liabilities are demonstrated by the known or calculated estimated plus, when applicable the corresponding charges, monetary variations and/or exchange rate incurred up to the date of the balance sheet.

**h. Short-term benefits to employees**

Obligations of short-term benefits to employees are measured on an undiscounted basis and are incurred as expenses as the related service is provided.

Provision was made for the payment of bonuses on individual performance and was recognized by the amount expected to be paid under the plans of bonuses on money or participation in profits in the short term if the company has a legal or constructive obligation to pay this value in function of past service rendered by the employee, and the obligation can be estimated reliably.

**i. Loans and Financing**

The financial charges and the monetary indexations of the loans are accounted for on the basis of the period elapsing, being established in accordance with the terms of the contracts. Composed mainly by contracts aiming at the expansion of production capacity, as well as modernization, as well as to meet working capital needs.

**j. Provisions**

A provision is recognized in the balance sheet when the company has an obligation or as a result of a past event, and it is probable that an economic resource will be required to settle the obligation. Provisions are recorded taking as a basis the best estimates of the risk involved.



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

#### **k. Income tax and social contribution**

The fiscal year for calculation of income tax is determined by law, and comprises the period counting from January to December, unlike the corporate year depicted in the financial statements, which comprises the period from April to March.

The income tax and social contribution of current and deferred charges are calculated on the basis of rates of 15%, plus an additional 10% on the taxable profit surplus of BRL 240 for income tax and 9% on taxable profit for social contribution on net profits and consider the offsetting of tax losses and negative social contribution base, limited to 30% of the real profit.

The current tax is the tax payable or receivable expected on the taxable profit or loss for the year, the tax rates enacted or substantively enacted at the date of presentation of the financial statements and any adjustment to tax payable in relation to previous years.

The Company does not recognize the Income Tax and Social Contribution, of deferred tax assets on tax loss and negative base of social contribution, and also on temporary differences between the tax base of assets and liabilities and their respective accounting value. The deferred active Income Tax and Social Contribution are recognized based on the expected generation of future taxable profits. Deferred tax is measured by the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the date of presentation of the financial statements.

The Company does not have any value recorded with respect to income tax and social contribution deferred during the fiscal year, due to expected generation of future taxable profits.

#### **l. Financial Instruments**

The financial instruments are only recognized as from the date on which the company becomes part of the contractual provisions of the financial instruments. When recognized, are initially recorded at its fair value plus transaction costs that are directly attributable to the acquisition or contracting. On 31 March 2022, the accounting value of the financial instruments of the company, represented mainly by cash, accounts receivable, accounts payable to suppliers and loans with financial institutions and related companies were equivalent to its market value. The company does not use financial instruments in exchange operations of indices (SWAP) or involving operations in the form of derivatives risk. Other Assets and Liabilities

An asset is recognized in the balance sheet when it is probable that future economic benefits will be generated in favor of the company and its cost or value can be measured with security.

The current and non-current liabilities are demonstrated by the known or calculated values plus, when applicable the corresponding charges and monetary variations incurred up to the date of the balance sheet.

Provisions are recorded taking as a basis the best estimates of the risk involved. The financial statements therefore include various estimates based on objective and subjective factors, based on the judgment of the management for the determination of appropriate values to be recorded. The settlement of transactions involving these estimates may result in divergent values of the recorded in the financial statements due to the inaccuracies inherent to the process of determining them, for which reason the management periodically revise such estimates and assumptions.

Estimates and assumptions are used in the selection of the useful lives of the assets, for the constitution of adjustment for the possible risk of not carrying out their accounts receivable, as well as in the analysis of other risks for the determination of other provisions, including the contingent liabilities and other similar, in addition to the valuation of financial instruments and other assets and liabilities on the balance sheet date.



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

The realizable rights and obligations are classified as Current when their realization or settlement occur within twelve months following the date of presentation of the financial statements. Otherwise, they are shown as Non-current.

