

Sonke Pharmaceuticals Proprietary Limited
(Registration number 2005/011027/07)
Financial statements
for the year ended 31 March 2026

Sonke Pharmaceuticals Proprietary Limited

(Registration number 2005/011027/07)

Financial Statements for the year ended 31 March 2026

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Marketing and trade of pharmaceutical goods
Directors	A Ajoodha NN Sonqushu M Brown V Sethuraman S Madungandaba
Registered office	Ground Floor, Tugela House, Riverside Office Park 1303 Heuwel Avenue Centurion Gauteng 0046
Postal address	PO Box 10458 Centurion Gauteng 0046
Holding company	Ranbaxy South Africa Proprietary Limited incorporated in South Africa
Ultimate holding company	Sun Pharmaceuticals Industries Limited incorporated in India
Auditor	BDO South Africa Incorporated
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, No. 71 of 2008.
Preparer	The financial statements were independently compiled by: Melissa McGill CA(SA)
Issued	22 May 2026

Sonke Pharmaceuticals Proprietary Limited

(Registration number 2005/011027/07)

Financial Statements for the year ended 31 March 2026

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa, No. 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa, No. 71 of 2008. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are also responsible for the control over, and the security of the company's website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to the company's shareholders and to the Companies and Intellectual Property Commission

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the next 12 months and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 6 to 7.

The financial statements set out on pages 8 to 29, which have been prepared on the going concern basis, were approved by the board of directors on 22 May 2026 and were signed on their behalf by:

A Ajoodha

M Brown

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Directors' Report

The directors have pleasure in submitting their report on the financial statements of Sonke Pharmaceuticals Proprietary Limited for the year ended 31 March 2026.

1. Nature of business

Sonke Pharmaceuticals Proprietary Limited is incorporated in South Africa. The principal activity of the company is import, marketing, manufacture and trade of pharmaceutical goods. The company operates in South Africa. There were no major changes herein during the year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, No. 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

A dividend of R 7 015 499 (2025: R 6 222 073) was declared and paid during the current year.

5. Directorate

The directors in office at the date of this report are as follows:

Directors	Changes
MJ Madungandaba	Resigned, 03 December 2025
DM Sewnarain	Resigned, 01 June 2025
A Ajoodha	
NN Sonqushu	
M Brown	
V Sethuraman	Appointed, 10 September 2025
S Madungandaba	Appointed, 03 December 2025

6. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

7. Shareholders

The company's holding companies are Ranbaxy South Africa Proprietary Limited which holds 70% (2025: 70%) of the company's equity and Community Investment Pharmaceuticals Proprietary Limited which holds 30% (2024: 30%) of the company's equity. Ranbaxy South Africa Proprietary Limited and Community Investment Pharmaceuticals Proprietary Limited are incorporated in South Africa.

8. Ultimate holding company

The company's ultimate holding company is Sun Pharmaceuticals Industries Limited which is incorporated in India.

9. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

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Directors' Report

10. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa, No. 71 of 2008.

11. Going concern

The board wishes to advise that Sonke was unsuccessful in securing any portion of the national ARV tender during the current period. While this outcome was unfavourable, the board and management remain confident in the company's capabilities and market positioning. The directors are encouraged by indications that a supplementary tender is expected to be floated, and the company is well positioned to participate competitively in that process. Furthermore, the board continues to actively evaluate strategic opportunities, including potential buyout transactions that may arise within the sector, and believes the company is suitably positioned to capitalise on such opportunities should they present themselves.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the next twelve months and, accordingly, the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements, or of any pending changes to legislation which may affect the company.

12. Auditors

BDO South Africa Incorporated was appointed as auditors for the company in the 2026 financial year.

