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SUN PHARMACEUTICALS MOROCCO LLC SARLAU

GENERAL REPORT OF THE INDEPENDENT AUDITOR ON PROVISIONAL ACOUNTS

YEAR ENDED MARCH 31ST, 2022

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, 2021 TO MARCH 31st, 2022

**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, 2022. These financial statements show an amount of net equity of KMAD 19 421 including a net profit of KMAD 4 863.

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, 2022, 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

Baker Tilly Majer Audit

M. Mohamed Hamdache

Partner

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	659,55
T	Research and development				
I	Patents, Trademarks, and similar rights	66.741,00	66.741,00		659,55
F	Goodwill				
	Other Intangible Assets				
	TANGIBLE FIXED ASSETS(C)	15.040.836,96	4.257.021,27	10.783.815,69	10.498.345,72
	Land				
	Buildings				
I	Industrial fixtures and equipment	10.326.653,21	2.438.485,14	7.888.168,07	8.381.685,78
M	Transportation equipment				
M	Office equipment and furniture	4.714.183,75	1.818.536,13	2.895.647,62	2.116.659,94
O	Other tangible fixed assets				
B	Tangible fixed assets in progress				
I	LONG TERM INVESTMENTS (D)	1.907.358,16	0,00	1.907.358,16	1.011.426,16
L	Long term loans				
I	Other financial assets	1.907.358,16		1.907.358,16	1.011.425,16
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)	17.178.289,12	4.487.115,27	12.691.173,85	11.510.430,43
	INVENTORIES (F)	142.375.724,04	48.109.873,20	94.265.850,84	57.529.668,44
A	Merchandises	116.833.752,70	34.624.993,62	82.208.759,08	48.517.006,86
C	Raw materials and furnitures	20.949.929,59	10.632.022,17	10.317.907,42	8.125.740,67
T	Work in progress				
I	Intermediate and residual products				
F	Finished products	4.592.041,75	2.852.857,41	1.739.184,34	886.920,91
	CURRENT ASSETS(G)	168.633.166,31	0,00	168.633.166,31	168.189.449,71
C	Advances payments to suppliers and other debtors	2.629.976,50		2.629.976,50	4.977.864,03
I	Trade accounts receivable	147.626.891,86		147.626.891,86	144.674.658,35
R	Personnel	556.297,07		556.297,07	501.559,03
C	Taxes	17.202.863,06		17.202.863,06	17.486.959,41
U	Shareholders Current accounts				
L	Others debtors	210.504,92		210.504,92	210.504,92
A	Deferral accounts	406.632,90		406.632,90	337.903,97
N	MARKETABLE SECURITIES (H)				
T	UNREALISED EXCHANGE RATE LOSSES (I)	11.350.296,41		11.350.296,41	3.907.585,78
	(Current)				
	TOTAL II (F+G+H+I)	322.359.186,76	48.109.873,20	274.249.313,56	229.626.703,93
T	CASH AND CASH EQUIVALENTS (Assets)	8.909.220,82	0,00	8.908.701,82	39.088.995,80
R	Checks and other instruments to be cashed				
E	Cash on Bank	8.908.701,82		8.908.701,82	38.914.730,74
S	Cash on hand	519,00		519,00	174.265,06
O	TOTAL III	8.909.220,82	0,00	8.909.220,82	39.088.995,80
	TOTAL ASSETS I+II+III	348.446.696,70	52.596.988,47	295.849.708,23	280.226.130,16

Balance Sheet (Liabilities)
(Modèle Normal)

	LIABILITIES	CURRENT YEAR	PRIOR YEAR
	Shareholder's equity (A)		
	Common stock (1)	12.236.300,00	12.236.300,00
	(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)	2.322.937,22	-11.830.522,82
C	Not yet allocated income (2)		
F	of the year	4.863.115,81	14.153.460,06
M	Total Shareholders Net Equity (A)	19.421.353,03	14.558.237,24
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)	19.421.353,03	14.558.237,24
P	CURRENT LIABILITIES (F)	230.279.112,63	253.712.693,21
	Trade accounts payable	155.067.372,04	160.357.696,32
C	Clients in credit, Advance payments received		18.981.469,66
I	Personnel	4.236.346,28	4.855.939,56
R	Social security liabilities	2.257.180,37	1.953.898,21
C	Taxes	13.519.230,35	16.780.350,24
U	Shareholders current accounts	55.196.565,51	50.783.339,22
L	Others debts		
A	Deferral accounts		
N	OTHER PROVISION FOR CONTINGENCIES AND LOSSES (G)	14.860.398,69	6.844.712,98
T	UNREALISED EXCHANGE RATE GAINS (Current) (H)	2.308.670,90	5.110.486,73
	Total II (F+G+H)	247.445.764,14	265.667.892,92
T	CASH LIABILITIES	0,00	0,00
R	Discounts credit		
E	Short term credit facility		
S	Bank Overdrafts	28.982.591,06	
	Total III		
	TOTAL LIABILITIES I+II+III	295.849.708,23	280.226.130,16