#### 4 Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
Cash	3	3
Banks	448	277
Other investments (Short Investments)	15.884	34.694
<b>Total</b>	<b><u>16.335</u></b>	<b><u>34.973</u></b>

The variation of cash and cash equivalents is directly linked to the payments made during the year, to SPIL, towards import purchase invoices for finished goods.

#### 5 Accounts receivable from customers

Accounts receivable from customers are initially recorded by the invoiced value, including their direct taxes, tax liability of the Company, minus the taxes withheld at source, of which are considered as tax credits.

Other accounts receivable refers to the Credit Note issued against the Corporate, related to the "Transfer Price adjust", that is, purchase of products with prices higher than the one practiced in Brazil and amounts related to the goods claim.

The provision for credit losses was made at an amount considered sufficient by the Management to compensate for any losses on the realization of the credits earned more than 12 months and or when identified the inability of recovery.

The adjustment related to the recognition of revenue, are due to bills that have been invoiced, dispatched and that on 31 March 2022, had not been received by customers.

	<u>2022</u>	<u>2021</u>
Accounts receivable	24.456	18.785
Other accounts receivable	488	514
(-) Provision f/ doubtful settlement Credits	-1.005	-1.463
(-) Revenue adjustment recognition	-6.333	-4.059
<b>Total</b>	<b><u>17.606</u></b>	<b><u>13.776</u></b>

On 31/03/22 the total gross value of trade bills receivable from the company, distributed by maturities as follows:

<b><u>Not yet due</u></b>	<b><u>BRL</u></b>
Within 30 days	14.164
From 31 to 60 days	7.141
From 61 to 90 days	2.014
<b>Subtotal</b>	<b><u>23.319</u></b>
<b><u>Overdue</u></b>	<b><u>BRL</u></b>
From 91 to 180 days	133
Over 365 days	1.005
<b>Subtotal</b>	<b><u>1.137</u></b>
<b>Total Geral</b>	<b><u>24.456</u></b>



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

## 6 Inventories

	<u>2022</u>	<u>2021</u>
Products for Resale	30.179	27.840
Adjust Revenue Recognition -Cogs	4.711	2.618
Raw material	2	0
Packaging materials	49	44
Goods in transit – Goods	19.685	13.569
Customs Broker	286	17
Others	190	283
(-) Adjustment Net Val of Realization	-1.311	-0
(-) Adjustment Recoverable Val. Est. Obsolete (a)	-3.452	-934
<b>Total</b>	<b><u>50.339</u></b>	<b><u>43.439</u></b>

The balance figured in the accounts identified above as (a) - shelf life of inventories, to mature in the next 1 year and non-moving for more than 1 year, management has made the adjustment and awaits the approval of Regulatory Health Agency for them to be destroyed.

Physical inventory count was carried out in the beginning of Apr'22, here were no major variations in these counts, and we have not identified any risk regarding the numbers reported here.

## 7 Current tax asset

	<u>2022</u>	<u>2021</u>
ICMS on Purchase (a)	0	1.634
VAT on fixed assets	79	122
TDS recoverable	616	218
Anticipated CSSL	93	148
Anticipated IRPJ	125	1.231
<b>Total</b>	<b><u>914</u></b>	<b><u>3.353</u></b>

- a) At the end of 2020, the Term of Agreement for ICMS TARE 185/2011-GSF reached the end of the 10 (ten) year fruition period, causing import operations to be subject to ICMS upon entry of goods. TARE 01-1070/2021-GSE came into force on April 28, 2021, enabling that the ICMS payment on import will be paid on exit of the products and not on entry.

## 8 Fixed assets

The company has conducted tests of impairment in all its assets and found losses by devaluation. Also, with the adoption of CPC 06, which as of April 2019, the company began to present its Assets - Right of Use (Net Present Value of the Lease Contract) and its Lease Liabilities (Net Present Value of the Lease Payable, restated by interest). The Right of Use is amortized over the term of the contract and its effects are reflected in the result.



