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Sun Pharmaceutical Industries (Europe) B.V.
Statutory seat Hoofddorp

17 May 2023

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Directors' report

Hoofddorp,
17 May 2023

Financial

The Directors present the Annual Report on the affairs of the Company, together with the financial statements and auditors' report for the period ended 31 March 2023.

Principal activities and structure of shares

The activities of the company Sun Pharmaceutical Industries (Europe) B.V. (the company) consists of wholesaling, importing, exporting, marketing, distribution and sales of medicines. Sun Pharmaceutical Industries (Europe) B.V is wholly owned by Alkaloida Chemical Company Zrt.

Review of business

Fiscal year 2022-2023 was successful for Sun Pharmaceutical Industries (Europe) B.V. Despite the economy recovering slowly from a recession, we concluded the year with growth of the business. This confirms the adequacy of our business strategy and we will continue with high investments in all fields.

Sun Pharmaceutical Industries (Europe) B.V. won few new tenders in all the geographies it operates and also acquired some new B2B customers which is important for successful development of our business. We have increased sales and market share in the markets where we sell directly.

Sun Pharmaceutical Industries (Europe) B.V. has achieved total revenues of € 42,877,289 in FY2022-2023.

Sun Pharmaceutical Industries (Europe) B.V. reported € 764,277 profit after taxes in FY2022-2023, which represents a decrease compared to the previous year, when the result after taxes was a profit of € 993,725.

Business Outlook of the Company

The Company continue to focus on participating in more tenders in Dutch Medicine Markets with the goal of winning those tenders. While the company already has a high market share for the existing portfolio, the company will focus on retaining the existing tenders and winning more tenders, which will ensure good performance in the next year. The company is focused on growth opportunities for the future. As in previous years, the company will continue to focus on finding in-licensing opportunities for new molecules as a part of its inorganic growth objective in coming years. The company has as goal to benefit from high investments made by the group in building branded portfolio in the region and gearing up to be a reliable partner to be able to sell and distribute this new range of medicines.

Employee Involvement

During the year under review Employee engagement and development was a main focus area for the company. Various initiatives were taken to achieve these themes which included Birthday Celebration, Long Service Awards, Teambuilding events, Your Contribution Counts. Office events such as Summer event, Diwali and Christmas event were organized.

Investments

As we are expected to grow our business in the coming years, investments will be made into employees and assets.

Dividends

No interim dividend was paid and the Directors recommend no dividend for the period ended 31 March 2023.

Potential risks of the company

Liquidity risks

Notwithstanding, the liquidity remains a significant focus, especially in ensuring the continued ability to finance working capital.

The company received financial support from the sister company, Basics GmbH (a Sun Company). The current account with the sister company was at the € 4,000,000 at financial year end.

Foreign exchange risks

Sun Pharmaceutical Industries (Europe) B.V. purchases their goods in the same currency as which we sell and thus has a very limited foreign exchange risks.

Credit risk

Credit risk is the risk that a party in the agreement will not be able to fulfil its obligations as set in the agreement and would cause financial damage to the company. Sun Pharmaceutical Industries (Europe) B.V. analyses the risk of non-payment from the customers by reviewing and setting credit limits for each individual customer.

Sun Pharmaceutical Industries (Europe) B.V. has no risk related to fulfilling its financial or business liabilities. The company has the intention to pay all liabilities in agreed timeline in FY2022 -2023 and was not in default at any time.

Sun Pharmaceutical Industries (Europe) B.V. regularly monitors all applicable legislation, especially tax legislation; therefore management is confident that the Company has no tax risk. The Company also monitors all legislation related to their operations.

The Company monitors all risks that might affect operations. Before sending a quote to the customer, detailed check of the customer as well as the market is performed in order to minimize all possible risks. On the other hand, the Company minimizes risk on purchase side of the business.

Based on the above stated risk analysis, the company is confident that it is organized in a way to minimize all potential risks.

