Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

Financial Statements

For the Year Ended 31 March 2025

Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

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For the Year Ended 31 March 2025

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Directors' Report
31 March 2025

The directors present their report on Sun Pharmaceutical Industries (Australia) Pty Ltd for the financial year ended 31 March 2025.

1 General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:
Akshay Sethi
Sunil Ajmera

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of Sun Pharmaceutical Industries (Australia) Pty Ltd during the financial year was growing and harvesting poppy crops (straw and seeds) in La Trobe, Tasmania using farmers' agricultural land and manufacturing of opiate products which are used in the manufacturing of opiate products from Port Fairy plant in Victoria.

Sun Pharmaceutical Industries (Australia) Pty Ltd is a wholly owned subsidiary of Sun Pharma Holdings, Mauritius and is integrated in the consolidated financial statements of Sun Pharmaceutical Industries Limited, Mumbai, India.

No significant changes in the nature of the Company's activity occurred during the financial year.

2 Operating results and review of operations for the year

Operating results

The loss of the Company after providing for income tax amounted to 8,910,332 (2024: 13,561,804 Loss).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

3 Other items

Significant changes in state of affairs

During the financial year the Cannabis Biomass Extractor Capital Project was completed with $2,409,781 (2024: $2,371,359) being capitalised at year end. This extractor will service a new revenue stream of the company to service the supply and Toll Processing agreement for Cannabis Biomess Extraction. The Machine commenced production on 20/05/2024 delivering Nil revenue in 2025.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Directors' Report
31 March 2025

3 Other items

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Sun Pharmaceutical Industries (Australia) Pty Ltd .

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 March 2025 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

DocuSigned by:

279E48C0A57F4CD...

Director: ....

21-05-2025 | 07:53 CEST

Dated this .... day of 2025

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AUDITOR'S INDEPENDENCE DECLARATION

UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SUN PHARMACEUTICAL INDUSTRIES (AUSTRALIA) PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2025, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

RYAN LEEMON
Partner – Audit and Assurance
Moore Australia Audit (VIC)
Melbourne, Victoria
21 May 2025

Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 March 2025

	Note	2025 $	2024 $
Revenue	4	**55,940,120**	44,453,464
Other income	4	**49,094**	14,811
Consumption of inventories	5	**(26,973,311)**	(15,156,243)
Employee benefits expense		**(17,155,220)**	(18,305,291)
Depreciation and amortisation expense		**(4,066,648)**	(3,980,103)
Freight charges		**(1,701,698)**	(2,112,619)
Utilities		**(1,995,404)**	(2,084,106)
Consumption expenses		**(1,631,910)**	(1,512,989)
Other operating expenses		**(10,077,711)**	(11,466,355)
Finance expenses	6	**(1,701,960)**	(3,063,641)
Foreign exchange gain/(loss)		**404,316**	(348,732)
Profit before income tax		**(8,910,332)**	(13,561,804)
Income tax expense	7	**-**	-
Profit for the year		**(8,910,332)**	(13,561,804)
Other comprehensive income, net of income tax			
Total comprehensive income for the year		**(8,910,332)**	(13,561,804)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 31 March 2025

	Note	2025 $	2024 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**-**	2,765
Trade and other receivables	9	**4,158,795**	10,272,126
Inventories	10	**46,438,517**	57,726,279
Other assets	13	**148,793**	236,978
TOTAL CURRENT ASSETS		**50,746,105**	68,238,148
NON-CURRENT ASSETS			
Property, plant and equipment	11	**27,002,331**	28,014,937
Intangible assets	12	**327,496**	1,082,250
Right-of-use assets	14	**466,350**	92,465
TOTAL NON-CURRENT ASSETS		**27,796,177**	29,189,652
TOTAL ASSETS		**78,542,282**	97,427,800
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**4,184,639**	6,038,223
Borrowings	16	**24,017,073**	12,944,592
Lease liabilities	14	**190,672**	83,270
Short-term provisions	17	**3,126,887**	2,906,091
Other liabilities	18	**2,162,956**	2,136,244
TOTAL CURRENT LIABILITIES		**33,682,227**	24,108,420
NON-CURRENT LIABILITIES			
Borrowings	16	**-**	19,795,160
Lease liabilities	14	**269,753**	6,838
Long-term provisions	17	**54,566**	71,314
TOTAL NON-CURRENT LIABILITIES		**324,319**	19,873,312
TOTAL LIABILITIES		**34,006,546**	43,981,732
NET ASSETS		**44,535,736**	53,446,068
EQUITY			
Issued capital	19	**164,119,199**	164,119,199
Retained earnings		**(119,583,463)**	(110,673,131)
		44,535,736	53,446,068
TOTAL EQUITY		**44,535,736**	53,446,068