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

Fixed Assets		2022			2021
Descriptions	Annual Rate	Gross Book	(-) Accumulated Depreciation	Total	Previous Year
Land		118	0	118	118
Installations	10%	839	-543	296	333
Plant and Machinery	10%	5.176	-3.631	1.545	3.286
Furniture and fixture	10%	356	-235	121	150
Computer Equipment's	20%	1.119	-719	400	364
Vehicles	8%	914	-351	563	88
Buildings	4%	8.098	-3.329	4.769	5.093
Tools and devices	20%	359	-324	35	179
Rental of Vehicles and Office		1.242	-1.179	63	121
CWIP		681	0	681	683
<b>Subtotal of Fixed assets</b>		<b>18.901</b>	<b>-10.310</b>	<b>8.591</b>	<b>10.414</b>
<b>Impairment Test</b>		<b>-</b>	<b>-</b>	<b>-1.152</b>	<b>-3.464</b>
<b>Total of Fixed assets</b>		<b>-</b>	<b>-</b>	<b>7.439</b>	<b>6.950</b>

Balance of account property, plant and equipment accounts for the period from April 1, 2021 to March 31, 2022 as follows:

Descriptions	Useful Life	Opening Balance	(+) Income	(-) Out	Closing Balance
Land	0	118	0	0	118
Installations	10	884	0	-45	884
Plant and Machinery	10	7.980	0	-2.804	7.980
Furniture and fixture	12	389	0	-33	389
Computer Equipment's	10	989	155	-25	989
Vehicles	12	368	546	0	368
Buildings	25	8.098	0	0	8.098
Tools and devices	14	751	0	-392	751
Rental of Vehicles and Office	0	879	362	-14	879
CWIP	0	683	15	-2	683
<b>Total of Fixed assets</b>		<b>21.138</b>	<b>1.078</b>	<b>-3.315</b>	<b>18.901</b>

#### Depreciation Evolution

Descriptions	Annual Tax Rate	Opening Balance	(+) Income	(-) Out	Closing Balance
Installations	10%	551	28	-37	543
Plant and Machinery	10%	4.694	177	-1.241	3.631
Furniture and fixture	10%	240	20	-25	235
Computer Equipment's	20%	626	118	-25	719
Vehicles	20%	280	72	0	351
Buildings	4%	3.005	324	0	3.329
Tools and devices	20%	572	5	-253	324
Rental of Vehicles and Office		758	421	0	1.179
<b>Total of Fixed assets</b>		<b>10.724</b>	<b>1.165</b>	<b>-1.579</b>	<b>10.310</b>





SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

Descriptions	Impairment Test Evolution			
	Opening Balance	(+) Income	(-) Out	Closing Balance
Buildings	421	0	-287	134
Plant and Machinery	2.793	0	-1.861	933
Furniture and fixture	61	10	-33	37
Computer Equipment's	19	14	-19	14
Tools and devices	169	34	-169	34
<b>Impairment Total (a)</b>	<b>3.464</b>	<b>57</b>	<b>-2.369</b>	<b>1.152</b>

(a) As per management decision, plant in Goiania has stopped local manufacturing w.e.f. Feb 2017. The primary reasons behind this shutdown, was driven by the three following factors:

- ✓ Significantly higher investments were projected as requisites to have more economic levels of production;
- ✓ Low capacity of plant, inefficient machineries and production lines having led to high overheads, and therefore high cost per unit, making the products being manufactured have low margins, rendering them economically unviable;
- ✓ Denial of registration for new products to be manufactured at Goiania plant, also erased the opportunity for further absorption of overheads, and rendering products manufactured here, yield reasonable margins.

## 9 Suppliers

	2022	2021
Intercompany - Principal	22.402	47.780
Intercompany - Exchange rate	1.535	3.320
Intercompany - TP adjustments	19.685	13.569
Intercompany - In-Transit	16.735	16.735
Intercompany - Sun Mexico	49	0
Other Suppliers	65	78
<b>Total</b>	<b>60.471</b>	<b>81.481</b>

The outstanding in USD to pay Sun Pharmaceutical is USD 1,935 Mn, this amount consists of triangulation purchase sale with Sun Mexico, and debit notes, which is related to the transfer price adjustment, required by India, the company's exposure to the risk of currency and credit related to suppliers and other accounts payable are disclosed in Note 20 section (v).