Legal proceedings

Sun Pharmaceutical Industries (Europe) B.V. is not a defendant in any proceedings which the directors believe will have a material effect on either Company's financial position or profitability.

Going concern

The directors, having made appropriate enquiries, has assured herself that no material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified, and they have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

Ratio's

	202223	202122
	_____	_____
	€	€
Equity	3.087.703,46	2.318.186,62
Balance sheet total	22.095.586,95	14.440.804,73
Solvabiliteit	14%	16%
Current ratio	1,39	1,72
Quick ratio	1,11	1,30

Financial statements

Balance sheet as at 31 March 2023

(after appropriation of results)

	Ref.	31 March 2023		31 March 2022	
Assets		€	€	€	€
Intangible fixed assets			410.506		210.822
Tangible fixed assets			312.582		104.448
Inventories					
Finished products and goods for resale	3.	4.231.824		3.451.371	
			4.231.824		3.451.371
Receivable	4.				
Trade Receivable		4.610.217		3.811.629	
Receivables from shareholders		17.448		10.600	
Receivables from group companies		5.128.078		2.714.256	
Other Receivables ad accrued income		1.571.096		1.644.418	
Taxes and Social security charges		364.923		9.383	
			11.691.763		8.190.286
Cash at bank and in hand	5.	5.448.912		2.555.789	
			5.448.912		2.555.789
			22.095.587		14.512.717

		31 March 2023		31 March 2022	
		€	€	€	€
Equity and Liabilities					
Equity (Capitals and reserves)					
Share Capital	6.	18.000		18.000	
Other reserves		3.069.703		2.300.187	
			3.087.703		2.318.187
Provisions					
Other provisions	7.	3.552.496		3.955.634	
			3.552.496		3.955.634
Long-term liability					
Deferred Income	8.	37.200		-	
			37.200		-
Current liabilities					
Loans from group companies	9.	4.000.000		4.000.000	
Account payables to group companies		6.780.437		1.519.122	
Debts to shareholders		243.484		477.076	
Trade Payables		2.670.392		623.180	
Taxes and Social security charges		323.136		361.471	
Other liabilities and accruals		1.400.739		1.258.047	
			15.418.188		8.238.896
			22.095.587		14.512.717

Profit and loss account for 01 April 2022-31 March 2023

		April 2022-March 2023		April 2021-March 2022	
	Ref.	€	€	€	€
<i>Net Turnover</i>	10.		42.877.289		37.819.365
Other Operating Income		17.995		45.138	
<i>Net Operating Income</i>			17.995		45.138
			<hr/>		<hr/>
			42.895.284		37.864.503
Cost of Sales		26.363.958		23.722.722	
Wages and salaries	11.	7.876.923		7.287.160	
Social security premiums and pension contributions	11.	834.850		778.712	
Amortisation and depreciation of intangible and tangible fixed assets	12.	43.327		89.651	
Other operating expenses	13.	6.729.173		4.799.642	
			<hr/>		<hr/>
<i>Total operating expenses</i>			41.848.230		36.677.887
			<hr/>		<hr/>
<i>Operating result</i>			1.047.054		1.186.616
Interest income and similar income		-		-	
Interest expenses and similar expenses	14.	53.328		54.988	
			<hr/>		<hr/>
<i>Result before tax</i>			993.725		1.131.628
Tax on result	15.		224.209		252.096
			<hr/>		<hr/>
<i>Result after tax</i>			<u>769.516</u>		<u>879.531</u>