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 March 2025

2025

	Note	Ordinary Shares $	Redeemable Preference Shares $	Accumulated Losses $	Total $
Balance at 1 April 2024		**100**	**164,119,099**	**(110,673,131)**	**53,446,068**
Loss during the year		**-**	**-**	**(8,910,332)**	**(8,910,332)**
Balance at 31 March 2025		**100**	**164,119,099**	**(119,583,463)**	**44,535,736**

2024

	Note	Ordinary Shares $	Redeemable Preference Shares $	Accumulated Losses $	Total $
Balance at 1 April 2023		100	134,119,099	(97,111,327)	37,007,872
Loss during the year		-	-	(13,561,804)	(13,561,804)
Transactions with owners in their capacity as owners					
Preference shares issued during the year		-	30,000,000	-	30,000,000
Balance at 31 March 2024		100	164,119,099	(110,673,131)	53,446,068

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 March 2025

	Note	2025 $	2024 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		**61,855,808**	47,547,579
Payments to suppliers and employees (inclusive of GST)		**(49,169,206)**	(52,840,781)
Interest and other finance costs paid		**(1,663,830)**	(2,860,639)
Net cash provided by/(used in) operating activities		**11,022,772**	(8,153,841)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment	11	**(2,162,361)**	(2,777,875)
Payments for Intangibles		**-**	(15,871)
Net cash (used in) investing activities		**(2,162,361)**	(2,793,746)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Drawdown of borrowings - related parties		**694,260**	442,890
Preference shares issued		**-**	30,000,000
Payment of lease liabilities		**(140,497)**	(169,696)
Repayment of borrowings - bank loans		**-**	(30,000,000)
Net cash (used in) financing activities		**553,763**	273,194
Net increase/(decrease) in cash and cash equivalents held		**9,414,174**	(10,674,393)
Cash and cash equivalents at beginning of year		**(12,941,827)**	(2,267,434)
Cash and cash equivalents at end of financial year	8	**(3,527,653)**	(12,941,827)

Notes to the Financial Statements

For the Year Ended 31 March 2025

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001.*

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Material accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Material Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Sale of goods

Revenue from the sale of goods is recognised upon transfer of control of the goods to the customer, usually upon delivery. This is deemed to be the point in time when risk and reward is transferred, performance obligations are met and there is no longer any ownership or effective control over the goods

Notes to the Financial Statements

For the Year Ended 31 March 2025

2 Summary of Material Accounting Policies

(a) Revenue and other income

Specific revenue streams

Interest

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

(b) Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Notes to the Financial Statements

For the Year Ended 31 March 2025

2 Summary of Material Accounting Policies

(b) Income tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Peviously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset. During the current year and previous year, the company didn't recognise deferred tax assets in the financials due to the accumulating losses over the years, and management assessed that future taxable profits are not available to recover the asset.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Inventories

Inventories consisting stock-in-trade are measured at the lower of cost and net realisable value. The cost of all categories of inventories is determined based on the weighted average method. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes the cost of direct materials, direct labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Since, the Company is engaged in growing and harvesting poppy crops (straws and seeds) from which several alkaloids (opiate products) are extracted and sold to the customers, the inventory is valued based on the eventual net alkaloid content which will be extracted from the poppy crops or straws. This calculation involves a certain degree of estimate and judgement on management's part for calculation of the net weights of alkaloids to be gained from the gross weights of the crops/straws, which is subject to change in the future periods.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Land and buildings

Land and buildings are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 31 March 2025

2 Summary of Material Accounting Policies

(d) Property, plant and equipment

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	15-30 years'
Plant and Equipment	6-30 years'
Furniture, Fixtures and Fittings	1-20 years'
Motor Vehicles	1-15 years'
Capital Works in Progress	- Nil

The company, based on technical assessment made by management estimates, depreciates certain items of property plant and equipment over different useful lives that the general class of that particular property, plant and equipment.This is based on future life estimates, condition and location factors.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Property plant and equipment is derecognised upon disposal or impaired when no future economic benefits are expected to arise from continued use. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Capital Works In Progress

At balance date, all expenditure considered Capital Works in Progress is reviewed to ensure it is appropriately allocated to a qualifying and current capital project and does not show any signs of impaiment. If impairment is noted or the project ceases, relevant costs incurred are immediately expensed.