Independent Auditor's Report

To the Shareholders of Sonke Pharmaceuticals Proprietary Limited

Opinion

I have audited the financial statements of Sonke Pharmaceuticals Proprietary Limited (the company) set out on pages 8 to 29, which comprise the statement of financial position as at 31 March 2026; and the statement of profit or loss and other comprehensive income; the statement of changes in equity; and the statement of cash flows for the year then ended; and notes to the financial statements, including material accounting policy information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Sonke Pharmaceuticals Proprietary Limited as at 31 March 2026, and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, No. 71 of 2008.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sonke Pharmaceuticals Proprietary Limited financial statements for the year ended 31 March 2026", which includes the Directors' Report as required by the Companies Act of South Africa, No. 71 of 2008. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, No. 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

Independent Auditor's Report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO South Africa Incorporated
Saajid Jassat
Partner

22 May 2026

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Statement of Financial Position as at 31 March 2026

	Notes	2026 R	2025 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	98	98
Deferred tax	3	2 892 583	3 254 780
		2 892 681	3 254 878
Current Assets			
Inventories	4	668 943	21 603 602
Trade and other receivables	5	49 788 220	129 189 611
Current tax receivable	15	952 551	-
Cash and cash equivalents	6	217 486 137	147 812 354
		268 895 851	298 605 567
Total Assets		271 788 532	301 860 445
Equity and Liabilities			
Equity			
Share capital	7	2 000 500	2 000 500
Retained income		235 718 981	211 683 241
		237 719 481	213 683 741
Liabilities			
Current Liabilities			
Trade and other payables	8	34 069 051	83 331 723
Current tax payable	15	-	4 844 981
		34 069 051	88 176 704
Total Equity and Liabilities		271 788 532	301 860 445

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Statement of Profit or Loss and Other Comprehensive Income

	Notes	2026 R	2025 R
Revenue	9	359 602 496	411 802 155
Cost of sales	10	(306 124 373)	(357 346 757)
Gross profit		53 478 123	54 455 398
Other operating expenses		(22 332 435)	(28 445 732)
Operating profit	11	31 145 688	26 009 666
Investment income	12	11 119 449	5 865 608
Profit before taxation		42 265 137	31 875 274
Taxation	13	(11 213 898)	(8 490 277)
Total comprehensive income for the year		31 051 239	23 384 997

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Statement of Changes in Equity

	Share capital	Retained income	Total equity
	R	R	R
Balance at 01 April 2024	2 000 500	194 520 317	196 520 817
Total comprehensive income for the year	-	23 384 997	23 384 997
Dividends	-	(6 222 073)	(6 222 073)
Balance at 01 April 2025	2 000 500	211 683 241	213 683 741
Total comprehensive income for the year	-	31 051 239	31 051 239
Dividends	-	(7 015 499)	(7 015 499)
Balance at 31 March 2026	2 000 500	235 718 981	237 719 481
Note	7		

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Statement of Cash Flows

	Note(s)	2026 R	2025 R
Cash flows from operating activities			
Cash generated from operations	14	82 219 066	109 861 602
Interest income	12	11 119 449	5 865 608
Tax paid	15	(16 649 233)	(6 155 287)
Net cash from operating activities		76 689 282	109 571 923
Cash flows from financing activities			
Dividends paid		(7 015 499)	(6 222 073)
Total cash movement for the year		69 673 783	103 349 850
Cash and cash equivalents at the beginning of the year		147 812 354	44 462 504
Cash and cash equivalents at the end of the year	6	217 486 137	147 812 354

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Accounting Policies

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards as issued by the International Accounting Standards Board and IFRIC® Interpretations Standards (IFRIC interpretations) issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa, No. 71 of 2008 of South Africa.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Impairment of financial assets

The expected credit loss for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

The company assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

At the end of the reporting period, the company estimated the expected credit loss as per the following methodology:

- Obtain a historical loss % based on the prior period bad debts written off;
- Obtain a forward looking % (based on probability of default % multiplied the average loss given default %) at which debts are expected to default based on the sector the customer belongs to;
- Determine the age bracket at which point a customer is expected to be at risk of default;
- Add the historical loss % and forward looking % and multiply this by the age bracket from where debt is deemed to be a credit risk, in order to obtain the expected credit loss.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Impairment of non financial assets

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

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Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Residual value and useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and impairment losses except for land which is not depreciated.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	3 years
Furniture and fixtures	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting . No material changes were made.

There were no indicators of impairment for property, plant and equipment and no impairment tests were performed.

1.4 Financial instruments

Financial instruments are recognised when the company becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis.