Cash flow statement for the year ended 31 March 2023

	Note	2022-2023		2021-2022	
		€	€	€	€
Cash flow from operating activities					
Operating profit/(loss)			1.047.054		1.186.616
Adjustments for:					
Depreciation, amortisation and other impairments		43.327		89.651	
Movement in provisions		(403.138)		703.355	
Interest on Loan					
			<u>(359.811)</u>		<u>793.005</u>
Movements in working capital:					
Inventories	10.	(780.453)		1.185.405	
Receivables	12.	(3.501.478)		1.318.605	
Current liabilities (excluding borrowings)	20.	7.179.292		(6.193.835)	
			<u>2.897.361</u>		<u>(3.689.825)</u>
Cash generated from operations			3.584.603		(1.710.204)
Corporate income tax paid/accrued		(224.209)		(252.096)	
Interest paid		(53.328)		(54.988)	
			<u>(277.537)</u>		<u>(307.084)</u>
Net cash generated from operating activities			3.307.066		(2.017.288)

		2022-2023		2021-2022	
	Note	€	€	€	€
Cash flow from Investing activities					
Decrease in Tangible fixed assets	19.	-		(188.889)	
Increase in Intangible fixed assets		200.216		75.000	
Increase in Tangible fixed assets	19.	250.928		23768,6	
Net cash generated from Investing activities			(451.144)		(90.120)

		2022-2023		2020-2021	
	Note	€	€	€	€
Cash flow from financing activities					
Proceeds from borrowings	19.	-		8.500.000	
Repayment on borrowings	19.	-		6.500.000	
Non-current liability	8.	37.200		-	
Net cash generated from financing activities			37.200		2.000.000
Net increase/(decrease) in cash at banks and in hand	14.		2.893.122		(107.408)

The movement in cash at banks and in hand can be broken down as follows:

Balance as at 1 April 2022		2.555.790		2.663.198	
Movements during the financial year		2.893.122		(107.408)	
Balance as at 31 March 2023		5.448.912		2.555.790	

Notes to the balance sheet and income statement

General notes

Activities

The activities of Sun Pharmaceutical Industries (Europe) B.V., having its legal seat at Hoofddorp, primarily consist of import, export, marketing, storage, distribution and selling of pharmaceuticals.

Registered office, legal form and registration number at the chamber of commerce

The registered and actual address of Sun Pharmaceuticals Industries (Europe) B.V. is Polarisavenue 87, 2132 JH, Hoofddorp in Registered place of business and is registered at the chamber of commerce under number 34277465.

Group structure

The company forms part of a group, headed by Sun Pharmaceutical Industries Ltd. in India.

Changes in accounting policies

Starting from financial year 2022, a change in accounting policies has taken place. The change in accounting policies relates to the adapted RJ articles 270 – De winst-en-verliesrekening - for revenue recognition, which are applicable for financial years starting on 1th January 2022 and after that. This standard contains new guidance and regulations regarding the way in which revenues must be recognized. According to RJ 270, a transfer of economic risks and rewards leads to revenue recognition.

These new regulations have been evaluated for Sun Pharmaceutical Industries (Europe) B.V. The new guidance and regulations have no new effect on the revenue recognition of Sun Pharmaceutical Industries (Europe) B.V. Therefore, this change in accounting policy has no impact on the equity and result of Sun Pharmaceutical Industries (Europe) B.V. This change in accounting policy has been processed prospectively in accordance with the guidelines in RJ 270.7.”

Changes in accounting estimates

No changes in calculation of provisions during this financial year.

Estimate

In applying the principles and policies for drawing up the financial statements, the directors of Sun Pharmaceutical Industries (Europe) B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered to be a related party. In addition, statutory directors, other key management of Sun Pharmaceutical Industries (Europe) B.V. or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Accounting policies for the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Interest paid and received and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

General accounting policies

General

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant notes.

Foreign currency

Functional currency

Items included in the financial statements are made up in euros, which is the functional and presentation currency of Sun Pharmaceutical Industries (Europe) B.V.

Transactions, receivables and liabilities

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Operational leasing

The company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Accounting policies applied to the valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value.

With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to note 3.5 “Impairment of fixed assets”.

Concessions, licenses and intellectual property

Costs of intangible assets other than those internally generated, including patents and licenses, are valued at acquisition cost and amortised on a straight-line basis over their estimated future useful lives, with a maximum of 20 years. Currently they are amortized at a 20% rate.