Notes to the Financial Statements

For the Year Ended 31 March 2025

2 Summary of Material Accounting Policies

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis

Notes to the Financial Statements

For the Year Ended 31 March 2025

2 Summary of Material Accounting Policies

(e) Financial instruments

Financial assets
based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Notes to the Financial Statements

For the Year Ended 31 March 2025

2 Summary of Material Accounting Policies

(g) Intangible assets

Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied In the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Software for internal use, which is primarily acquired from third-party vendors, Including consultancy charges for implementing the software, is capitalized. Subsequent costs are recognised in the statement of profit and loss as incurred. The capitalized costs are amortised over the residual useful life of the software.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives are as follows:

Asset Category	No. of years
Computer Software	5-6
Technical KnowHow	10

(h) Leases

At inception of a contract, the Company assesses whether a lease exists.- i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether :

The control involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. if the supplier has a substantive substitution right then there is no identified asset.

The company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

The company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purposes the asset is used.

Lessee accounting

Notes to the Financial Statements

For the Year Ended 31 March 2025

2 Summary of Material Accounting Policies

(h) Leases

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

The Company has chosen not to apply AASB 16 to leases of intangible assets.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits, those benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

2 Summary of Material Accounting Policies

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable or redeemable only at the company's option, and any dividends are discretionary.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

(l) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Notes to the Financial Statements

For the Year Ended 31 March 2025

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down

Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - employee benefit provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the company policy regarding aged impairment, recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Key judgments - Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Key judgments - Impairment of definite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates assumptions.

Notes to the Financial Statements

For the Year Ended 31 March 2025

3 Critical Accounting Estimates and Judgments

Key judgements - Going concern

For the year ended 31 March 2025, the Company reported a loss of $8,910,334 (2024 Loss: $13,561,804), net overdraft was $3,527,653 (2024: $12,944,592 overdraft) and related party borrowings of $20,489,420 (2024: $19,795,160).

Despite the above circumstances, The financial report has been prepared on the basis that the entity can continue to meet its commitments as and when they fall due. In arriving at this position the Directors has given regard to the following;

- Loss contributed to by $4,084,957 (non-cash) depreciation and amortisation charges. In management's view, these expenses do not impeded the settlement of company financial obligations;

- A return to positive operating cashflow during the year of $11,022,771 (2024: 8,153,841 outflow);

- Careful cash flow management through and intended return to profitability from 2026 through the implementation of board approved multi year strategic plan and budgets which will entail incremented market share, cost reductions and development of new products including cannabis;

- Research and development which has seen new product development to manufacture from Thebaine and Oripavine controlled substances;

- The company has loan agreements with related party entity Sun Pharma (Netherlands) B.V executed on 4 January 2021 unsecured to a maximum drawdown of $50,000,000 AUD and another $15,000,000 USD unsecured loan facility executed on 6 May 2022. As at reporting date, $20,489,420 AUD of these facilities were drawn down with maturity dates of 4 January 2026 for facility 1 and 6 May 2025 for facility 2. Subsequent to year end the company received letters from lending parties confirming intent to extend the borrowing terms to 2028/29, further evidencing funder support (refer note 16)

- Receipt of letter of support from ultimate parent entity of the Group (Sun Pharmaceutical Industries Limited) on 29 April 2025 confirming intention to provide appropriate financial support for at least until 31st March 2026 and, at the date of signing of this report directors are confident of receiving extention as required, to ensure all financial commitments of the company can be met as and when due.

- In addition, the company has a significant undrawn overdraft facility from Citi Bank, Australia available to the company.

The Directors believes that at the date of the signing of the financial statements there are reasonable grounds to believe that, having regard to the matters set out above, the Group will be able to raise sufficient funds to meet its obligations as and when they fall due and continue to proceed with objectives for the coming twelve month period.

Should the Director not maintain ongoing support from Related party financiers and achieve the matters set out above, there may be a uncertainty on whether the company will be able to continue as a going concern.