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 merchandlse	267.163.421,71		267.163.421,71	233.159.542,72
	Sales of goods and services	36.822.896,64		36.822.896,64	36.452.013,08
	Turnover	303.986.318,35		303.986.318,35	269.611.555,80
	Finished Goods inventory change (+/-) (1)	1.573.842,43		1.573.842,43	-164.907,37
	Self constructed capital asset				
	Operating Subsidy				
	Others operating income	19.034.109,26		19.034.109,26	13.579.233,29
	Reversal of operating provisions charges transfer	36.270.012,56		36.270.012,56	22.010.507,48
	Total I	360.865.082,60		360.865.082,60	305.945.389,20
EXPLOITATION	II OPERATING EXPENSES				
	Purchase of goods for resale (2)	145.319.082,70		145.319.082,70	131.763.710,42
	Purchase of materials and supplies (2)	10.466.777,77		10.466.777,77	9.442.603,67
	Other external expenses	101.217.802,12	266.380,32	101.484.182,44	82.966.829,61
	Taxes	2.111.880,41		2.111.880,41	112.543,51
	Personnel expenses	36.282.087,71		36.282.087,71	33.402.792,47
	Other operating expenses				
	Operating allowances (for depreciation and risks)	49.429.033,00		49.429.033,00	37.421.245,85
	Total II	344.892.663,71	266.380,32	345.159.044,03	295.769.825,83
	III OPERATING INCOME / LOSS (I - II)			15.706.038,57	10.175.563,37
FINANCIER	IV FINANCIAL REVENUE				
	Revenue from investment and others				
	Exchange gains	4.398.362,72		4.398.362,72	4.155.455,90
	Interests and other financial revenue	202.975,08		202.975,08	718.577,83
	Reversal of financial provisions - charges transfer	6.898.272,46		6.898.272,46	17.865.169,73
	Total IV	11.499.610,26		11.499.610,26	22.739.203,46
	V FINANCIAL EXPENSES				
	Interests expenses	1.340.720,36		1.340.720,36	1.246.864,43
	Exchange losses	2.982.057,37		2.982.057,37	2.013.394,77
	Other financial expenses				
Financial allowances	14.863.605,42		14.863.605,42	7.019.992,06	
Total V	19.186.383,15		19.186.383,15	10.280.251,26	
VI FINANCIAL INCOME (IV-V)	-7.686.772,89		-7.686.772,89	12.458.952,20	
VII ORDINARY INCOME (III+VI)	8.285.646,00	-266.380,32	8.019.265,68	22.634.515,57	

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)	8.285.646,00	-266.380,32	8.019.265,68	22.634.515,57
	VIII EXCEPTIONAL REVENUE	1.067.571,70		1.067.571,70	
	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	1.067.571,70		1.067.571,70	6,66
	Reversal of extraordinary provisions- charges transfer	0,00		0,00	0,00
	Total VIII	1.067.571,70	0,00	1.067.571,70	6,66
	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	-0,43		-0,43	950.922,17
	Extraordinary allowances	0,00		0,00	0,00
	Total IX	-0,43	0,00	-0,43	950.922,17
	X EXCEPTIONAL INCOME / LOSS (VIII - IX)	1.067.572,13		1.067.572,13	-950.915,51
	XI INCOME / LOSS BEFORE TAXES(VII + X)	9.353.218,13	-266.380,32	9.086.837,81	21.683.600,06
	XII INCOME TAX	4.223.722,00		4.223.722,00	7.830.140,00
	XIII NET INCOME / LOSS (XI - XII)	5.129.496,13	-266.380,32	4.863.115,81	14.153.460,06

XIV	TOTAL OF REVENUES (I+IV+VIII)	373.432.264,56		373.432.264,56	328.684.599,32
XV	TOTAL OF EXPENSES (II+V+IX+XII)	368.302.768,43	266.380,32	368.569.148,75	314.531.139,26
XVI	NET INCOME	5.129.496,13	-266.380,32	4.863.115,81	14.153.460,06