Tangible fixed assets

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

Impairment of fixed asset

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. The costs deducted in determining net realizable value are based on the estimated costs that are directly attributable to the sale and are necessary to realize the sale.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

Inventories

Inventories for own use and sales

Inventories (stocks) are valued at historical price based on the FIFO method (first in, first out) or lower realisable value.

The historical cost consist of all costs relating to the acquisition or production and the costs incurred in order to bring the inventories to their current location and current condition.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

Accounts receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost which is equal to nominal value. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. These provisions are determined by individual assessment of the receivables.

Cash at banks and in hand

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

Provisions

General

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

Provision for trade discount

A provision for trade discount is recognised for the expected claims to be received in the following financial year from the insurance companies and wholesalers which relate to sales made during the financial year 2022-2023.”

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This is at the nominal value.

Principles for the determination of the result

General

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realized.

Revenue recognition

General

Net turnover comprises the income from the supply of goods and services after deduction of discounts and such like and of taxes levied on the turnover.

Sales of goods

Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

Other Operating income

In other operating income results are recognized which are not directly linked to the supply of goods or services as part of the normal, non-incidental operations.

Cost of sales

Cost of sales represents the direct and indirect expenses attributable to revenue, purchase expenses related to the goods sold.

Employee cost (employee benefits)

General

Employee costs (wages, salaries, social security contributions, etc.) are presented as a separate item in the income statement. These costs are included in other components of the income statement.

Short-term employee cost

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

Pensions

Sun Pharmaceutical Industries (Europe) B.V. has a defined contribution (DC) pension scheme to which the provisions of the Dutch Pension Act ('Pensioenwet') are applicable. Sun Pharmaceutical Industries (Europe) B.V. pays premiums based on (legal) requirements, a contractual or voluntary basis to pension funds. Premiums are recognised as employee cost when they are due.

Amortisation of intangible fixed assets and depreciation of tangible fixed assets

Amortisation and depreciation costs are not presented as a separate item in the income statement. These costs have been recognised in other components of the income statement.

Intangible fixed assets and tangible fixed assets are amortised and depreciated from the date of when they are available for use, based on the estimated economic life / expected future useful life of the asset.

Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur.”

Income tax

Tax on the result is calculated based on the result before tax in the income statement and exempt profit components and after the addition of non-deductible costs.

Financial instruments and risk management

Currency risk

Sun Pharmaceutical Industries (Europe) B.V. mainly operates in the European Union. Sun Pharmaceutical Industries (Europe) B.V. has no currency risk as sales is done in the same currency as the purchase of the finished goods (mainly EUR and CHF)

Credit risk

Sun Pharmaceutical Industries (Europe) B.V. does not have any significant concentrations of credit risk. Sales are made to customers that meet the company's credit rating. Goods and services are sold subject to payment deadlines ranging between eight and sixty days.

Liquidity risk

Sun Pharmaceutical Industries (Europe) B.V. has no liquidity risk as any working capital requirement is funded by the parent company Alkaloida Chemical Company Zrt.

1. Intangible fixed assets

	Concessions, licenses and intellectual property	Prepayments	Total
	€	€	€
Gross value	544.179	-	544.179
Cumulative depreciation	(333.356)	-	(333.356)
Book value 1 April 2022	210.823	-	210.823
Additions	-	200.216	200.216
Depreciation	(533)	-	(533)
Reclass during the year	(210.000)	210.000	-
Mutation 2022-2023	(210.533)	410.216	199.683
Gross value	334.179	410.216	744.395
Cumulative depreciation	(333.888)	-	(333.888)
Book value 31 March 2023	291	410.216	410.507
Depreciation %	20%	0%	

2. Tangible fixed assets

	Other fixed assets
	€
Gross value	318.839
Cumulative depreciation	(214.392)
Book value 1 April 2022	104.447
Additions	250.928
Disposals	-
Depreciation on disposal	-
Depreciation	(42.794)
Mutation 2022-2023	208.134
Gross value	569.767
Cumulative depreciation	(257.186)
Book value 31 March 2023	312.581
Depreciation %	20%

3. Inventories

	31-mrt-2023	31-mrt-2022
	€	€
Finished products and goods for resale	4.231.824	3.451.371
	<u>4.231.824</u>	<u>3.451.371</u>

Finished products and goods for resale valued at a lower realisable value have a book value of € 308.429 as at the balance sheet date.