## 10 Taxes and contributions payable

<i>Social contributions payable</i>	2022	2021
INSS payable on payroll	385	344
INSS withheld at source	7	7
FGTS on payroll	88	77
PIS/COFINS/CSSL/ISS withheld at source	11	20
<b>Subtotal</b>	<b>490</b>	<b>448</b>



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

<i><b>Taxes payable</b></i>	<b>2022</b>	<b>2021</b>
Income tax withheld at source	314	367
ICMS/ PIS/ COFINS on Sales	1.007	309
(-) Adjustment of ICMS/PIS/COFINS on revenue recognition (a)	-592	-629
Provision for ICMS on short expiry Stock	587	159
Taxes Payable (b)	2.314	0
Others	5	10
<b>Subtotal</b>	<b>3.635</b>	<b>216</b>
<b>TOTAL</b>	<b>4.125</b>	<b>664</b>

- (a) The adjustment of VAT (ICMS) is related to revenue recognition of invoices revenue that have been invoiced, dispatched and that on 31 March, had not been received by customers.
- (b) Taxes Payable is towards Income Tax and CSSL on earnings

### ***11 Labor Cases Liability***

	<b>2022</b>	<b>2021</b>
Salaries	643	629
13th Salary and Tax Provision	305	291
Vacation and Tax Provision	1.773	1.635
<b>Total</b>	<b>2.721</b>	<b>2.555</b>

### ***12 Other Provisions***

	<b>2022</b>	<b>2021</b>
Provisions for returns	2.572	1.539
Provision for Selling expenses (a)	2.355	2.250
Bonus on performance\provision for Termination, payable	2,204	1.158
Administrative services payable (b)	1.157	272
Income Tax provision	2.314	0
<b>Total</b>	<b>10.602</b>	<b>5.255</b>

- a) The company uses autonomous Sales Representatives, hired in accordance with the Law no. 4.886, as of 09 December 1965, where they are compensated by a fixed percentage on sales, primary and secondary. Provision for termination agreement (1/12 + 1/3) in the amount of BRL 2,250 has been done, as determined by the legislation.

### ***13 Other Accounts Payables***

	<b>2022</b>	<b>2021</b>
Accounts Payables – Services	626	867
Advances received from customers	58	499
Freight – Revenue Recognition Adjustment	-45	-33
<b>Total</b>	<b>639</b>	<b>1.333</b>



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

#### 14 Contingencies

The company is a defendant in lawsuits and administrative proceedings before various courts and governmental bodies, arising from the normal course of operations, involving tax, labor, civil aspects and other matters.

Based on information from the legal advisors, analysis of lawsuits pending and, regarding labor actions, management did not constitute a provision, considering that the accounting practices adopted in Brazil do not require their accounting, as follows:

	2022		2021	
	Provision	Judicial Deposit	Net	Net
Labor	0	0	0	119
	<b>0</b>	<b>0</b>	<b>0</b>	<b>119</b>

##### a. Summary of labor processes

As of March 31, 2021, the Company used to have only 2 cases of labor claims that were finalized and written off in the 2nd quarter of 2021-22.

#### 15 Transaction with Related parties

<u>Loans</u>	2022	2021
- Alkaloida Chemical ZRT	173.196	208.272
<b>Total</b>	<b>173.196</b>	<b>208.272</b>

On March 31, 2022, the outstanding in US Dollar (USD) to Alkaloida is USD 36,556 Mn with an interest rate of 0% p.a.