The material accounting policies for each type of financial instrument held by the company are presented below:

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Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables

Trade and other receivables, excluding, when applicable, VAT and prepayments, are measured, subsequent to initial recognition, at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The accounting policy for impairment of trade and other receivables is set out in the loss allowances and write-offs accounting policy.

Impairment - Expected credit losses

A forward looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The measurement of expected credit losses incorporates the probability of default, loss given default and the exposure at default, taking the time value of money, historical data and forward-looking information into consideration.

The movement in credit loss allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of the instrument through a loss allowance account.

The company writes off an instrument when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Instruments written off may still be subject to enforcement activities under the company's recovery procedures. Any recoveries made are recognised in profit or loss.

Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

De-recognition

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The company de-recognises financial liabilities when its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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Accounting Policies

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilised.

When management assess the extent to which is it probable that taxable profit will be available against which potential deferred tax assets can be utilised, they take into consideration that the utilisation of assessed losses are limited to the greater of 80% of the taxable income or R1 million in the year of assessment.

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.

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate is applied. The normal tax rate is applied when the expected recovery is through use. A combination of these rates is applied if the recovery is expected to be partly through use and sale.

Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The review by management has not resulted in the reduction of the deferred tax assets.

Tax expenses

The income tax expense consists of current and deferred tax and is recognised in profit or loss.

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

No contracts were identified that required specific judgement as to whether they contained leases.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

Write downs and reversals of write downs of inventories are included as part of the cost of goods sold.

1.8 Impairment of assets

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount cannot be determined for an individual asset, then it is determined for the cash generating unit to which the asset belongs.

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Accounting Policies

1.8 Impairment of assets (continued)

Impairment losses are recognised immediately in profit or loss.

1.9 Share capital and equity

Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

1.10 Employee benefits

Short-term employee benefits

Short-term employee benefits, which consist of paid annual leave and sick leave, bonuses, and medical care, are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments are charged as an expense as they fall due.

1.11 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Sale of goods

Revenue from the sale of goods is recognised when control of the goods is transferred to the customer, being the point in time at which the performance obligation is satisfied, which generally occurs upon delivery of the goods to the customer. The normal credit term is 30 to 90 days upon delivery. The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). The payment terms above do not constitute a significant financing component.

1.12 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are translated at the end of the reporting period using the closing rate.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

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Accounting Policies

1.14 Investment income

Interest is recognised when it accrues to the Group on a time proportion basis, taking account of the principal outstanding and the effective yield of the asset.

Dividend income is recognised in profit or loss when the company's right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

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Notes to the Financial Statements

1. New Standards and Interpretations

1.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Lack of exchangeability - amendments to IAS 21	01 January 2025	The impact of the amendments is not material.

1.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2026 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- IFRS 19 Subsidiaries without Public Accountability: Disclosures - IFRS 18 Presentation and Disclosure in Financial Statements	01 January 2027	Unlikely there will be a material impact Expected to impact the presentation and disclosure of financial statements and enhance transparency, with no material impact on the underlying accounting or reported results anticipated.
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards. - Amendments to IFRS 7 Financial Instruments: Disclosures - Amendments to IFRS 9 Financial Instruments - Amendments to IFRS 9 Financial Instruments - Amendments to IFRS 10 Consolidated Financial Statements - Amendments to IAS 10 Statement of Cash flows - Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments.	01 January 2026	Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact Unlikely there will be a material impact

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Notes to the Financial Statements

2. Property, plant and equipment

	2026			2025		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	34 292 930	(34 292 850)	80	34 292 930	(34 292 850)	80
Furniture and fixtures	66 095	(66 077)	18	66 095	(66 077)	18
Total	34 359 025	(34 358 927)	98	34 359 025	(34 358 927)	98

Reconciliation of property, plant and equipment - 2026

	Opening balance	Total
Plant and machinery	80	80
Furniture and fixtures	18	18
	98	98

Reconciliation of property, plant and equipment - 2025

	Opening balance	Total
Plant and machinery	80	80
Furniture and fixtures	18	18
	98	98

3. Deferred tax

Deferred tax asset

Property, plant and equipment	485 579	901 796
Provision for leave pay	31 032	161 744
Expected credit loss	1 998 277	1 877 793
Provision for bonus	377 695	313 447
Deferred tax balance from temporary differences other than unused tax losses	2 892 583	3 254 780

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset	2 892 583	3 254 780
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Reconciliation of deferred tax asset / (liability)

At beginning of year	3 254 780	3 117 492
Movement in property, plant and equipment	(416 217)	(416 218)
Movement in leave pay provision	(130 712)	(49)
Movement in bonus provision	64 248	13 494
Movement in expected credit loss	49 750	217 908
Prior year adjustments	70 734	322 153
	2 892 583	3 254 780

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Notes to the Financial Statements

	2026 R	2025 R
4. Inventories		
Finished goods	866 092	23 998 953
Inventories (write-downs)	866 092 (197 149)	23 998 953 (2 395 351)
	668 943	21 603 602

5. Trade and other receivables

Financial instruments:

Trade receivables	55 753 639	100 003 825
Trade receivables - related parties	3 568 737	39 997 478
Allowances for returns	(16 338)	(152 183)
Loss allowance	(9 518 730)	(10 664 009)
Trade receivables at amortised cost	49 787 308	129 185 111

Non-financial instruments:

Employee costs in advance	912	4 500
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Total trade and other receivables

49 788 220 129 189 611

Split between non-current and current portions

Current assets	49 788 220	129 189 611
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Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	49 787 308	129 185 111
Non-financial instruments	912	4 500
	49 788 220	129 189 611

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

A forward looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The expected credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance is determined as follows:

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Notes to the Financial Statements

	2026 R	2025 R		
5. Trade and other receivables (continued)				
	2026	2026	2025	2025
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due: 0.6% (2025: 0.0%)	30 378 956	(182 142)	58 849 837	-
Less than 30 days past due 1% (2025: 0%)	100 638	(1 228)	-	-
31 - 60 days past due: 2% (2025: 0%)	10 426 937	(218 996)	17 293 652	-
61 - 90 days past due: 4% (2025: 0%)	496 561	(20 368)	2 522 333	-
91 - 120 days past due: 8% (2025: 0%)	18 711	(1 422)	19 343	-
More than 120 days past due: 63% (2025: 50%)	14 331 836	(9 094 574)	21 318 660	(10 664 009)
Total	55 753 639	(9 518 730)	100 003 825	(10 664 009)
Reconciliation of loss allowances				
The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:				
Opening balance			(10 664 009)	(9 426 507)
Amounts recovered			1 145 279	-
Provision raised on new trade receivables			-	(1 237 502)
Closing balance			(9 518 730)	(10 664 009)
6. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances			217 486 137	147 812 354
Securities and facilities:				
Securities and facilities			5 000 000	-
7. Share capital				
Authorised				
1 0000 Ordinary shares of non-par value			1 000	1 000
Issued				
500 Ordinary shares at non-par value			2 000 500	2 000 500
8. Trade and other payables				
Financial instruments:				
Trade payables			13 296 564	4 369 389
Trade payables - related parties			15 327 068	70 657 012
Non-financial instruments:				
Marketing and sales division accruals			5 101 404	5 294 574
Payroll payables			59 745	67 761
VAT			284 270	2 942 987
			34 069 051	83 331 723

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Notes to the Financial Statements

	2026 R	2025 R
8. Trade and other payables (continued)		
Financial instrument and non-financial instrument components of trade and other payables		
At amortised cost	28 623 632	75 026 401
Non-financial instruments	5 445 419	8 305 322
	34 069 051	83 331 723
9. Revenue		
Revenue from contracts with customers		
Sale of goods	368 197 074	418 821 985
Chargebacks, reimbursements and others	(8 594 578)	(7 019 830)
	359 602 496	411 802 155
Disaggregation of revenue from contracts with customers		
The company disaggregates revenue from customers as follows:		
Sale of goods		
Sale of goods	359 602 496	411 802 155
Total revenue from contracts with customers	359 602 496	411 802 155
Timing of revenue recognition		
At a point in time		
Sale of goods	359 602 496	411 802 155
10. Cost of sales		
Sale of goods	306 124 373	357 346 757
11. Operating profit		
Operating profit for the year as below is stated after charging (crediting) the following, amongst others:		
Operating profit	31 145 688	26 009 666
Employee costs		
Salaries, wages, bonuses and other benefits	10 842 343	10 674 218
Short-term benefit	391 600	369 517
Total employee costs	11 233 943	11 043 735
Leases		
Leases of low value assets	361 025	355 605
Total lease expenses	361 025	355 605
Other		
Distribution costs	4 585 529	5 578 682
Royalty expense	4 127 343	7 260 818

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Notes to the Financial Statements

	2026 R	2025 R
12. Investment income		
Interest income		
Investments in financial assets:		
Bank and other cash	11 119 449	5 865 608
13. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	10 851 701	8 627 565
Deferred		
Originating and reversing temporary differences	362 197	(137 288)
	11 213 898	8 490 277
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	27,00 %	27,00 %
Prior period deferred tax adjustments and permanent differences	(1,61)%	(1,01)%
	25,39 %	25,99 %
14. Cash generated from operations		
Profit before taxation	42 265 137	31 875 274
Adjustments for non-cash items:		
Movement in expected credit loss	(1 145 279)	1 237 502
Movement in inventory write down	(2 198 202)	-
Adjust for items which are presented separately:		
Interest income	(11 119 449)	(5 865 608)
Changes in working capital:		
(Increase) decrease in inventories	23 132 861	45 326 387
(Increase) decrease in trade and other receivables	80 546 670	51 453 863
Increase (decrease) in trade and other payables	(49 262 672)	(14 165 816)
	82 219 066	109 861 602
15. Tax paid		
Balance at beginning of the year	(4 844 981)	(2 372 703)
Current tax recognised in profit or loss	(10 851 701)	(8 627 565)
Balance at end of the year	(952 551)	4 844 981
	(16 649 233)	(6 155 287)

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Notes to the Financial Statements

	2026 R	2025 R
16. Related parties		
Relationships		
Ultimate holding company	Sun Pharmaceuticals Industries Limited	
Holding company	Ranbaxy South Africa Proprietary Limited	
Group companies	Ranbaxy Pharmaceuticals Proprietary Limited	
	Sunpharma (Netherlands) (BV)	
Shareholders	Community Investments Pharmaceuticals Proprietary Limited	
	Ranbaxy South Africa Proprietary Limited	
Members of key management	A Ajoodha	
	M Brown	
Related party balances		
Amounts included in trade receivable regarding related parties		
Ranbaxy Pharmaceuticals Proprietary Limited	3 568 737	39 997 478
Amounts included in trade payables regarding related parties		
Sun Pharmaceutical Industries Limited	(10 707 217)	(10 707 217)
Ranbaxy South Africa Proprietary Limited	(444 860)	(219 571)
Ranbaxy Pharmaceuticals Proprietary Limited	(4 174 991)	(59 730 224)
	(15 327 068)	(70 657 012)
Related party transactions		
Purchases from related parties		
Sun Pharmaceutical Industries Limited	-	290 088
Ranbaxy Pharmaceuticals Proprietary Limited	127 111 445	294 043 409
	127 111 445	294 333 497
Royalties paid to related parties		
Ranbaxy Pharmaceuticals Proprietary Limited	4 127 343	7 260 818
Dividends paid to related parties		
Ranbaxy South Africa Proprietary Limited	4 910 849	4 355 451
Community Investment Pharmaceuticals Proprietary Limited	2 104 650	1 866 622
	7 015 499	6 222 073

*Refer to note 17 for details on key management compensation.

*Refer to note 5 for further details on expected credit losses and defaults

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Notes to the Financial Statements

	2026 R	2025 R
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17. Directors' emoluments

Executive

2026

Directors' emoluments	Basic salary	Bonuses and performance related payments	Other benefits	Severance pay	Total
Services as director or prescribed officer					
DM Sewnarain	416 571	-	100 778	1 955 923	2 473 272
A Ajoodha	2 335 279	459 167	184 779	-	2 979 225
M Brown	2 918 833	749 602	218 822	-	3 887 257
NN Sonqushu	-	-	-	-	-
MJ Madungandaba	-	-	-	-	-
V Sethuraman	-	-	-	-	-
S Madungandaba	-	-	-	-	-
	5 670 683	1 208 769	504 379	1 955 923	9 339 754

2025

Directors' emoluments	Basic salary	Bonuses and performance related payments	Other benefits	Severance pay	Total
Services as director or prescribed officer					
DW Brothers	3 727 710	821 500	366 432	4 107 498	9 023 140
DM Sewnarain	1 801 254	375 585	135 094	-	2 311 933
A Ajoodha	1 919 666	326 653	194 255	-	2 440 574
M Brown	2 406 561	528 901	288 752	-	3 224 214
NN Sonqushu	-	-	-	-	-
MJ Madungandaba	-	-	-	-	-
	9 855 191	2 052 639	984 533	4 107 498	16 999 861

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Notes to the Financial Statements

18. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2026

	Notes	Amortised cost	Total
Trade and other receivables	5	49 787 308	49 787 308
Cash and cash equivalents	6	217 486 137	217 486 137
		267 273 445	267 273 445

2025

	Notes	Amortised cost	Total
Trade and other receivables	5	129 185 111	129 185 111
Cash and cash equivalents	6	147 812 354	147 812 354
		276 997 465	276 997 465

Categories of financial liabilities

2026

	Notes	Amortised cost	Total
Trade and other payables	8	28 687 790	28 687 790

2025

	Notes	Amortised cost	Total
Trade and other payables	8	75 026 401	75 026 401

Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the company may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

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Notes to the Financial Statements

18. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the board of directors on its activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk is managed on a group basis. For banks and financial institutions, only independent rated parties with a minimum rating of 'A' are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Management does not expect any significant losses from non-performance by these counterparties.

The company has borrowings that accrues interest to related parties within the group.

Expected credit loss policy:

- Obtain a historical loss % based on the prior period bad debts written off;
- Obtain a forward looking % (based on probability of default % multiplied the average loss given default %) at which debts are expected to default based on the sector the customer belongs to;
- Determine the age bracket at which point a customer is expected to be at risk of default;
- Add the historical loss % and forward looking % and multiply this by the age bracket from where debt is deemed to be a credit risk, in order to obtain the expected credit loss.

The policy is supported by a forward looking view on the recoverability of debtors, taking into account historical trends where we have had no write-off of state debt. Also owing to government debt being tender related, that is contracted with National Department of Health, thus a legally bound relationship exist and will continue to exist as demonstrated in other tender related business. When tender contracts expire, management takes a forward looking view on recoverability of outstanding debt as per the expired contracts, and this is provided for over and above the conditions noted above. Based on historical events, State continues to pay debt related to expired tender agreements and as such we expect this trend to continue, as we have a mutually beneficial relationship and the entity is still engaged in other active contracts and as such, no separation of trade has occurred.

Due to thorough methodology, management is confident that the current methodology remains appropriate.

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18. Financial instruments and risk management (continued)

The maximum exposure to credit risk is presented in the table below:

		2026			2025		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Trade and other receivables	5	59 323 288	(9 518 730)	49 804 558	140 005 803	(10 664 009)	129 341 794
Cash and cash equivalents	6	217 486 137	-	217 486 137	147 812 354	-	147 812 354
		276 809 425	(9 518 730)	267 290 695	287 818 157	(10 664 009)	277 154 148

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2026

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	8	28 587 790	28 587 790	28 687 790

2025

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	8	75 026 400	75 026 400	75 026 400

Foreign currency risk

The company is not exposed to foreign currency risk as the company doesn't transact in foreign currency.

19. Going concern

The board wishes to advise that Sonke was unsuccessful in securing any portion of the national ARV tender during the current period. While this outcome was unfavourable, the board and management remain confident in the company's capabilities and market positioning. The directors are encouraged by indications that a supplementary tender is expected to be floated, and the company is well positioned to participate competitively in that process. Furthermore, the board continues to actively evaluate strategic opportunities, including potential buyout transactions that may arise within the sector, and believes the company is suitably positioned to capitalise on such opportunities should they present themselves.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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Notes to the Financial Statements

19. Going concern (continued)

The directors believe that the company has adequate financial resources to continue in operation for the next twelve months and, accordingly, the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements, or of any pending changes to legislation which may affect the company.

20. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

21. Commitments and contingencies

The company did not have any capital commitments, contingent liabilities, or contingent assets at the reporting date (2025: Nil).