4. Receivables

	31-mrt-2023		31-mrt-2022	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
	€	€	€	€
Trade Debtors	4.610.217	-	3.811.629	-
Receivables from participating interests	17.448	-	10.600	-
Receivables from Group companies	5.128.078	-	2.714.256	-
Other receivables and accrued income	1.571.096	-	1.644.418	-
Tax and social security charges	364.923	-	9.383	-
	<u>11.691.763</u>	<u>-</u>	<u>8.190.286</u>	<u>-</u>

The fair value of the receivables approximates the carrying amount due to their short-term character and the fact that provisions for bad debt are recognized, where necessary.

4.1. Trade Debtors

	31-mrt-2023	31-mrt-2022
	€	€
Trade debtors	4.611.889	4.104.233
Less: provision for bad debt	(1.671)	-
	<u>4.610.217</u>	<u>4.104.233</u>

There are no Trade debtors, with a remaining maturity of more than one year

4.2. Receivables from Group companies

An interest rate of 0% per annum applies to the average intercompany balances. In respect of repayment and securities provided, no agreements have been made.

4.3. Other receivables and accrued income

	31-mrt-2023	31-mrt-2022
	€	€
Other receivables	83.461	-
Deposits	75.526	75.526
Advances to Suppliers	1.332	33.938
Income taxes	-	-
Deferred Income	853.119	870.544
To invoice to Group companies	107.999	399.710
Prepayments	449.660	264.701
	<u>1.571.096</u>	<u>1.644.418</u>

8. Long term liabilities

	31-mrt-2023	31-mrt-2022
	€	€
Deferred Income - rental incentives	37.200	-
	<u>37.200</u>	<u>-</u>
The movement is as follows:		
Balance as at 1 April 2022	-	-
Additions	37200	-
Utilisation	-	-
Balance as at 31 March 2023	<u>37.200</u>	<u>-</u>
Maturity of the long-term liability is as follows:		
less than 1 year	4650	
between 1 to 5 years	23250	
more than 5 years	9300	
	<u>37200</u>	

9. Current liabilities

	31-mrt-2023	31-mrt-2022
	€	€
Loans from group companies	4.000.000	4.000.000
Liabilities to Group companies	6.780.437	1.519.122
Liabilities to Shareholders	243.484	477.076
Trade payables	2.670.392	623.180
Other liabilities and accrued expenses	1.400.739	1.258.047
Employee related provision		
	<u>15.418.188</u>	<u>8.238.896</u>

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

Payables to group companies

An interest rate of 0% is applicable to the average intercompany balances. In respect of repayment and securities, no agreements have been made.

Loans from group companies

Loans from group companies bear zero interest rate and are repayable anytime or from time to time.

Tax and social security charges

	31-mrt-2023	31-mrt-2022
	€	€
Value added tax Netherlands	-	-
Wage tax	233.484	253.975
Social security premiums	59.550	63.310
Corporate income tax	30.102	44.186
	<u>323.136</u>	<u>361.471</u>

Operational leasing

Sun Pharmaceutical Industries (Europe) B.V. has no obligations from operational leases Liabilities not recognized.

Assets and liabilities not recognised in balance sheet (Contingent liabilities and assets)

The obligations from operational leases at the end of the reporting period can be specified as follows:

	€
<i>Obligations to pay:</i>	
Within one year	497.295
Between one and five years	2.486.474
After five years	1.616.208
	<hr/>
Total	4.599.978

According to the contract Sun has an obligation to rent for another 10 years (30-06-2032).