Notes to the Financial Statements

For the Year Ended 31 March 2025

4 Revenue and Other Income

Revenue from continuing operations

	2025 $	2024 $
Revenue from contracts with customers		
- Domestic Sales	**3,868,875**	3,932,887
- Export Sales	**52,071,245**	40,520,577
	55,940,120	44,453,464

	2025 $	2024 $
Other Income	**49,094**	14,811

5 Consumption of inventories

	2025 $	2024 $
Movement in inventory balances	**(11,287,762)**	3,428,212
Purchase of inventories	**(15,685,549)**	(18,584,455)
	(26,973,311)	(15,156,243)

6 Finance Expenses

Interest expense on lease liability	**10,121**	4,367
Interest expense - Bank Borrowings	**441,117**	1,766,157
Interest expense - Related Party Borrowings	**1,239,304**	1,262,765
Other bank charges	**11,418**	30,352
Total finance expenses	**1,701,960**	3,063,641

7 Income Tax Expense

Management have elected not to bring tax expense and associated deferred tax balances to account on the basis that the company has in excess of $118,282,120 of carry forward tax losses not brought to account as a deferred tax asset. Assessed deferred tax liabilities are also deemed highly immaterial.

Notes to the Financial Statements

For the Year Ended 31 March 2025

8 Cash and Cash Equivalents

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

		2025	2024
		$	$
Cash and cash equivalents		-	2,765
Bank overdrafts	16	(3,527,653)	(12,944,592)
Balance as per statement of cash flows		(3,527,653)	(12,941,827)

9 Trade and Other Receivables

	2025	2024
	$	$
CURRENT		
Trade receivables	3,189,654	8,580,724
GST Receivables	969,141	1,691,402
Total current trade and other receivables	4,158,795	10,272,126

10 Inventories

	2025	2024
	$	$
CURRENT		
At cost:		
Raw materials and consumables	16,559,932	15,920,309
Work in progress	6,022,910	6,163,269
Finished goods	22,530,667	36,646,583
Goods in transit	2,128,800	1,417,955
Writedowns	(803,792)	(2,421,837)
	46,438,517	57,726,279

Notes to the Financial Statements
For the Year Ended 31 March 2025

11 Property, Plant and Equipment

	2025 $	2024 $
LAND AND BUILDINGS		
Freehold land		
At cost	**1,886,212**	1,886,212
Total Land	**1,886,212**	1,886,212
Buildings		
At cost	**12,452,453**	12,013,562
Accumulated depreciation	**(5,661,395)**	(5,066,323)
Total buildings	**6,791,058**	6,947,239
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	**1,110,022**	2,919,809
Total capital works in progress	**1,110,022**	2,919,809
Plant and equipment		
At cost	**51,589,260**	48,400,904
Accumulated depreciation	**(34,811,297)**	(32,256,909)
Total plant and equipment	**16,777,963**	16,143,995
Furniture, fixtures and fittings		
At cost	**847,172**	502,272
Accumulated depreciation	**(484,299)**	(467,830)
Total furniture, fixtures and fittings	**362,873**	34,442
Motor vehicles		
At cost	**132,069**	147,284
Accumulated depreciation	**(57,866)**	(64,044)
Total motor vehicles	**74,203**	83,240
Total property, plant and equipment	**27,002,331**	28,014,937

Notes to the Financial Statements

For the Year Ended 31 March 2025

11 Property, Plant and Equipment

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	$	$	$	$	$	$	$
Year ended 31 March 2025							
Balance at the beginning of year	2,919,809	1,886,212	6,947,238	16,143,995	34,442	83,240	28,014,936
Additions	1,077,289	-	37,036	1,027,449	20,587	-	2,162,361
Transfer in / (out)	(2,887,076)	-	401,856	2,160,907	324,313	-	-
Depreciation expense	-	-	(595,072)	(2,554,388)	(16,469)	(9,037)	(3,174,966)
Balance at the end of the year	1,110,022	1,886,212	6,791,058	16,777,963	362,873	74,203	27,002,331

Notes to the Financial Statements

For the Year Ended 31 March 2025

12 Intangible Assets

	2025	2024
	$	$
Computer Software		
at cost	**555,735**	555,735
accumulated depreciation	**(540,584)**	(535,869)
Net carrying value	**15,151**	19,866
Technology and KnowHow		
at cost	**7,500,000**	7,500,000
accumulated depreciation	**(7,187,655)**	(6,437,616)
Net carrying value	**312,345**	1,062,384
Total Intangible assets	**327,496**	1,082,250

