

Independent Auditor's Report

May 6th, 2022

The Board of Directors
Sun Pharma Operating Japan Ltd.

Kuno Yasunari CPA Firm
Certified Public Accountant

Auditor's opinion

I have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to the financial statements of Sun Pharma Operating Japan Ltd.(the "Company") for the fiscal year from June 1, 2021 to March 31, 2022.

In my opinion, the accompanying financial statements has been prepared in all material respects, for the fiscal year ended March 31, 2022, in accordance with accounting principles generally accepted in Japan.

Basis of Opinion

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

Responsibilities of Management and the Corporate Auditor for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with accounting principles generally accepted in Japan, and for design and operation of such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, I exercise professional judgement and maintain professional skepticism throughout the audit.

I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion.
- Obtain an understanding of internal control relevant to the audit as part of our risk assessment in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exist or related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events of condition may cause the Company to cease to continue as a going concern.
- Evaluate whether the financial statements are presented and the disclosures contained therein prepared in accordance with accounting principles generally accepted in Japan.

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

Conflicts of Interest

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

Notes to the Readers of Independent Auditor's Report

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

Sun Pharma Japan Technical Operations Limited
Balance Sheet as of March 31, 2022

(Unit : Japanese yen)

Asset	
Current Assets	
Cash and Deposits	731,528,815
Trade Receivable	278,290,283
Accounts Receivable Other	6,064,719
Inventories	748,381,028
Prepaid Expenses	24,128,101
Advance Payment	31,253,872
Total Current Assets	1,819,646,818
Non-Current Assets	
Property and Equipment	
Buildings	2,098,217,345
Machinery & Equipment	1,204,133,494
Construction in progress	31,677,500
Accumulated Depreciation	(2,317,550,771)
Land	31,500,700
Total Property and Equipment	1,047,978,268
Intangible Assets	1,596,559
Other Assets	
Security Deposits	771,000
Deferred tax assets	43,564,167
Total Other Assets	44,335,167
Total Non-Current Assets	1,093,909,994
Total Assets	2,913,556,812
Liabilities	
Current Liabilities	
Trade Payable	216,207,021
Accounts Payable Other	135,197,789
Accrued Expenses	47,222,291
Consumption tax payable	26,775,465
Deposits received	1,943,021
Provision for Bonus	28,394,700
Total Current Liabilities	455,740,287
Non-Current Liabilities	
Long Term Loan	700,000,000
Asset Retirement Obligation	9,700,000
Provision for Retirement Benefits	49,880,022
Other Liabilities	6,997,621
Total Non-Current Liabilities	766,577,643
Total Liability	1,222,317,930
Equity	
Equity	
Share Capital	50,000,000
Capital surplus and Retained earning	1,641,238,882
Total Equity	1,691,238,882
Total Liabilities and Equity	2,913,556,812

Sun Pharma Japan Technical Operations Limited
Profit & Loss Statement for the period ended March 31, 2022

(Unit : Japanese yen)

Product Sales		1,593,930,977
Cost of Product Sales		1,392,373,220
Gross Profit		201,557,757
Selling, General and Administrative Expenses		
Personnel expenses		68,846,542
Depreciation and Amortization		2,251,561
Other		121,545,544
Total Selling, General and Administrative Expenses		192,643,647
Operating Profit		8,914,110
Non-Operating Income		
Interest Income	358	
Miscellaneous Income	664,338	
Total Non-Operating Income		664,696
Non-Operating Expenses		
Interest Expense	2,057,162	
Foreing Exchange Loss	1,292,456	
Total Non-Operating Expense		3,349,618
Ordinary Profit		6,229,188
Extraordinary Loss	2,590,020	
Total Extraordinary Loss		2,590,020
Profit before Income Tax		3,639,168
Income Tax		751,580
Net Profit		2,887,588

Statements of Shareholders' Equity
Sun Pharma Japan Technical Operations Limited

From June 1, 2021
To March 31, 2022

(Unit : Japanese yen)

	Share Capital	Capital Reserve	Retained Earnings	Total Shareholders' Equity
		Other Capital Reserve	Retained Earnings brought forward	
Balance at June 1, 2021	-	-	-	-
changes of items during the period	-	-	-	-
Issuance of new shares	50,000,000	-	-	50,000,000
Increase by corporate division	-	1,638,351,294	-	1,638,351,294
Net Income (Loss)	-	-	2,887,588	2,887,588
Total changes of items during the period	50,000,000	1,638,351,294	2,887,588	1,691,238,882
Balance at March 31, 2022	50,000,000	1,638,351,294	2,887,588	1,691,238,882

Notes to Financial Statements

(Summary of Significant Accounting Policies)

(1) Inventories evaluation standard and evaluation method

Merchandise and finished products . . .

Cost method based on the moving average method (For the balance sheet value, the book value is written down based on the decline in profitability)

Work in progress

Cost method based on the moving average method (For the balance sheet value, the book value is written down based on the decline in profitability)

Raw materials

Cost method based on the moving average method (For the balance sheet value, the book value is written down based on the decline in profitability)

Supplies

Final purchase cost method

(2) Depreciation method for fixed assets

① Tangible fixed assets

The straight-line method is used.

The main estimated useful lives are as follows.

Building	3 to 38 years
Structures	7 to 42 years
Machinery and equipment	2 to 16 years
Vehicles	4 years
Tools, furniture and fixtures	2 to 15 years

② Intangible fixed assets

The straight-line method is used. Software for internal use is amortized by the straight-line method over the usable period within the company (5 years).

(3) Provisions

Provision for bonuses

In order to cover the payment of bonuses to employees, the amount is calculated based on the expected payment amount.

① Provision for retirement benefits

To prepare for employees' retirement benefits, the transfer amount to the external and SME retirement allowance mutual aid system is deducted from the required payment amount.

② Provision for environmental measures

To prepare for the disposal of PCB (polychlorinated biphenyl) waste, the estimated amount of disposal costs is recorded.

(4) Consumption tax

Taxable transactions are recorded at amounts exclusive of consumption taxes.

(Notes to Statements of Shareholders' Equity)

(1) Type and number of shares issued.

	Number of Shares at the beginning of year	Increase of shares issued	Decrease of shares issued	Number of Shares issued at the end of year
Common stock	2,000	—	—	2,000

(2) Matters concerning dividends

① Dividend payment amount

Not applicable.

② Of dividends whose base date belongs to the current period, the effective date of the dividend will be the next period.

Not applicable.