10. Net turnover

The breakdown of revenue by category is as follows:

	202223	202122
	€	€
Trade activities	30.383.986	27.486.571
Professional services and consultancy	12.493.303	10.332.793
	<u>42.877.289</u>	<u>37.819.365</u>

11. Wages and salaries

	202223	202122
	€	€
Wages and salaries	7.433.682	6.976.983
Social security charges	583.823	546.141
Pension contributions	251.028	232.571
Other employee costs	443.241	310.177
	<u>8.711.773</u>	<u>8.065.872</u>

Average number of employees

During 202223, 51 employees were employed on a full-time basis (202122: 52).

12. Amortisation and depreciation and impairment on intangible and tangible fixed assets

	202223	202122
	€	€
Amortisation of intangible fixed assets	533	50.652
Depreciation of tangible fixed assets	42.794	38.999
	<u>43.327</u>	<u>89.651</u>

13. Other Operating Expenses

	202223	202122
	€	€
Rent	296.646	333.573
Insurance	13.475	16.466
Selling and Distribution	2.942.350	2.370.041
Repairs and Maintenance	22.194	15.406
Printing and stationery	6.645	3.900
Travelling and conveyance	332.491	100.454
Overseas travel and export promotion	310.441	231.962
Communication	42.014	39.715
Professional, legal and consultancy	2.115.580	1.158.275
Payments to auditors	27.700	31.781
Miscellaneous expenses	619.637	498.069
	<u>6.729.173</u>	<u>4.799.642</u>

14. Interest income and expense

	202223	202122
	€	€
Exchange differences	31.178	404
Interest and similar expenses	22.150	54.584
	<u>53.328</u>	<u>54.988</u>

15. Tax on result

The tax on the result from ordinary business activities, amounting to € 224.209, can be specified as follows:

	202223	202122
	€	€
Result before tax	993.725	1.131.628
Corporate income tax current financial year	222.928	260.478
Corporate income tax previous financial years	1.281	(8.382)
Tax on result	<u>224.209</u>	<u>252.096</u>
Income Tax rate		
2022/2021 First 395,000	15,0%	15,0%
2022/2021 Above 395,000	25,8%	25,8%
2023 First 200,000	19,0%	
2023 Above 200,000	25,8%	
Effective Tax Rate	22,6%	22,3%

17. Related parties

	Year ended 31st March 2023	Year ended 31st March 2022
	€	€
Sales of Goods		
Sun Pharma ANZ Pty Ltd.	16.039	-
Sun Pharmaceuticals Germany GmbH	-	23.696
SunPharma UK Ltd		
Ranbaxy Pharmacie Generiques SAS	-	80.871
Sun Pharma Laboratorios SLU	30.950	46.959
Sun Pharma Italia Srl		80.465
Taro Pharmaceutical Industries Israel	246.994	333.222
	293.982	565.213
Other Income (incl Management Fees)		
Sun Pharma Global (FZE)	-	-
Sun Pharmaceutical Industries DMCC	5.715.039	3.471.702
Sun Pharmaceutical Industries Ltd	641.037	1.318.045
Sun Pharmaceuticals Germany GmbH	888.323	661.972
Sun Pharma Advanced Research Co. Ltd.	179.216	
Alkaloida Sweden AB		
Alkaloida Chemical Company Zrt.	77.501	63.218
Basics GmbH	1.256.206	1.123.597
Sun Pharma Laboratorios SLU	533.099	430.283
Sun Pharma Italia Srl	1.115.408	1.014.758
Sun Pharma France	656.369	727.683
SunPharma UK Ltd	1.031.931	1.114.651
Terapia SA	304.111	436.259
	12.398.240	10.362.168
Purchase of Goods		
Sun Pharmaceutical Industries DMCC	3.048.515	1.266.031
Sun Pharmaceutical Industries Ltd	23.319.920	20.145.907
Terapia SA	28.601	26.640
Sun Pharma Laboratorios SLU	5.024	2.755
Taro Pharmaceutical Industries Ltd	209.116	90.277
Basics GmbH	11.980	3.104
Sun Pharmaceuticals Germany GmbH		
Sun Pharma Italia Srl	10.248	-
Sun Pharmaceuticals France	-	-
	26.633.403	21.534.713
Interest Expense		
Terapia S.A.	-	25.125
Basics GmbH	12.556	-
	12.556	25.125
Other Expenses (incl Management Fees)		
Alkaloida Chemical Company Zrt.	1.458.426	1.354.653
Basics GmbH	263.671	241.920
Terapia SA	2.402.140	2.325.921
Sun Pharma France	700.980	526.991
Sun Pharma Switzerland	565.995	138.815
Ranbaxy UK Ltd	638.996	925.249
Ranbaxy Poland Sp Zoo	5.151	5.242
Sun Pharma Laboratorios SLU	16.620	
	6.051.979	5.518.792