#### 16 Net Equity

Share capital is composed of 5.573 shares, (BRL 5.573 in 2021) fully subscribed and paid, represented by 5.573.482 shares, being on the nominal value of BRL 1,00 each, which are distributed as follows:

<u>Quota Holder</u>	<u>Country</u>	<u>31/03/2022</u>	<u>%</u>
<b>Partners</b>			
Alkaloida Chemical Company ZRT	Hungria	5.550	99,58
Sun Pharma Holding	Índia	19	35
Sun Pharmaceutical Industries Limited	Índia	4	07
		<b>5.573</b>	<b>100%</b>

The capital was registered with the Brazilian Central Bank in order to enable the company to transfer profits abroad and to repatriate the foreign capital invested.

- (a) An adjustment has been made to the equity in the current year, which pertains to the prior year, w.r.t. to a Promotional Material expense invoice that was accounted within the period but not reflected in the trial balance used to report income and expense for 2021-22.



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

### 17 Operating Revenue

	<b>2022</b>	<b>2021</b>
Resale of Goods	204.907	142.470
Resale of samples for bioequivalence	533	149
Tax Benefit	6	3.108
<b>Gross revenue from sales</b>	<b>205.447</b>	<b>145.727</b>
Taxes on sales and resales	-21.481	-16.838
Discounts given	-426	-207
Sales Returns	-3.681	-939
(-) Sales Deduction	<b>-25.589</b>	<b>-17.984</b>
<b>Operating Revenue</b>	<b>179.858</b>	<b>127.743</b>

The company's sales on the domestic market are currently directed to distributors, pharmacy chains, and distributor hospitals.

The financial discounts refer to hospital products that were not delivered, and the customer received some kind of penalty in which, because we were co-responsible, and had to reimburse them.

### 18 Sales Expenses

	<b>2022</b>	<b>2021</b>
Advertising and Publicity	213	328
Promotional material	978	1.240
Promotional campaigns	1.065	540
Sales Convention	33	0
Fairs; Congresses and events	241	17
Travel Expenses	300	100
Other promotional expenses	984	140
	<b>3.814</b>	<b>2.365</b>

With the launch of new molecules, Sun Pharma invested in promotional material, aimed at sales development with doctors, health plans and clinics. In 2021-22, with the improvement in the pandemic situation Sun Pharma restarted participating in presentational congresses related to oncological drugs and hospital fairs, aiming to publicize the Sun Pharma brand.

### 19 General and Administrative Expenses

	<b>2022</b>	<b>2021</b>
Personal	25.217	22.345
Equipment Maintenance	1.264	920
Rent Expenses	56	51
Power Expenses	494	569
Provision / Expenses with contingencies	0	-119
Travel Expenses	236	35
Commissions Expenses and Sales Incentive	2.280	1.856
Service Provided	633	674
Regulatory (a)	1.792	2.019
Quality Control (b)	5.340	4.187
Taxes and fees	355	206
Other administrative expenses (c)	2.697	2.756
Depreciation and amortization	1.188	1.168
	<b>41.551</b>	<b>36.667</b>



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

- a) Regulatory expenses are related to the development of new 15 products, of which amounts are spent with for bioequivalence study and pharmaceutical consulting, as well as the provision of Anvisa's rate differences as informed above.
- b) Expenses with QC Control, related to Tech transfer process of Ranbaxy products, which from 2021, will have the QC/QA shared with Sun Farmaceutica do Brasil, this process aims to reduce the costs with consumables.
- c) The main expenses recorded in Other administrative expenses are the operational cost of the warehouse BRL 1.796, surveillance service BRL 0,295, telephones BRL 0,101, among other small expenses

## 20 Net financial (expenses) revenue

	<u>2022</u>	<u>2021</u>
<b>Financial expenses</b>		
Interests	12	-3
Exchange rate	-36.672	-17.411
Others	135	-53
	<u><b>-36.525</b></u>	<u><b>-17.467</b></u>
<b>Financial revenues</b>		
Interests	-42	14
Interest on financial investments	-3.904	517
Others	-17	8
<b>Subtotal</b>	<u><b>-3.962</b></u>	<u><b>539</b></u>
<b>TOTAL</b>	<u><b>-40.488</b></u>	<u><b>-16.928</b></u>

## 21 Insurance coverage

The company has hired with Allianz Seguros no. 5177202253180028968, a property insurance, which aims to guarantee covers for possible claims, together with all the addresses of the company in the Brazilian territory. The amounts contracted are considered sufficient to cover possible claims, considering the nature of their activity.