(a) Movements in carrying amounts of intangible assets

	Technology and KnowHow	Computer Software	Total
	$	$	$
Year ended 31 March 2025			
Balance at the beginning of the year	**1,062,384**	**19,866**	**1,082,250**
Additions			
Amortisation expense	**(750,039)**	**(4,715)**	**(754,754)**
Balance at the end of the year	**312,345**	**15,151**	**327,496**

Notes to the Financial Statements

For the Year Ended 31 March 2025

13 Other non-financial assets

	2025	2024
	$	$
CURRENT		
Prepayments	**148,793**	236,978
	148,793	236,978

14 Leases

Company as a lessee

The Company has leases over a range of assets including land and buildings and vehicles.

The Company has chosen not to apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings

As at year-end date, no new lease agreement has been signed and month-to-month lease terms have been agreed due to the commercial reasons.

Vehicles

The Company leases vehicles and equipment with lease terms for 36 months, the lease payments are fixed during the lease term.

Right-of-use assets

	Motor Vehicles	Total
	$	$
Year ended 31 March 2025		
Balance at beginning of year	**92,465**	**92,465**
Amortisation charge	**(136,929)**	**(136,929)**
Additions to right-of-use assets	**510,814**	**510,814**
Balance at end of year	**466,350**	**466,350**

Notes to the Financial Statements

For the Year Ended 31 March 2025

14 Leases

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	$	$	$	$	$
2025					
Lease liabilities	**200,833**	**306,462**	**-**	**507,295**	**460,425**
2024					
Lease liabilities	88,278	7,278	-	95,556	90,108

15 Trade and Other Payables

	2025	2024
	$	$
CURRENT		
Trade payables	**3,299,387**	5,442,548
Other payables	**885,252**	595,675
	4,184,639	6,038,223

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

16 Borrowings

		2025	2024
		$	$
CURRENT			
Unsecured liabilities:			
Bank overdraft	(a)	**3,527,653**	12,944,592
Related party payables	(b)	**20,489,420**	-
Total current borrowings		**24,017,073**	12,944,592

		2025	2024
		$	$
NON-CURRENT			
Related party payables	(b)	**-**	19,795,160
		-	19,795,160
Total borrowings		**24,017,073**	32,739,752

Notes to the Financial Statements

For the Year Ended 31 March 2025

16 Borrowings

Summary of borrowings

a) Advance facilities (uncommitted) from bank to support the business operations of the company, interest rate is 1 Year AUD 1.40% + BBSY rate.

b) Unsecured Borrowing from related parties reflected by 2 distinct facilities to support the business operations of the company. These facilities carry an interest rate of 1.60% to 6% p.a. and are capped at $50 million AUD + $15 million USD. Current loan facilities are as follows:

- $3,675,980 maturing January 2026; and

- $16,813,440 maturing May 2025.

Subsequent to year end, letters confirming borrower intent to roll each facility over extending terms to 2028 ($16,813,440 facility) and 2029 ($3,675,980 facility) were received. Thus, whilst classified as current liabilities to adhere to accounting standard requirements, there is no expectation of settlement in the next 12 month period.

During the current and prior year, there were no defaults or breaches on any of the loans.

17 Provisions

	2025 $	2024 $
CURRENT		
Provision for employee	**3,126,887**	2,906,091
NON-CURRENT		
Provision for employee	**54,566**	71,314

	Provision for employee entitlements $
Current	
Balance at 1 April 2024	**2,977,405**
Additional provisions	**1,525,840**
Provisions used	**(1,321,792)**
Balance at 31 March 2025	**3,181,453**

Notes to the Financial Statements

For the Year Ended 31 March 2025

18 Other Liabilities

CURRENT			
Interest payable - Related party		**1,170,456**	1,143,744
Contract liabilties	(a)	**992,500**	992,500
		2,162,956	2,136,244

(a) Contract liability is related to cash contribution toward construction of Cannabis Biomass Extractor Capital Machine. This liability will unwind against future earnings from performance of toll processing on behalf of the contributor of funds (ECS Botanics - customer).