Trade Receivables

Sun Pharmaceutical Industries Ltd	1.602.076	967.648
Sun Pharmaceuticals Germany GmbH	229.289	148.524
Sun Pharmaceutical Industries Australia	6.948	
Sun Pharma ANZ PTY Ltd	11.291	-
Alkaloida Chemical Company Zrt.	17.448	10.600
Ranbaxy Italia SpA	322.835	178.429
Sun Pharma Global (FZE)	-	-
Sun Pharmaceutical Industries DMCC	1.629.518	710.617
Sun Pharma (Netherlands) BV	25.949	27.516
Basics GmbH	310.746	207.948
Sun Pharma Laboratorios SLU	164.657	62.492
Sun Pharma France	252.136	92.072
Ranbaxy (U.K.) Ltd.	271.055	197.705
Terapia S.A.	103.427	70.648
Sun Pharma Laboratories Ltd.	2.544	2.544
Sun Pharmaceutical Medicare Ltd.	454	1.672
Sun Pharma Advance Research Co Ltd.	187.784	22.781
Taro Pharmaceutical Industries Israel	7.370	23.660
	5.145.526	2.724.856

Loans Taken

Basics GmbH	4.000.000	4.000.000
	4.000.000	4.000.000

Trade Payable

Alkaloida Chemical Company Zrt.	243.484	477.076
Sun Pharma Global (FZE)	-	-
Sun Pharmaceutical Industries DMCC	1.132.376	558.387
Sun Pharmaceutical Industries Ltd	4.584.430	80.131
Sun Pharmaceutical Industries Inc		
Terapia SA	410.174	324.919
Ranbaxy Laboratorios Ltd		
Taro Pharmaceutical Industries Ltd	209.116	90.277
Basics GmbH	48.813	18.637
Ranbaxy Italia S.p.A	6.048	-
Ranbaxy (U.K.) Ltd.	149.916	130.654
Sun Pharma Switzerland Ltd.	17.682	26.442
Sun Pharmaceuticals Germany GmbH	-	2.677
Sun Pharma Netherlands B.V.	-	-
Sun Pharma France	204.836	283.817
Sun Pharma Laboratorios SLU	16.620	2.755
Ranbaxy Poland Sp Zoo	426	428
	7.023.921	1.996.198

18. Other information

18.1. Articles of association governing profit appropriation

Article 23 of the articles of association states the following regarding profit appropriation:

1. The profits of the Company shall be at disposal of the General Meeting.
2. The Company may distribute profits only if and to the extent that its shareholders' equity is greater than the sum of the paid and called-up part of the issued capital and the reserves which must be virtue of the law.
3. Dividends may me paid only after approval and adoption of the annual accounts which show that they are justified.
4. For the purpose of determining the allocation of profits any shares of depository receipts held by the Company and any shares or depository receipts of which the Company has a usufruct shall not be taken into account.
5. The General Meeting may resolve to declare interim dividends. A resolution to declare an interim dividend from the profits realised in the current financial year may also be passed by the Board of Directors. Dividend payments as referred to in this paragraph may be made only if the provision in paragraph 2 has been met.
6. A general Meeting declaring a dividend may direct that it is to be satisfied wholly or partly by the distribution of assets.

18.2. Independent Auditor's report

For the independent auditors report please refer to the next page.



INDEPENDENT AUDITOR'S REPORT

To: The shareholder of Sun Pharmaceutical Industries (Europe) B.V.

A. Report on the audit of the financial statements for the year ended 31 March 2023 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 March 2023 of Sun Pharmaceutical Industries (Europe) B.V. based in Hoofddorp.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sun Pharmaceutical Industries (Europe) B.V. as at 31 March 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31 March 2023;
- the profit and loss account for the period 1 April 2022 till 31 March 2023; and
- the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Sun Pharmaceutical Industries (Europe) B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion

was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We have identified and assessed the risks of material misstatement of the financial statements due to fraud. We have asked the members of the board, as well as other relevant executives whether they are aware of (suspected) fraud. This did not result in any signals of actual or suspected fraud that could lead to a material misstatement.

As part of our fraud risk identification process, we evaluated fraud risk factors related to financial reporting fraud, improper appropriation of assets and bribery and corruption. We assessed whether these factors indicated a risk of material misstatement due to fraud. We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Audit work performed and findings
<p><i>Management override of controls</i></p> <p>As with all of our audits, we consider the risk that management may override internal controls. This includes assessing whether there is evidence of management bias that creates a risk of a material misstatement due to fraud.</p> <p>The main opportunities for management override of controls lie within the manual elements of the control environment, such as manual journal entries.</p> <p>Management may feel pressure to apply incorrect accounting treatment to achieve desired results.</p>	<p>Where relevant to our audit, in order to mitigate the aforementioned risk, we performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> - obtained an understanding of the authorization structure in the bank application and performed audit work on bank mutations. - performed work on changes in the creditor master data. - performed work on the arm's length nature of expense invoices. - performed work on the manual journal entries. <p>We have no specific evidence of fraud or suspected fraud related to management's override of internal controls.</p>
<p><i>The risk of incomplete revenue recognition</i></p> <p>We addressed the risk of fraud in revenue recognition. This relates to the assumed management incentive that exists to overstate revenues. In addition, we recognize a risk with respect to the use of incorrect sales prices.</p>	<p>Our audit work includes inspection of source documentation to test the occurrence and accuracy of related revenue. This audit work addresses both the performance delivery of sales and the sales prices used.</p> <p>We have no specific evidence of fraud or suspected fraud related to the completeness of revenue recognition.</p>

Audit approach going concern

Management has prepared the financial statements assuming the going concern basis of accounting for the 12-month period from the date of preparation of the financial statements.



Our procedures for evaluating the board's going concern assessment include:

- Considering whether the board's going concern assessment contains all relevant information known to us as a result of our audit and questioning the board on key assumptions and assumptions.
- Perusing the analysis of the company's financial position in its management report and additionally analysing the financial position and relevant ratios as of the end of the fiscal year.
- Obtaining the (authorized) budget for fiscal year 2023 and evaluating what the budgeted operating results and cash flows are.
- Obtaining the interim figures through May 2023 and evaluate how these figures compare to the 2023 budget and previous fiscal year.
- To determine whether the board has identified events or circumstances that may cast reasonable doubt on the entity's ability to continue as a going concern.

Our work indicates that the going concern assumption used by management is going concern assumption is acceptable and no going concern risks have been identified.

B. Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;

- obtaining 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;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding 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 company'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 a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating 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 findings in internal control that we identify during our audit.

Amstelveen, 17 May 2023

Auren Audit & Assurance Amsterdam B.V.

Original was signed by

drs. G.M.P. Recter RA