As of March 31, 2022, insurance coverage against operational risks is composed of BRL 50.00 Mn.

## 22 Financial Instruments

### (i) Identification and valuation of financial instruments

The accounting balances of financial instruments such as cash, accounts receivable, taxes, loans and financing, when compared with the values that could be obtained on their negotiation in an active market or, in their absence, with its net present value is adjusted based on the prevailing rate of interest on the market approach, substantially, their corresponding market values.

### (ii) Credit risk

It arises from the possibility of the company suffering losses arising from defaults of their counterparts or depositary financial institutions of resources or financial investments. To mitigate these risks, the company adopts as a practice analysis of financial and equity status of its operations, as well as the definition of credit limits and permanent monitoring of open positions. Regarding financial institutions, the Management only carries out transactions with reputable financial institutions and of low risk, assessed by rating agencies.



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

**(iii) Risk of price of the goods sold**

It arises from the possibility of oscillation of market prices of products marketed by the company. These price fluctuations can cause substantial changes in their income and their costs. To mitigate these risks, Management permanently monitors the local and international markets, seeking to anticipate the price movements.

**(iv) Interest rate risk**

It arises from the possibility of the company suffering gains or losses arising from fluctuations in interest rates levied on its financial assets and liabilities. Aiming to mitigate this type of risk, Management seeks to diversify the acquisition of resources in terms of rates fixed or floating.

**(v) Exchange rate risk**

The associated risk arises from the possibility of the company coming to incur losses due regarding fluctuations in exchange rates, which increase the values obtained on the market. On 31 March 2022 the company had liabilities, denominated in foreign currency, there is no financial instrument to protect this exposure on that date.

	<u>2022</u>	<u>2021</u>
	<u>USD</u>	<u>USD</u>
Suppliers	1.935	1.806
Loans	36.556	36.556
	<u><b>38.491</b></u>	<u><b>38.362</b></u>

The following exchange rates were applied during the year:

<u>Average Rate</u>		<u>Closure Rate on the date of the Financial Statements</u>	
<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
5,2850	5,4707	4,7378	5,6973

***Exchange Rate Sensitivity Analysis***

The Company has liabilities linked to foreign currency in the balance sheet as of 31 March 2022, and for the purposes of analysis of sensitivity, adopted as a likely scenario the rate of BRL 5,20.

Therefore, the table below shows the simulation of the unrealized exchange rate effects in the future outcome in scenarios of increases and reductions:

<b>Exchange Rate Risk</b>	<u>Scenarios (increase)</u>		
	<u>Likely</u>	<u>Possible</u>	<u>Remote</u>
Scenarios and price levels	5.20	5.40	5.60
Passive Position	200,153	207,851	215,550
Total net effect	(18)	(26)	34



SUN Farmacêutica do Brasil Ltda.  
Financial statement as of  
31 March 2022 and 2021

<b>Exchange Rate Risk</b>	<b>Scenarios (reduction)</b>		
	<b>Likely</b>	<b>Possible</b>	<b>Remote</b>
Scenarios and price levels	4.80	4.60	4.50
Passive Position	184,757	177,059	173,210
Total net effect	3	(5)	(9)

*(vi) Derivative financial instruments*

The company has not used financial instruments in exchange operations of indices (SWAP) or involving operations in the modality of derivatives.

**23 Approval of the set of Financial Statements and Explanatory Notes**

These financial statements were approved by the Management of Sun Brazil Pharmaceutical Ltda., and authorized for issue on 20 April 2022.

**Walter Wiesmueller Coelho Filho**  
RFC - Regional Finance Controller

**Babita Roy**  
F&A and Planning Manager

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