19 Issued Capital

	2025 $	2024 $
100 (2024: 100) Ordinary shares	**100**	100
164,119,909 (2024: 164,119,909) Preference shares	**164,119,099**	164,119,099
Total	**164,119,199**	164,119,199

Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

Preference Shares

Preference share capital is classified as equity as it is redeemable or bought back only at the mutual agreement of the issuer and subscriber. There will be 6% dividends p.a. to be paid depending on whether the issuer has sufficient profits and cashflow to pay the dividend, subject to applicable regulations.

20 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk

Notes to the Financial Statements

For the Year Ended 31 March 2025

20 Financial Risk Management

- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Bank overdraft
- Trade and other payables
- Floating rate bank loans
- Forward currency contracts

	2025 $	2024 $
Financial assets		
Held at amortised cost		
Cash and cash equivalents	**-**	2,765
Trade and other receivables	**3,189,654**	8,580,724
Total financial assets	**3,189,654**	8,583,489
Financial liabilities		
Financial liabilities measured at amortised cost	**29,372,168**	39,921,719
Total financial liabilities	**29,372,168**	39,921,719

21 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Company is 264,355 (2024: 267,551).

22 Auditors' Remuneration

	2025 $	2024 $
Remuneration of auditors for:		
- auditing or reviewing the financial statements of subsidiaries	**47,750**	45,000
Total	**47,750**	45,000

Notes to the Financial Statements

For the Year Ended 31 March 2025

23 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 March 2025.

24 Related Parties

(a) The Company's main related parties are as follows:

The ultimate parent entity, which exercises control over the Company, is Sun Pharmaceutical Industries Ltd which is incorporated in India and owns 100% of Sun Pharmaceutical Industries (Australia) Pty Ltd.

Key management personnel - refer to Note 21.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

			Balance outstanding	
	Sales	Interest and others	Owed to the company	Owed by the company
	$	$	$	$
Other related parties				
Sales of goods	23,435,584	1,239,780	406,365	-
Expenses	120,121	-	-	36,519

(c) Loans to/from related parties

Unsecured loans are taken from other related parties on an arm's length basis. Repayment terms are set for each loan, which range from 0 to 3 years, and are further extendable by 2 years. Interest payable at 2.60% SOFR+130 bps per annum (2024: 1.60) and monthly principal and interest repayments are made over the terms of the loans. Loans are unsecured and repayable in cash. Trache 1 $3,675,980 has been extended for two more years to Jan 2026.

	Opening balance	Closing balance	Interest payable
	$	$	$
Loans from related parties			
2025	**19,795,160**	**20,489,420**	**1,170,456**
2024	19,352,270	19,795,160	1,143,733

Notes to the Financial Statements

For the Year Ended 31 March 2025

25 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

26 Statutory Information

The registered office and principal place of business of the company is:

Sun Pharmaceutical Industries (Australia) Pty Ltd
195 Princess Highway
Port Fairy VIC 3284

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 30, are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and

   b. give a true and fair view of the financial position as at 31 March 2025 and of the performance for the year ended on that date of the Company.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

DocuSigned by:

279E48C0A57F4CD...

Director ....
Akshay Sethi

Dated 21-05-2025 | 07:53 CEST

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN PHARMACEUTICAL INDUSTRIES (AUSTRALIA) PTY LTD

Opinion

We have audited the accompanying financial report of Sun Pharmaceutical Industries (Australia) (the Company), which comprises the statement of financial position as at 31 March 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of material accounting policy information and other explanatory notes and the directors' declaration.

In our opinion the financial report of Sun Pharmaceutical Industries (Australia) is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Company's financial position as at 31 March 2025 and of their performance for the year ended on that date; and

ii. complying with Australian Accounting Standards – Simplified Disclosure and the *Corporations Regulations 2001*;

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of *Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Material Uncertainty related to Going Concern

We draw attention to Note 3 of the financial statements titled Key Judgements – Going Concern, which identifies that for the year ended 31 March 2025, the Company reported a loss of $8,910,332 (2024 Loss: $13,561,804) and net cash held was negative $3,527,653 (2024: $12,944,592 overdraft). As stated in Note 3, the ability of the company to continue as a going concern remains reliant on the ongoing support and financing of related party entities until such time that it can achieve sustainable profitability. The Directors reasoning for preparing the financial report on a going concern basis is included within Note 3 and our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 March 2025 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards – Simplified Disclosure and the *Corporations Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RYAN LEEMON
Partner – Audit and Assurance
Moore Australia Audit (VIC)
Melbourne, Victoria
21 May 2025

Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants